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The Company, whose registered office appears on page 6, the Directors and the Proposed Directors, whose names appear on page 6, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company, the Directors and the Proposed Directors (each of whom have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made for the Enlarged Share Capital of the Company to be admitted to trading on AIM. It is expected that Admission will become effective and that trading in the Ordinary Shares will commence on AIM on 27 April 2016.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document. The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. The Ordinary Shares are not traded on any other recognised investment exchange and no application has been made for the Ordinary Shares to be listed on any other recognised investment exchange. The whole text of this document should be read.

Your attention is drawn in particular to the risk factors set out in Part IV of this document.

Eclectic Bar Group Plc

(a company incorporated in England and Wales under the Companies Act 2006 with company number 08687172)

Proposed acquisition of The Brighton Marine Palace and Pier Company

**Placing of 15,454,546 new Ordinary Shares
at 55 pence per share each**

**Admission of the Enlarged Share Capital to trading on AIM
and**

Notice of General Meeting

Nominated Adviser and Joint Broker

Panmure Gordon & Co

Joint Broker

Arden Partners Plc

<i>Ordinary Shares in issue at the date of this document</i>		<i>Ordinary Shares in issue immediately following Admission</i>	
<i>Number</i>	<i>Amount</i>	<i>Number</i>	<i>Amount</i>
16,222,741	£4,055,685.25	Ordinary Shares of £0.25 each	31,677,287
			£7,919,321.75

Panmure Gordon, which is regulated by the FCA, is acting as nominated adviser and joint broker to the Company and will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of this document or any transaction or arrangement referred to herein. Panmure Gordon has not authorised the contents of any part of this document for the purposes of the AIM Rules. The responsibilities of Panmure Gordon as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or any Director, Shareholder or any other person in respect of a decision to subscribe for Shares in the Company. Panmure Gordon is not making any representation or warranty, express or implied, as to the contents of this document.

Arden Partners, which is regulated by the FCA, is acting as joint broker to the Company and will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of this document or any transaction or arrangement referred to herein. Arden Partners has not authorised the contents of any part of this document for the purposes of the AIM Rules. The responsibilities of Arden Partners as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or any Director, Shareholder or any other person in respect of a decision to subscribe for Shares in the Company. Arden Partners is not making any representation or warranty, express or implied, as to the contents of this document.

This document does not constitute an offer to sell, or the solicitation of an offer to buy, securities in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for distribution into the United States of America, Canada, Australia, the Republic of South Africa or Japan. The Ordinary Shares have not been and will not be registered under the United States Securities Act 1933 (as amended) nor under the applicable securities laws of the United States of America or any province or territory of Canada, Australia, the Republic of South Africa or Japan, nor in any country or territory where to do so may contravene local securities laws or regulations and will not be made to any national, resident or citizen of the United States of America, Canada, Australia, the Republic of South Africa or Japan. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions. The Ordinary Shares have not been approved or disapproved by the SEC, any state securities commission in the United States or any other United States of America regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

In making any investment decision in respect of the Ordinary Shares, no information or representation should be relied upon other than as contained in this document. No person has been authorised to give any information or make any representation other than that contained in this document and, if given or made, such information or representation must not be relied upon as having been authorised.

Neither the Company nor the Directors are providing prospective investors with any representations or warranties or any legal, financial, business, tax or other advice. Prospective investors should consult with their own advisers as needed to assist them in making their investment decision and to advise them whether they are legally permitted to purchase the Ordinary Shares.

IMPORTANT INFORMATION

Investment in the Enlarged Group carries risk. There can be no assurance that the Enlarged Group's strategy will be achieved and investment results may vary substantially over time. Investment in the Enlarged Group is not intended to be a complete investment programme for any investor. The price of the Ordinary Shares and any income from Ordinary Shares can go down as well as up and Shareholders may not realise the value of their initial investment. Prospective Shareholders should carefully consider whether an investment in Ordinary Shares is suitable for them in light of their circumstances and financial resources and should be able and willing to withstand the loss of their entire investment (see further under "**Part IV: Risk Factors**").

Potential Shareholders contemplating an investment in the Ordinary Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant upon the performance of the Enlarged Group. No assurance is given, express or implied, that Shareholders will receive back the amount of their investment in the Ordinary Shares.

If you are in any doubt about the contents of this document you should consult a person authorised under FSMA, who specialises in advising on the acquisition of shares and other securities.

Investment in the Enlarged Group is suitable only for financially sophisticated individuals and institutional investors who have taken appropriate professional advice, who understand and are capable of assuming the risks of an investment in the Enlarged Group and who have sufficient resources to bear any losses which may result therefrom.

Potential Shareholders should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Potential Shareholders should inform themselves as to:

- (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption, conversion or other disposal of Ordinary Shares;
- (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares that they might encounter; and
- (c) the income and other tax consequences that may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares.

Potential Shareholders must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Enlarged Group and an investment therein.

Statements made in this document are based on the law and practice currently in force in England and Wales and are subject to changes therein.

This document should be read in its entirety before making any investment in the Enlarged Group.

Certain statements contained herein are forward looking statements and are based on current expectations, estimates and projections about the potential returns of the Enlarged Group and industry and markets in which the Enlarged Group will operate, the Directors' beliefs and assumptions made by the Directors. Words such as "**expects**", "**anticipates**", "**should**", "**intends**", "**plans**", "**believes**", "**seeks**", "**estimates**", "**projects**", "**pipeline**", "**aims**", "**may**", "**targets**", "**would**", "**could**" and variations of such words and similar expressions are intended to identify such forward looking statements and expectations. These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties, outcomes of negotiations and due diligence and assumptions that are difficult to predict, qualify or quantify. Therefore, actual outcomes and results may differ materially from what is expressed in such forward looking statements or expectations. Among the factors that could cause actual results to differ materially are: the general economic climate, competition, interest rate levels, loss of key personnel, the result of legal and commercial due diligence, the availability of financing on acceptable terms and changes in the legal or regulatory environment. These forward-looking statements speak only as at the date of this document. The Company and the Directors expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein, or to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based save as required to comply with any legal or regulatory obligations (including the AIM Rules for Companies).

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of Admission Document	8 April 2016
Latest time and date for lodging forms of proxy for the Eclectic General Meeting	10.00 a.m. on 22 April 2016
Eclectic General Meeting	10.00 a.m. on 26 April 2016
Cancellation of trading on AIM of the Existing Ordinary Shares	7.00 a.m. on 27 April 2016*
Expected date of Admission and commencement of dealings in the Enlarged Share Capital on AIM	on or around 8.00 a.m. on 27 April 2016*
Completion of Acquisition	on or around 27 April 2016*
Expected date for CREST accounts to be credited (where applicable)	27 April 2016
Despatch of definitive share certificates (where applicable)	11 May 2016

*these dates may be subject to change, which will be notified on a Regulatory Information Service.

ADMISSION AND PLACING STATISTICS

Placing Price per Ordinary Share	55 pence
Number of Existing Ordinary Shares	16,222,741
Number of New Ordinary Shares to be issued by the Company pursuant to the Placing*	15,454,546
Number of Sale Shares being sold by the Selling Shareholder*	1,853,795
Total number of Placing Shares*	17,308,341
Number of Ordinary Shares in issue at Admission*	31,677,287
Percentage of Enlarged Share Capital represented by the New Ordinary Shares*	48.8%
Gross proceeds of the Placing*	£9.5 million
Estimated net proceeds of the Placing receivable by the Company (excl. VAT)*	£7.7 million
Estimated net proceeds of the Placing receivable by the Selling Shareholder*	£1.0 million
Market capitalisation of the Company at the Placing Price at Admission*	£17.4 million
TIDM (up to Admission)	BAR
TIDM (from Admission)	PIER
ISIN	GB00BG49KW66
Website (up to Admission)	www.eclecticbars.co.uk
Website (from Admission)	www.brightonpiergroup.com

*Assuming the Placing is fully subscribed.

DIRECTORS, OFFICERS AND ADVISERS

Directors	Luke Oliver Johnson (<i>Executive Chairman</i>) Reuben Jonathan Harley (<i>Chief Executive Officer</i>) John Anthony Smith (<i>Chief Financial Officer</i>) Leigh Bryden Nicolson (<i>Chief Operating Officer – Bars</i>) James Fallon (<i>Non-Executive Director</i>) Paul Lewis Viner (<i>Non-Executive Director</i>)
Proposed Directors	Anne Elizabeth Martin (<i>Managing Director – Pier</i>) Joseph Peter Tager (<i>Non-Executive Director</i>)
Company Secretary	John Anthony Smith
Registered Office	36 Drury Lane London WC2B 5RR
Financial Adviser, Nominated Adviser and Joint Broker	Panmure Gordon (UK) Limited One New Change London EC4M 9AF
Joint Broker	Arden Partners Plc Arden House 17 Highfield Road Edgbaston Birmingham B15 3DU
Reporting Accountants to the Company	Grant Thornton UK LLP Grant Thornton House 202 Silbury Boulevard Milton Keynes MK9 1LW
Lawyers to the Company	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA
Lawyers to the Joint Brokers	Osborne Clarke LLP One London Wall London EC2Y 5EB
Registrars	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

DEFINITIONS

“Acquisition”	the proposed acquisition by the Company of the entire issued share capital of PierCo
“Admission”	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules for Companies
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies and AIM Rules for Nominated Advisers, as appropriate
“AIM Rules for Companies”	the rules for AIM companies published by the London Stock Exchange
“AIM Rules for Nominated Advisers”	the rules for nominated advisers to AIM companies published by the London Stock Exchange
“Arden Partners”	Arden Partners Plc
“Articles”	the articles of association of the Company, a summary of which is set out in paragraph 3 of Part VII of this document
“ATM”	automated teller machine, a computer terminal that allows the user to access basic bank services, such as cash withdrawals
“Brighton Pier” or “Pier”	the pleasure pier located in Brighton, England, which is owned and operated by PierCo
“CAGR”	compound annual growth rate
“CGT”	capital gains tax, including capital gains tax for individuals and corporation tax for companies
“Companies Act”	the Companies Act 2006 (as amended)
“Company” or “Eclectic”	Eclectic Bar Group Plc
“Completion”	completion of the proposed acquisition of the entire issued share capital of PierCo, pursuant to the Share Purchase Agreement
“Corporate Governance Guidelines”	the corporate governance code for small and mid-size quoted companies published by the QCA in May 2013
“CREST”	the computerised settlement system (as defined in the CREST Regulations), operated by Euroclear UK & Ireland which facilitates the holding and transfer of title to shares in uncertificated form
“CREST Regulations”	the Uncertificated Securities Regulations 2001, including (i) any enactment or subordinate legislation which amends or supersedes those regulations; and (ii) any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force
“Directors” or “Board”	the directors of the Company as at the date of this document, whose names are set out on page 6 of this document
“DTRs”	the Disclosure Rules and the Transparency Rules published by the FCA

“EBITDA”	earnings before interest, taxes, depreciation and amortization and exceptional items and loss on disposal of property, plant and equipment
“Enlarged Group”	the enlarged group immediately following the acquisition of PierCo by the Company
“Enlarged Share Capital”	the Ordinary Shares in issue immediately following Admission
“Euroclear UK & Ireland”	Euroclear UK & Ireland Limited
“Executive Directors”	the executive directors of the Company as at the date of this document, namely Luke Johnson, Reuben Harley, John Smith and Leigh Nicolson
“Existing Group”	the Company and its Subsidiaries at the date of this document
“Existing Ordinary Shares”	the 16,222,741 Ordinary Shares as of the date of this document
“Existing Share Capital”	the issued ordinary share capital of the Company as of the date of this document
“FCA”	the Financial Conduct Authority
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“General Meeting”	the general meeting of the Company convened for 10.00 a.m. on 26 April 2016 (or any adjournment thereof), notice of which is set out at the end of this document
“Grant Thornton”	Grant Thornton UK LLP
“Group EBITDA”	EBITDA for the Existing Group after deduction of central infrastructure and head office costs
“HOP”	Hemsley Orrell Partnership
“ISIN”	international security identification number
“Joint Brokers”	Panmure Gordon and Arden Partners
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	the 15,454,546 Ordinary Shares to be allotted and issued pursuant to the Placing, such allotment being conditional on Admission
“Non-Executive Directors”	the non-executive directors of the Company as at the date of Admission, namely James Fallon and Paul Viner
“Official List”	the Official List of the UK Listing Authority
“Options”	rights to acquire (whether by subscription or market purchase) Ordinary Shares as described in paragraph 4 of Part VII of this document
“Ordinary Shares”	the ordinary shares of £0.25 each in the share capital of the Company
“Original Admission”	the admission of the Ordinary Shares to trading on AIM on 28 November 2013

“Panel”	the UK Panel on Takeovers and Mergers
“Panmure Gordon”	Panmure Gordon (UK) Limited
“PierCo” or “Target”	Brighton Marine Palace and Pier Company (The), a statutory company created by the Brighton Marine Palace and Pier Act 1888 (registered number ZC000164) and having its registered office at 1a Dukesway Court, Team Valley, Gateshead, Tyne and Wear, NE11 0PJ
“Placees”	those persons who have agreed to subscribe for or purchase the Placing Shares
“Placing”	the conditional placing of the Placing Shares by Panmure Gordon and Arden Partners, at the Placing Price pursuant to the Placing Agreement and the Selling Shareholder Agreement
“Placing Agreement”	the conditional agreement dated 8 April 2016 between the Company, Panmure Gordon and Arden Partners relating to the Placing, summary details of which are set out in paragraph 10 of Part VII of this document
“Placing Price”	55 pence per Placing Share
“Placing Shares”	the New Ordinary Shares and the Sale Shares
“Proposed Directors”	Anne Martin and Joseph Tager
“Prospectus Rules”	the prospectus rules of the FCA made under Part VI of the FSMA
“QCA”	the Quoted Companies Alliance
“Registrar”	Equiniti Limited, the registrar of the Company
“Resolutions”	the resolutions to be proposed at the General Meeting, the full text of which is set out in the notice of General Meeting set out at the end of this document
“Sale Shares”	the 1,853,795 existing Ordinary Shares to be sold by the Selling Shareholder pursuant to the Placing
“SDRT”	stamp duty reserve tax
“SEC”	the US Securities and Exchange Commission
“Sellers”	(1) Addbudget Limited (registered in England with company number 02971012) and (2) Mr Philip Noble, Mr Philip Noble and Mr David James Horrocks, Mr David James Horrocks and Mr Ian Imrie all as trustees of bare trusts in favour of Addbudget Limited, being the holders of the entire issued share capital of PierCo
“Selling Shareholder”	Reuben Harley
“Selling Shareholder Agreement”	the conditional agreement dated 8 April 2016 between the Selling Shareholder and Arden Partners relating to the Placing
“Shareholder”	a holder of Ordinary Shares, including a holder of Placing Shares following Admission

“Share Option Plan”	the share option plan dated 20 November 2013 adopted by the Company, summary details of which are set out in paragraph 4 of Part VII of this document
“Share Purchase Agreement”	the share purchase agreement dated 8 April 2016 and entered into between (1) the Sellers as sellers, (2) Barclub (Marylebone) Limited as buyer, (3) Red Poppy (UK) Limited as guarantor of the sellers’ obligations and (4) Eclectic as guarantor of the buyer’s obligations, in respect of the Acquisition
“Site EBITDA”	EBITDA at site level before deduction of central infrastructure and head office costs
“Subsidiary” or “Subsidiaries”	as defined in sections 1159 of the Companies Act
“Takeover Code”	the City Code on Takeovers and Mergers published by the Panel
“TIDM”	tradable investment display mnemonic
“Target Standalone EBITDA”	the implied standalone EBITDA of PierCo, as per paragraph 4 of Part II of this document
“Target Underlying EBITDA”	the EBITDA of PierCo as per note 3 of Section B of Part VI of this document
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Corporate Governance Code”	the UK Corporate Governance Code published by the Financial Reporting Council
“UK Listing Authority”	the FCA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA and in the exercise of its functions in respect of admission to the Official List
“Warrants”	the existing warrants to subscribe for up to 1,622,274 Ordinary Shares at a price of 60 pence per Ordinary Share

PART I

LETTER FROM THE CHAIRMAN OF THE COMPANY

Eclectic Bar Group Plc

(Incorporated in England and Wales with registered number 08687172)

Directors:

Luke Johnson	<i>Executive Chairman</i>
Reuben Harley	<i>Chief Executive Officer</i>
John Smith	<i>Chief Financial Officer</i>
Leigh Nicolson	<i>Chief Operating Officer (Bars)</i>
James Fallon	<i>Non-Executive Director</i>
Paul Viner	<i>Non-Executive Director</i>

Registered Office:

36 Drury Lane
London
WC2B 5RR

Proposed Directors:

Anne Martin	<i>Managing Director (Pier)</i>
Joseph Tager	<i>Non-Executive Director</i>

8 April 2016

To the Shareholders and, for information only, to the holders of Options and of Warrants

Dear Shareholder,

Proposed acquisition of PierCo

£8.5 million placing of 15,454,546 New Ordinary Shares at 55 pence per share

Application for Admission of the Enlarged Share Capital to trading on AIM

Change of name to The Brighton Pier Group plc

and

Notice of General Meeting

1. Introduction

Eclectic has today announced that it has entered into a conditional agreement to acquire PierCo, which owns and operates Brighton Pier, a profitable and cash-generative landmark seafront visitor attraction and entertainment venue on the South East coast of the UK, from the Sellers for a total cash consideration of £18 million¹ on a cash-free, debt-free basis, which represents a multiple of approximately 5.1 times the Target Standalone EBITDA for the 12 month period ended on 31 October 2015.

The Board believes that the Acquisition represents a significant opportunity for the Existing Group to acquire an iconic British asset whilst also broadening its business base and diversifying its existing portfolio of venues by expanding into a differentiated offering within the leisure sector. In particular, the Board believes that the Enlarged Group will benefit from the high-quality experience of operations, leadership and performance enhancement of PierCo's existing, standalone senior management team, led by Anne Martin whom it is proposed will join the Company's board of directors. In addition, the Board considers that the cash flow expected to be generated by PierCo would be transformative to the Existing Group, bringing substantial free cash flow for potential utilisation by the Enlarged Group, including the possible funding of further acquisitions across the leisure and entertainment sector.

The Acquisition constitutes a reverse takeover under the AIM Rules for Companies and as such is conditional, *inter alia*, on approval by Shareholders which will be sought at a general meeting of the Company to be held on 26 April 2016, notice of which is set out at the end of this document.

¹ Subject to various adjustments under the Share Purchase Agreement.

The Company proposes to fund the Acquisition through a mixture of equity (by way of the Placing) and debt. As announced today, the Company has conditionally raised gross proceeds of approximately £8.5 million at a price of 55 pence per New Ordinary Share. I am personally subscribing in the Placing for 4,545,456 Placing Shares, representing an investment of approximately £2.5 million in the Company. The balance will be funded through new £13 million debt financing agreed with Barclays Bank plc, with which the Company has conditionally entered into a £12 million term loan facility, and a revolving credit facility of £1,000,000, which replaces the current facilities available to the Existing Group. The outstanding amount of the Existing Group's current revolving credit facility is intended to be repaid within two months of Completion.

In addition, a resolution will be proposed at the General Meeting to change the name of the Company to The Brighton Pier Group plc.

The purpose of this document is to set out, *inter alia*, details of the Acquisition and the Placing and to explain the background to and reasons for the Acquisition and the Placing and why the Directors believe that the Acquisition and the Placing are in the best interests of the Company and its Shareholders as a whole and to recommend that you vote in favour of the Resolutions to be proposed at the General Meeting, notice of which is set out at the end of this document.

2. Terms of the Acquisition

As part of the Acquisition, it is proposed that:

- (a) Barclub (Marylebone) Limited, a special purpose vehicle wholly owned by Eclectic will acquire all the issued shares of PierCo under the Share Purchase Agreement;
- (b) Addbudget Limited (one of the Sellers), will give to the Company a standard set of warranties and tax indemnities under the Share Purchase Agreement and tax deed;
- (c) certain equipment used in the business of PierCo will be transferred from Repset Limited to Barclub (Drury Lane) Limited, a special purpose vehicle wholly owned by Eclectic, on completion of the Acquisition; and
- (d) the consideration for the sale and purchase of the shares of the Company under paragraph 2(a) above and the transfer of the equipment under paragraph 2(c) above will be £18,000,000, subject to various adjustments under the Share Purchase Agreement.

Further details are set out in paragraph 14.1.1 of part VII of this document.

3. Background to and reasons for the Acquisition

The Existing Group was created in 2006 following the acquisition of 12 leasehold premium bars and the Company was admitted to trading on AIM on 28 November 2013. At that time, the Existing Group had built up its portfolio of premium bars to 20 sites across the UK, and had developed two major brands, 'Sakura' and 'Lola Lo', across ten such sites. The Existing Group's venues predominantly target a customer base of sophisticated students midweek and stylish over-21s and young professionals at weekends.

The Company's objective at the time of its Original Admission was to grow the business through:

- (i) the development of its premium bar business; and
- (ii) corporate acquisitions as appropriate opportunities were identified.

The Company implemented the first element of this strategy in the first year following its Original Admission, including acquiring the Lowlander Grand Café bar and brassiere in Covent Garden, London and refurbishing Embargo República, the Existing Group's Cuban-themed nightclub in Chelsea, London.

In November 2014, the Company announced that its business had faced difficult trading conditions in a number of areas, including changes in student behaviour, intense competition in a number of the Existing Group's key trading towns, and disappointing trading in two of the Existing Group's sites. These challenging market conditions have continued and the Existing Group has responded by reducing costs at the head office, disposing, and seeking to dispose of, underperforming sites, closing non-profitable nights and focussing on development of its food offering.

On 15 June 2015, the Company announced my appointment as Executive Chairman and my investment of £1.5 million by way of a subscription for new shares, which, alongside the subscriptions of certain of my fellow Directors, raised a total of £1.65 million to provide additional working capital to fund the development of the Existing Group's business.

I identified that Eclectic has much potential, including a strong management team, an attractive portfolio of sites, and a robust business model from which to take advantage of new opportunities in the market to diversify operations and grow the business through acquisition and market consolidation.

The Board believes that the Acquisition is the first such opportunity to increase the size of the Existing Group, and that it will enable the Existing Group to acquire an iconic British asset and profitable business whilst also broadening its business base and diversifying its existing portfolio of venues by expanding into a differentiated offering within the leisure sector. The Pier attracts a broad customer base via a number of diverse entertainment attractions (including arcades and gaming, amusement and thrill rides, such as rollercoasters and dodgems, and sideshows) and catering and hospitality facilities (including a restaurant, bars and numerous fast food and snack kiosks). It is estimated by Visit England that the Pier attracts approximately 4.5 million visitors per annum, making it the UK's fifth most popular destination by visitor numbers.

More detailed information on PierCo is set out in Part II of this document.

The Enlarged Group will benefit from the combined expertise of the existing Eclectic and PierCo management, operational and finance teams, including an augmented board following Admission with the addition of Proposed Director, Anne Martin, current General Manager of PierCo. Anne Martin has been the General Manager of Brighton Pier for over 12 years, leading a senior management team, all located on site, with an average length of service of over ten years. Under the leadership of Anne Martin, Brighton Pier has consistently delivered growth in turnover and EBITDA and realised strong returns on investments when enhancements have been made to the Pier. PierCo's turnover increased from approximately £11.2 million in the financial year ending 31 October 2013 to approximately £13.3 million in the financial year ending 31 October 2015, and Target Standalone EBITDA increased from approximately £3.1 million in the financial year ending 31 October 2013 to approximately £3.5 million in the financial year ending 31 October 2015. Anne Martin will continue to work as General Manager and will join the Board as Managing Director of the Pier.

The Board is also intending to appoint Proposed Director, Joseph Tager, whom has extensive experience of acquiring and developing leisure sector assets. Joseph Tager is a qualified accountant and works as a partner on my personal investment portfolio, holding numerous board positions in this capacity.

In addition, the Board considers that the cash flow expected to be generated by PierCo should be transformative to the Existing Group, bringing substantial free cash flow for potential utilisation across the Enlarged Group, including the possible funding of further acquisitions across the leisure and entertainment sectors. The Directors believe that the combination of the two businesses will also have the result of smoothing the businesses' respective seasonal fluctuations in working capital, and furthermore can be achieved with no requirement for additional central administrative overheads. Additionally, by combining Eclectic and PierCo, the Enlarged Group may have the potential to realise lower costs through targeted cost synergies, for example liquor purchasing synergies.

The Acquisition is expected to be immediately earnings enhancing from Completion. This statement does not constitute a profit forecast.

Selected historical financial information

For the year ended 31 October 2015, PierCo recorded revenue of approximately £13.3 million and Target Standalone EBITDA of approximately £3.5 million. The Target Standalone EBITDA figure is post maintenance expenditure and pre-exceptional (non-recurring) capital expenditure.

	Financial year ended		
	31 October 2013	31 October 2014	31 October 2015
	£000's	£000's	£000's
Revenue	11,245	12,289	13,297
Target Underlying EBITDA	3,014	3,443	3,421
Target Standalone EBITDA	3,110	3,553	3,546
Target Standalone EBITDA margin	27.7%	28.9%	26.7%

Note: The above selected historical financial information on PierCo for each of the three financial years ended 31 October 2013, 31 October 2014 and 31 October 2015 has been prepared from the audited Historical Financial Information contained in Section B of Part VI of this document, prepared in accordance with International Financial Reporting Standards ("IFRS"), and using PierCo's historical records of its assets and liabilities, including management accounts, with costs and income which will be directly associated to PierCo on Completion included or removed to reflect the PierCo business as a standalone entity from the Sellers. The audited Target Underlying EBITDA figures are given as per Note 3 of the Historical Financial Information contained in Part VI Section B, and are adjusted for ATM revenue of approximately £96,000, £110,000 and £125,000 for the years ended 2013, 2014 and 2015 respectively, which will be transferring to PierCo on Completion, to derive the unaudited Target Standalone EBITDA. This selected historical financial information should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information.

4. Strategy of the Enlarged Group

The Directors believe that the Acquisition represents the first stage in the next phase of the Company's development. The Enlarged Group's strategy will be to utilise the skillsets of the Directors and the Proposed Directors to create a growth company operating across a diverse portfolio of experiential leisure and entertainment assets in the UK. The Enlarged Group will aim to achieve this objective by way of organic revenue growth across the whole estate, and also active pursuit of future potential strategic acquisitions of experiential leisure and entertainment destinations that could enhance the Enlarged Group's portfolio and could enable the Enlarged Group to realise synergies by leveraging scale. It is the Board's longer-term strategy to position the Company as a consolidator within this sector.

The Board proposes that PierCo will be integrated as a standalone division in the Enlarged Group, with a key part of the integration plan being to identify and deliver the benefits of the potential synergies and development opportunities that the Board's initial analysis has identified. Development opportunities for the PierCo business include planned improvements to the catering and hospitality offering on the Pier, potentially seeking to bring in-house certain food kiosk concessions from vendors, and the development of more family-friendly attractions such as a soft play area. The Board is also developing a plan to gather more customer and visitor information. Historically, the Pier's management team has delivered strong returns on investment and uplift in EBITDA from enhancement capital expenditure.

The Board continues to focus on providing quality service and delivery in respect of the Existing Group's sites, whilst also continuing to rationalise the Existing Group's estate, seeking to dispose of underperforming sites, and reduce costs.

5. Financing of the Acquisition and the Enlarged Group

The Company proposes to use the proceeds of the Placing receivable by the Company, together with new debt financing, to satisfy the cash consideration of approximately £18 million payable in respect of the Acquisition. The new conditional £13 million debt financing has been agreed with Barclays Bank plc, with which the Company has conditionally entered into a £12 million term loan facility and a new revolving credit facility of £1,000,000. Further details of the debt financing arrangements are set out in paragraph 14.1.3. of Part VII of this document.

6. Board of Directors and Proposed Directors

Directors

The Board is currently comprised of Luke Johnson as Executive Chairman, Reuben Harley as Chief Executive Officer, John Smith as Chief Financial Officer, Leigh Nicolson as Chief Operating Officer, James Fallon as Non-Executive Director and Paul Viner as Non-Executive Director.

Proposed Directors

Anne Martin and Joseph Tager will be appointed as Executive Director and Non-Executive Director, respectively, at Admission.

The biographical details of the directors upon Admission are set out below:

Luke Oliver Johnson (aged 54) – *Executive Chairman*

Luke joined Eclectic in June 2015 as Executive Chairman. He was Chairman of Pizza Express PLC during the 1990s, co-founded the Strada restaurant chain, and was Chairman of Giraffe for nine years until it was sold to Tesco for £50 million in 2013. He also served on the board of My Kinda Town. He currently chairs Bread Limited, the owner of the artisan bakery chain Gail's, and Patisserie Holdings PLC. Luke is also part owner of Laine's Pub Company, Grand Union and Draft House.

Reuben Jonathan Harley (aged 46) – *Chief Executive Officer*

Reuben has worked in the UK pub and bar industry for over 25 years. His career started at Grand Metropolitan plc before becoming an area manager at Greenalls Inns in the late 1990s. Between 1998 and 2004 he worked at SFI Group PLC, where he moved through the roles of Operations Manager, Regional Manager, and Brand Manager of the Litten Tree brand in the South of England, subsequently Brand Manager nationally for the Bar Med brand and then Divisional Director responsible for the disposal division of 62 sites. Prior to joining Eclectic Bars Limited as CEO in June 2006 he was Business Development Director for The Nightclub Company.

John Anthony Smith (aged 57) – *Chief Financial Officer*

Since qualifying as a chartered accountant (ACA) with Touche Ross & Co in 1985 John has held a variety of senior finance roles. From Head of Finance at International Currency Exchange plc he then became Group Finance Director at Vision Express until it was sold to Grand Vision in 1997. After two years as Joint UK Managing Director of Vision Express post the acquisition he then became Finance Director of First Leisure Corporation plc in 1999, before becoming Chief Executive in 2003. He then took on the role of Chief Executive of The Nightclub Company, which was created by the purchase of 22 nightclubs from the receiver of First Leisure. John became Finance Director of Eclectic Bars Limited in June 2006.

Leigh Bryden Nicolson (aged 39) – *Chief Operating Officer, Bars*

Leigh has worked in a variety of operational roles in the UK bar market for approximately 20 years. After four years working for Yates Group PLC at the site level he moved to work for Fuller, Smith & Turner PLC in London across their high street branded bars business. Following this he spent two years with Inventive Leisure PLC, before joining SFI Group PLC as a new openings manager for their new template brand where he was responsible for a number of new site openings nationwide. Leigh then joined The Nightclub Company in 2005 where he worked on the introduction of the Cantaloup bar brand, before joining Eclectic Bars Limited in 2006 as Area Manager for the London area. His role developed to become National Operations Manager, and he was then appointed Operations Director for the Eclectic Group in 2010. In July 2014 he was appointed to the Board of Eclectic Bar Group PLC as Chief Operating Officer, and will become Managing Director – Bars on Completion.

Anne Elizabeth Martin (formerly Anne Elizabeth Grainger, born Anne Elizabeth Fulcher) (aged 58) – *Proposed Managing Director, Pier*

Anne is the current General Manager of PierCo, a position she has held for over 12 years. Prior to this, Anne was the Operations Director for Bourne Leisure Limited, a group of holiday parks, where she was responsible for all park entertainment programmes and for all retail shops across a 57-site estate. Anne was previously the first female Area Director at Welcome Break, a position she held for over four years, managing a large service area and coordinating national training initiatives during periods of expansion for that company.

James Fallon (aged 50) – *Non-Executive Director*

Since 1994 James has worked almost exclusively within the leisure sector as a lender, adviser, owner, operator and most recently business consultant. James worked for Imperial Chemical Industries in electrical engineering for eight years prior to joining Midland Bank in 1991. He was at HSBC until 2002, latterly leading the leisure team, when he left to set up the consumer sector corporate finance advisory business McQueen Limited. He was specifically responsible for the leisure sector within McQueen as well as much of the day-to-day running of the business. James works as a consultant to a variety of UK leisure businesses through his company, Graybridge Solutions Limited.

Paul Lewis Viner (aged 46) – *Non-Executive Director*

Paul Viner is a Chartered Accountant and has worked predominantly in the leisure sector. He was previously Finance Director at Tottenham Hotspur plc. Paul subsequently moved to Riva Gaming Group, where he participated in both an MBI and later an MBO. He then spent several years in the property sector as Chief Financial Officer of Residential Land before being appointed Chief Financial Officer of Giraffe Concepts Limited in March 2009. Paul was a key part of the management team which sold Giraffe to Tesco plc for £50 million. Paul left Giraffe in late 2014 to set up his own business, Intelligent Goat Limited, which amongst other things provides mentoring advice for Finance Directors and Chief Executive Officers. Paul currently holds a number of board positions including as Chief Executive Officer of Feng Sushi Limited, as well being a non-executive director in the bingo and arts and culture sectors.

Joseph Peter Tager (aged 35) – *Proposed Non-Executive Director*

Joseph began his career at PricewaterhouseCoopers in the Business Restructuring Group, qualifying as an accountant in 2006. The majority of time was spent assisting on large corporate insolvencies (including Enron and Sea Containers) and independent reviews on distressed businesses and public bodies. Joseph also spent six months seconded to PwC New York, working for Transactional Services across the US, with a focus on private equity transactions for Apollo Group. He later joined Bread Limited and Gail's bakery chain in 2007, where he was recruited to find acquisition opportunities, run new businesses and find new retail opportunities for Gail's. Joseph then left in 2010 to work as a Partner on Luke Johnson's personal investment portfolio, focusing primarily on the leisure and hospitality industry. Investments on which Joseph advises (and holds board positions) include Feng Sushi Restaurants, 3Sixty Restaurants, Genuine Dining Contract Caterers, Draft House Pubs, Grand Union Bars and Majestic Bingo Clubs.

Reuben Harley has informed the Board that he intends to step down from his role as Chief Executive Officer to pursue his current business interests outside of Eclectic and other opportunities following the completion of the Acquisition. Reuben has been instrumental in driving the business over the last ten years, taking it from a private company through to its admission to AIM. More recently, he has overseen the return of the business of the Existing Group to profitability amidst challenging trading conditions. He will lead an orderly handover of the business of the Existing Group to our current Chief Operating Officer, Leigh Nicolson over the coming months. On behalf of the Board I am grateful to Reuben for his contribution to the Company over many years and we wish him well in the future.

7. Employees

As at 27 March 2016, the Existing Group employed 178 full time equivalent employees, the vast majority of whom work in the sites as bar and waiting staff.

8. Employees post Acquisition

After the Acquisition, the Enlarged Group will employ a total of 317 full time equivalent employees.

9. Corporate Governance

The Directors recognise the importance of sound corporate governance and intend to comply with the Corporate Governance Guidelines, to the extent appropriate for a company of its nature and size.

The Corporate Governance Guidelines were devised by the QCA, in consultation with a number of significant institutional small company investors, as an alternative corporate governance code applicable to AIM companies. An alternative code was proposed because the QCA considers the UK Corporate Governance Code to be inappropriate to many AIM companies. The Corporate Governance Guidelines state that: "The purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term".

The Board will meet at least ten times a year to review the Enlarged Group's strategy and oversee the Enlarged Group's progress towards its goals. It has established audit and remuneration and nomination committees.

Audit committee

The Board has established an audit committee with formally delegated duties and responsibilities. The audit committee will be chaired with effect from Admission by Paul Viner and its other member is James Fallon. The audit committee will meet at least twice a year and will be responsible for ensuring that the financial performance of the Company is properly reported on and monitored, including reviews of the annual and interim accounts, results announcements, internal control systems and procedures and accounting policies.

Remuneration and Nomination committee

The remuneration and nomination committee will be chaired with effect from Admission by Luke Johnson and its other member is James Fallon. It is proposed that Joseph Tager will also become a member of this committee from Admission. It is expected to meet not less than two times a year. Executive Directors may attend meetings at the committee's invitation.

The remuneration and nomination committee has responsibility for determining, within agreed terms of reference, the Enlarged Group's policy on the remuneration of senior executives and specific remuneration packages for Executive Directors, including pension rights and compensation payments. It is also responsible for making recommendations for grants of options under the Share Option Plan. It also assists the Board in reviewing the structure, size and composition of the Board.

The remuneration of Non-Executive Directors is a matter for the Board. No Director may be involved in any discussions as to his or her own remuneration.

10. The Placing and Use of Proceeds

Pursuant to the Placing Agreement, Panmure Gordon and Arden Partners have agreed conditionally upon, *inter alia*, Admission to use their reasonable endeavours to place up to 15,454,546 New Ordinary Shares on behalf of the Company at the Placing Price. The New Ordinary Shares to be issued by the Company pursuant to the Placing will represent approximately 48.8 per cent. of the Enlarged Share Capital and will raise up to approximately £8.5 million gross of expenses (approximately £7.7 million net of expenses excluding VAT) for the Company. On Admission, the Company will have a market capitalisation of approximately £17.4 million at the Placing Price.

It is intended that the net proceeds of the Placing receivable by the Company will be used to provide funds for the Acquisition.

The New Ordinary Shares will be issued credited as fully paid and will, on issue, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions thereafter declared, made or paid on the Enlarged Share Capital.

The Placing, which is not underwritten, is conditional, *inter alia*, upon Admission becoming effective and the Placing Agreement becoming unconditional in all other respects by 27 April 2016 or such later date (being no later than 12 May 2016) as the Company, Panmure Gordon and Arden Partners may agree.

The participation of Luke Johnson, Executive Chairman of, and a substantial shareholder in, the Company; Paul Viner, a Director of the Company; Schroder Investment Management, a substantial shareholder in the Company; and Helium Special Situation Fund, a substantial shareholder in the Company, in the Placing constitute related party transactions for the purposes of Rule 13 of the AIM Rules for Companies (the "**Related Party Transactions**"). The Directors, other than Luke Johnson and Paul Viner, having consulted with the Company's nominated adviser, Panmure Gordon, consider that the terms of the Related Party Transactions are fair and reasonable insofar as the Shareholders are concerned.

Pursuant to the Selling Shareholder Agreement, Arden Partners has agreed, conditionally upon the Placing Agreement becoming unconditional, to place the Sale Shares on behalf of the Selling Shareholder at the Placing Price.

11. Dividend Policy

The Company does not intend to pay a dividend in the near term. The Board will continue to review the Company's dividend policy on a regular basis.

12. Share Dealing Code

The Company adopted, with effect from the Original Admission, a share dealing code for the Directors and certain employees, which is appropriate for a company whose shares are admitted to trading on AIM (particularly relating to dealing during close periods in accordance with Rule 21 of the AIM Rules for Companies) and the Company takes, and will continue to take, all reasonable steps to ensure compliance by its directors and any relevant employees.

13. Share Options

The Company adopted, with effect from the Original Admission, the Share Option Plan. Any employee of the Enlarged Group is eligible to participate in the Share Option Plan at the discretion of the remuneration committee. Further details of the Share Option Plan are set out in paragraph 4 of Part VII of this document.

On 8 April 2016, the Company, conditional upon Admission, issued options over 227,273 Ordinary Shares to Anne Martin and options over 40,625 Ordinary Shares to Joseph Tager at the Placing Price. Further details of these options are set out in paragraph 2.13 of Part VII of this document.

14. Lock-In

Luke Johnson has undertaken pursuant to a deed not to dispose of any interest in his Ordinary Shares or any Ordinary Shares granted on exercise of the Warrants for 12 months from 30 July 2015, except in certain limited circumstances. Further details of the lock-in are set out in paragraph 6.4 of Part VII of this document.

15. Admission, Settlement and Dealings

Application has been made to the London Stock Exchange for the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in Enlarged Share Capital will commence on 27 April 2016.

The Articles permit the Company to issue Ordinary Shares in uncertificated form in accordance with the CREST Regulations. CREST is a computerised share transfer and settlement system. The system allows shares and other securities to be held in electronic form rather than paper form, although a shareholder can continue dealing based on share certificates and stock transfer forms.

The ISIN number of the Ordinary Shares is, and from Admission will be, GB00BG49KW66. The Company's current TIDM is BAR. Its TIDM from Admission will be PIER.

16. Taxation

Information regarding UK taxation with regard to certain holders of the Ordinary Shares is set out in paragraph 13 of Part VII of this document. That information is intended only as a general guide to the current tax position under UK law. If you are in any doubt as to your tax position, you should contact your independent professional adviser.

17. Applicability of the Takeover Code

The Takeover Code applies to the Company. Under the Takeover Code, if an acquisition of interests in shares were to increase the aggregate holding of the acquirer and its concert parties to interests in shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on circumstances, its concert parties would be required (except with the consent of the Panel) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for interests in shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of interests in shares by a person holding (together with its concert parties) shares carrying between 30 per cent. and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the total voting rights in the Company.

More information is set out in paragraph 11 of Part VII of the Admission Document.

18. Further Information

Your attention is drawn to Parts II to VII of this document which provide additional information on the Existing Group and PierCo and the markets in which they operate.

19. General Meeting

Set out at the end of this document is a notice convening the General Meeting to be held at Panmure Gordon's registered offices at One New Change, London, EC4M 9AF at 10.00 a.m. on 26 April 2016. The full terms of the Resolutions are set out in that notice and are summarised below:

The Acquisition constitutes a 'reverse takeover' under the AIM Rules for Companies by virtue of the size of PierCo relative to the Company and is therefore subject to the approval of Shareholders. Such approval is being sought by way of Resolution 1 to be proposed at the General Meeting.

Resolution 2 seeks approval for the Directors to allot the New Ordinary Shares and Resolution 3 seeks approval for to disapply pre-emption rights.

Resolution 4 seeks approval for the proposed change of name of the Company.

If Resolution 4 is passed, the share certificates held by the existing Shareholders will continue to be valid, notwithstanding the change of name.

20. Irrevocable undertakings

The Directors have given irrevocable undertakings to the Company to vote in favour of the Resolutions (and to procure that such action is taken by the relevant registered holders) in respect of their beneficial holdings totalling 6,827,505 Existing Ordinary Shares, representing approximately 42.1 per cent. of the Existing Share Capital.

21. Action to be taken

A form of proxy is enclosed for use by Shareholders in connection with the General Meeting. Whether or not you intend to be present at the General Meeting, Shareholders are asked to complete, sign and return the form of proxy to the Registrars at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom as soon as possible but in any event so as to arrive no later than 10.00 a.m. on 22 April 2016. The completion and return of a form of proxy will not preclude Shareholders from attending the General Meeting and voting in person should they wish to do so. Accordingly, whether or not you intend to attend the General Meeting, you are urged to complete and return the form of proxy as soon as possible.

22. Recommendation

The Directors consider the Acquisition and the Placing to be in the best interests of the Company and Shareholders as a whole. Accordingly, the Directors recommend that Shareholders vote in favour of the Resolutions, as they have irrevocably committed to do in respect of the Resolutions in respect of their beneficial holdings amounting, in aggregate, to 6,827,505 Existing Ordinary Shares, representing approximately 42.1 per cent. of the Existing Share Capital.

Yours faithfully,

Luke Johnson
Chairman

PART II

INFORMATION ON PIERCO

1. Introduction

PierCo owns and operates Brighton Pier, an iconic landmark and leisure attraction in Brighton, England. Brighton Pier, originally named The Brighton Marine Palace & Pier, is 1,722 feet long, offering a wide variety of seaside entertainment including amusement rides, arcades, bars, a restaurant and food and retail kiosks in a nostalgic and safe environment, with unparalleled views of Brighton and the English Channel. Entry to Brighton Pier is free, attracting a wide demographic of customers, including national and international tourists and local residents. According to Visit Britain, it is the fifth most popular visitor destination in the UK, with over 4.5 million visitors in 2014, making it the UK's most visited attraction outside of London. Brighton Pier is managed by a long-serving and experienced management team, who will remain at PierCo to continue to oversee the operations of the Pier.

In the past three years of the Sellers' ownership of Brighton Pier, its strategy has been to create a profitable and cash-generative attraction that appeals to a wide demographic of visitors by offering traditional and thrill attractions and quality hospitality facilities with a family-friendly atmosphere. This is being delivered by Brighton Pier's technically-astute management team through an integrated approach to capital expenditure, operational excellence, quality control, effective marketing and robust health and safety procedures. The execution of this strategy has delivered a three year compound annual Target Standalone EBITDA growth rate of approximately 7 per cent. to approximately £3.5 million for the year ended 31 October 2015 at a relatively constant Target Standalone EBITDA margin of approximately 27 per cent. During this period, turnover grew at a three year CAGR of approximately 9 per cent. to approximately £13.3 million for the year ended 31 October 2015.

The Directors and Proposed Directors believe Brighton Pier to be a well-invested and highly profitable leisure attraction, positioned in an iconic location, which possesses a strong heritage within a large and growing target market.

2. History

PierCo has been part of the Noble group since 1984, and is a statutory company created by the Brighton Marine Palace and Pier Act in 1888.

Brighton Pier (originally known as The Brighton Marine Palace & Pier) opened on 20 May 1899, and cost £137,000 to build. Brighton Pier became the third pier to be constructed in Brighton in addition to the Royal Suspension Chain Pier and the West Pier. A condition of Brighton Pier's construction was for the Chain Pier to be demolished, however, a storm largely destroyed it before this could take place. The Pier opened as a pleasure pier, offering deckchairs, kiosks selling souvenirs and confectionary as well as entertainment stalls with fortune tellers and silhouettists, plus smaller pavilions for dining, smoking and reading.

In 1905, a collection of amusement machines was installed on Brighton Pier. A concert hall opened in 1907, which was developed into a theatre by 1911. In the same year, a steamer landing stage was constructed, allowing Brighton Pier to offer regular passenger ferry services to and from continental Europe, in addition to short trips on pleasure boats. Brighton Pier continued to develop entertainment facilities, constructing the indoor Winter Gardens (now The Palace of Fun) in 1910 to host regular band appearances, and a bandstand to stage free concerts through the summer months. In 1932, dodgems and a ferris wheel were added to Brighton Pier's amusements.

Brighton Pier was extended in 1938. For national security reasons, Brighton Pier was closed in May 1940 as it was seen by the War Office to be potentially useful to sea-borne invasion forces.

The Pier was listed at Grade II* on 20 August 1971, which categorises the Pier as a particularly important building of more than special interest. This provides the local council authority to grant or refuse building consent for any alteration, extension or demolition which would affect its character as a building of special architectural or historic interest, taking into consideration the Pier's historic significance against issues including its function, condition and viability.

The landing stage had become unused by 1973, and work to demolish this commenced that year, completing in 1975. During a storm in 1973, a 70-ton barge moored at the landing stage, which was being used by the demolition company, broke loose and damaged the Pier head, and in particular the theatre which never re-opened.

In 1984, Brighton Pier was acquired by the Noble Organisation, and major changes were implemented including the introduction of free admission, free deck chairs, new food kiosks on the forecourt and a traditional fish & chips restaurant. In 1986, the theatre was removed, with the Pier head extended to support new attractions including a domed amusement arcade, several amusement and thrill rides and an additional hospitality venue

In 1998, the National Piers Society named Brighton Pier as 'Pier of the Year', and in 2000 it was renamed "Brighton Pier". Brighton Pier suffered a large fire on 4 February 2003 but the damage was limited and most of the Pier was able to reopen the next day. It was during this period that much damage was suffered by the West Pier, which had closed for custom in 1975, causing it to be declared beyond repair.

3. Attractions and product offering

Brighton Pier is a pleasure pier, offering a wide range of attractions including two arcades, over twelve amusement rides and a variety of on-site hospitality and catering facilities. The attractions, product offering and layout of the Pier are focussed on creating a family-friendly atmosphere that aims to attract a wide demographic of visitors. The Pier itself is free entry, with revenue generated via the pay-as-you-go purchase of products on the amusement rides, in the arcades, in the hospitality facilities and at the retail kiosks. Additionally, the Pier has recently introduced a pre-paid wristband offer to allow customers unlimited use of the amusement rides for a flat fee during their day-visit, with secondary spend then generated in the arcades, the catering and hospitality facilities and retail kiosks. Brighton Pier's pricing structure allows its attractions and facilities to be accessible for visitors of all budgets.

The Pier is open 364 days a year (not Christmas Day), and is typically open from 9.30 a.m. to midnight (Easter to September) and 11.00 a.m. to 8.00 p.m. (October to Easter), with typical visit times of between one hour to half a day, allowing the Pier to accommodate a high turnover of visitors each day. While the Pier is outdoors, a number of the Pier's attractions and hospitality facilities are undercover, including the Palm Court restaurant, allowing them to remain open for trade during inclement weather.



Arcades

PierCo currently operates two indoor arcade locations on Brighton Pier with 347 machines in total: the Palace of Fun, which is located in what was formerly known as the Winter Garden near the entrance of the Pier and is the largest of the two; and the Dome, which is located at the Pier head amongst the amusement rides.

Palace of Fun contains 234 arcade machines, including arcade games, simulators, penny pushers, fixed-odds gaming machines, and participation games. Palace of Fun generates the majority of arcade revenue, and is a key revenue generating attraction during the quieter winter period due to its location at the front of the Pier and it being kept open all year round. The Dome holds 113 arcade machines, including arcade games, penny pushers, simulators, table games and competitive participation games. The Dome currently has spare capacity, and the Directors and Proposed Directors believe an area can be converted into a children soft-play zone with neighbouring cake and coffee stand. Side stalls are located throughout the Pier, which include classic fairground participation games such as 'hook a duck' and coconut shies. The arcade amusements and side stalls are cash attractions.

Amusement rides

Brighton Pier has amusement rides to cater for a wide range of visitors and for all ages, including thrill rides and traditional fairground rides. Entry to the amusement rides can be through pre-paid tickets or via the pre-paid unlimited entry wristband offer. Pricing is flexibly managed in respect of the time of season, the time of day and the prevailing weather. Other than when the rides need to be repaired, which takes place in late winter, the rides remain open all year round, weather permitting. The amusement rides are all based at the Pier head, and contain seven thrill rides which are major attractions to visiting customers, including Turbo Coaster, the Pier's largest rollercoaster and the fastest of Brighton Pier's rides, featuring two drops and a loop-the-loop; Air Race, a thrill ride replicating the experiences of an acrobatic aeroplane flight; The Booster, a 130 feet, a maximum thrill ride which rotates the customer 360 degrees while hurtling through the air; Twister, which rotates at 12 revolutions per minute; Galaxia, a high speed carousel; Wild River, a wooden log flume; and Crazy Mouse, a rollercoaster with spinning cars.

Brighton Pier also hosts a number of traditional fairground rides, including a carousel, a traditional family seaside ride; the Horror Hotel, a haunted house rollercoaster ride; dodgems, a popular bumper car ride; waltzers, a classic spinning fairground ride; trampolines and a helter skelter.

Catering and hospitality

Brighton Pier has a large mix of catering and hospitality options throughout the Pier, including restaurants, bars, fast food and snack kiosks and a range of concession kiosks.

Palm Court is a family-friendly fish and chips restaurant located midway along the Pier. Visitors can order meals either to sit in or take away. The restaurant is fully licensed to sell alcohol, serving a large selection of cold and hot drinks.

Victoria's Bar is a public house located next to Palm Court, offering cold and hot drinks, a shortened menu of Palm Court food to eat-in, and afternoon tea.

Horatio's Bar is an approximately 5,000 square foot public house on the Pier head which has a large beer garden adjoined to it with sea views out to the east of the Pier. The Glitter Bar is a karaoke and entertainment bar connected to Horatio's Bar. Horatio's Bar and Glitter Bar do not currently offer catering, but have potential to do so in the future. Both Victoria's Bar and Horatio's Bar offer live sports, and Horatio's Bar can host live music and entertainment in addition to private parties to extend the offering into late night.

Currently, 25 fast food and snack kiosks are operated on the Pier. These include fast food kiosks (Wokstar noodles & rice, burgers, hot dogs, savoury crêpes), snack kiosks (ice creams, doughnuts, sweet crêpes, smoothies) and retail outlets. These are placed throughout Brighton Pier, with a number of these specifically repeated to allow visitors to have multiple opportunities to purchase from a certain stall on their customer journey.

PierCo offers a number of private and function hire options for a range of events. An individual restaurant or bar may be hired, and it is possible for customers to hire the entire Pier for exclusive use, including all of the attractions. Parts of the Pier are also licensed to conduct marriages.

In addition to the above, PierCo generates revenue from eight ATMs positioned throughout the Pier, receiving a proportion of the commission charged through transaction fees.

4. PierCo financial record and current trading and prospects

The following selected historical financial information on PierCo for each of the three financial years ended 31 October 2013, 31 October 2014 and 31 October 2015 has been prepared from the Historical Financial Information contained in Section B of Part VI of this document, which was prepared in accordance with IFRS, and using PierCo's historical records of its assets and liabilities, including management accounts, with costs and income which will be directly associated to PierCo on Completion included or removed to reflect the PierCo business as a standalone entity from the Sellers. The audited Target Underlying EBITDA figures are given as per Note 3 of the Historical Financial Information contained in Part VI Section B, and are adjusted for ATM revenue of approximately £96,000, £110,000 and £125,000 for the years ended 2013, 2014 and 2015 respectively, which will be transferring to PierCo on Completion, to derive the unaudited Target Standalone EBITDA. This selected historical financial information should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information.

	<i>Financial year ended</i>		
	<i>31 October</i>	<i>31 October</i>	<i>31 October</i>
	<i>2013</i>	<i>2014</i>	<i>2015</i>
	<i>£000's</i>	<i>£000's</i>	<i>£000's</i>
Revenue	11,245	12,289	13,297
Target Underlying EBITDA	3,014	3,443	3,421
Target Standalone EBITDA	3,110	3,553	3,546
Target Standalone EBITDA margin	27.7%	28.9%	26.7%

PierCo's audited financial information as set out in Section B of Part VI of this document relate to the three year period ended 31 October 2015. Since this date, PierCo has continued to trade in line with PierCo's management's expectations.

5. Maintenance and capital expenditure

Each year, a thorough substructure survey is undertaken by Hemsley Orrell Partnership ("HOP"), a specialist pier surveyor, which stated in its most recent report (dated January 2016) that in its opinion, when compared with other piers of a similar age around the UK coastline, Brighton Pier has had significantly better than average levels of positive maintenance over recent years. Additionally, qualified divers undertake an underwater substructure survey of the Pier approximately every five-to-six years. The last underwater survey took place on May 2010.

For the year ended 31 October 2015, PierCo spent approximately £0.7 million on routine repairs and maintenance. For the forthcoming financial year ending 31 October 2016, HOP stated within its annual survey that it believed approximately £0.7 million of repairs and maintenance expenditure would need to be incurred to ensure Brighton Pier remains safe and retains excellent structural integrity.

Since 1 November 2010, £4.25 million of non-recurring 'catch-up' capital expenditure has been invested by PierCo on steel bracing, replacement of balustrades, new gas and electricity mains, concrete pile encasement and cathodic protection to enhance the structural integrity of Brighton Pier for the long term, as was identified and recommended by HOP in its FY 2010 report. A further £0.5 million has been committed by PierCo and is currently being undertaken, of which the work outstanding at the date of this document will be reflected as a deduction from the final Consideration. The Directors and Proposed Directors believe this exceptional investment will reduce the likelihood of one-off repair work and reduce future annual repair and maintenance expenses, and the Directors consider this to leave no identifiable needs for long-term structural projects, allowing future incremental capital expenditure to be allocated to revenue and profit enhancement opportunities.

Since 1 November 2009, PierCo has carried out major investments in its portfolio of attractions and hospitality facilities, spending £3.2 million of enhancement capital expenditure on the purchase of new amusement rides and arcade machines, the installation of wristband technology and the resumption of hospitality kiosks from vendors previously out as concessions. Capital expenditure of this nature is designed

to increase visitor numbers, visitor satisfaction and the visitors' length of time spent on the Pier to support increases in customer spend. The Directors and Proposed Directors believe these to be revenue- and profitability-enhancing in nature.

The management team has a track record of maximising returns from its disciplined, EBITDA-focussed approach to investment, demanding a high internal rate of return to be exceeded. For example, in the year ended 31 October 2013, PierCo management team spent approximately £1.2 million on purchasing and installing new amusement rides, including a new roller coaster which generated an approximately £0.5 million improvement in PierCo's EBITDA by the end of the year ended 31 October 2015. The management team currently has a programme of potentially EBITDA-accretive near-term development capital expenditure projects to be considered by the Directors and Proposed Directors. When purchasing new amusement rides, the Board believes that PierCo's management have historically focussed on sourcing proven, high thrill rides – as opposed to high risk, high cost new rides and/or prototypes – from established manufacturers, which have the ability to fit within the space restrictions of the Pier.

The investment in wristband technology is a strategic initiative which aims to provide Brighton Pier's management with access to data on its customers, including which rides are most popular; the order in which customers visit the arcades, amusement rides and hospitality facilities; and the total time spent on Brighton Pier. The pre-paid wristband is purchased for a flat fee in advance of the customer visiting the Pier, allowing unlimited entry on the amusement rides on that day. The utilisation of the wristband technology will increase the proportion of online sales made by credit card, providing a guaranteed revenue stream that allows the Pier to hedge against the effects of inclement weather and increase its visibility on customer numbers, while reducing the number of on-site cash transactions.

Routine maintenance of the Pier is carried out on a daily basis, and is managed by a team internally, with maintenance schedules compliant with legislation and training systems, recognised externally as equivalent to a national vocational qualification. All amusement rides are subject to a compulsory annual safety review, which includes the dismantling and rebuilding of each attraction.

PierCo insures Brighton Pier, and the rights to the insurance will be novated to Eclectic upon completion of the Acquisition. PierCo has historically made successful claims for repairs to damage incurred, including a claim made following costs of c.£602,000 incurred as a result of significant damage from a large storm in the year ended 31 October 2014.

6. Market and customers

The local tourist market and vitality of the resident economy are primary determinants of attendance levels to Brighton Pier. It is estimated that domestic holiday trips within England in the seven months to July 2015 rose by 13 per cent. (Visit England) over the same period in 2014, as UK holidaymakers increasingly look to national destinations. Brighton is one of the most popular visitor destinations within the UK and the most visited destination within the South East, with over 10 million visitors per year, of which 9 million are estimated to visit Brighton beach. Tourism contributes an estimated £780 million into the Brighton local economy and is responsible for the employment of nearly 20,000 people.

Brighton has a local population of 281,000 people, and in December 2015 was ranked second in the LSH UK Vitality Index Report, which measures the economic strength of towns and cities in the United Kingdom. 30 per cent. of England's population is within a two hour journey time of Brighton Pier, with good existing transport links and local infrastructure.

According to Visit Britain, Brighton Pier is the fifth most popular free entry visitor destination in the UK and the most visited attraction outside of London, with 4.5 million visitors in 2014. Furthermore, the UK continues to be a popular holiday destination for international visitors, with £21.8 billion spent by 34.4 million inbound tourists to the UK in 2014. Brighton has fast train links from London, one of the UK's most popular tourist destinations.

Brighton Pier is the only remaining pier in Brighton. No significant local competition exists for amusement rides or arcades entertainment, with Brighton Pier being the only location for permanent large-scale amusement rides in Brighton and the local area, or for a visitor experience of respective quality and scale. Due to this, and due to a large proportion of visitors to Brighton attending Brighton Pier, the Directors and

Proposed Directors consider the Pier's primary competition comes from national holiday and short-break destinations and local day-visit attractions beyond Brighton.

The Brighton i360, a vertical cable car designed by the architects of the London Eye which, at its 450 feet high summit, allows 360 degree views for up to 26 miles (including of Brighton Pier), is expected to attract 165,000 to 305,000 new visitors to Brighton as estimated by Brighton & Hove City Council, which the Directors and Proposed Directors believe presents an opportunity for visitors to Brighton Pier to increase. Construction of the Brighton i360 observation tower at the root end of the derelict West Pier, 0.6 miles west of Brighton Pier, is continuing with the new visitor attraction expected to open in Spring 2016. Brighton & Hove City Council has stated that there were no other credible funded proposals for the West Pier site, and as such, the Directors and Proposed Directors now believe it unlikely that a competing Pier will be constructed in Brighton.

Brighton Pier's customers consist of local residents and national and international tourists, of which the customers are from a wide ranging demographic of visitor categories, including families with young and old children, teenagers, young adults and large groups. The Pier also attracts small and large corporate and family event customers through the hiring of its hospitality facilities.

The management team create targeted marketing campaigns to attract new customers and retain interest from previous visitors predominantly targeting local radio, focussed campaigns at universities and social media campaigns, while a large amount of on-Pier marketing is undertaken to attract casual visitors to attend the attractions and catering facilities present. The Directors and Proposed Directors believe Brighton Pier is capable of generating a certain amount of its own custom due to it being an iconic attraction in the local area and within the UK – this includes the permitted use of images of Brighton Pier in official tourist body marketing campaigns and through customers advertising Brighton Pier through their own use of social media platforms, such as Instagram and Facebook. The management team view customer satisfaction as a key marketing tool in generating customer loyalty, repeat visits and positive word-of-mouth trade, and ensure this is maintained in through its commitment to operational excellence, quality control and to the provision of first-rate training to their employees.

7. Health and safety, and employees

Health and safety of visitors to Brighton Pier is held in the highest regard by PierCo and Brighton Pier's management team. The management team has robust safety procedures and systems in place on-and off-site, including routine daily safety checks on all amusement rides. In line with its safety procedures, PierCo has, for example, installed a high pressure fire extinguisher/deluge system which can extend the length of the Pier in the case of a fire incident. In addition, if necessary, PierCo has use of a specialist lightweight fire engine housed at Brighton Pier's local fire station for emergency deployment. All amusement rides undergo an annual evaluation whereby sections of the rides are dismantled, evaluated and inspected and then re-assembled. Such evaluations are performed by qualified engineers to evaluate the critical components and structures. The rides are subsequently repaired, refurbished or replaced where necessary to ensure they are at the highest standards of operation.

The Brighton Pier's successful operation is underpinned by its management team's experience and length of service. The head office is located on-site, with the management team readily trained to respond to any safety matters or possible evacuation, in addition to staffing or operational issues. Health and safety is held in the highest regard by the management team, who work in close conjunction with the local police, firefighters and coastguard to ensure procedures are in place to react quickly and in the interest of the public's safety in the case of an emergency. Contingency plans have been produced and are in action for all amusement rides and facilities on site should an emergency arise.

Brighton Pier has a fixed payroll of approximately 139 employees all year round, growing to approximately 265 employees over the summer high season. Brighton Pier has a full time HR manager who oversees all necessary paperwork and training arrangements. The Pier has a culture of investing in training and development of its staff, with an intensive course of training on-site provided by a highly regarded external contractor to develop its employees' health and safety, customer service and operational abilities. PierCo has all relevant licences necessary to operate the arcade gaming and gambling machines, to permit the sale of alcohol and provide regulated entertainment, and to permit civil ceremonies to be conducted. PierCo has robust food safety and hygiene policies and procedures in place, and currently has the maximum five star rating for the areas that require inspection.

PART III

INFORMATION ON THE EXISTING GROUP

1. Introduction

Eclectic is a leading operator of 19 premium bars located in major towns and cities across the UK. The Existing Group trades across its estate under a variety of concepts including Embargo Republica, Lola Lo, Sakura, Po Na Na, Fez Club, Lowlander, Dirty Blonde and Coalition. The Existing Group predominantly targets a customer base of sophisticated students midweek and stylish over-21s and professionals at weekends.

The Existing Group focuses on delivering added value to its customers, with premium product ranges, high quality music and entertainment and a commitment to exceptional service standards. Eclectic's estate is nationwide across key university cities and towns which provide a vibrant night time economy and the demographics to support premium bars.

In November 2014, the Company announced that its business had faced difficult trading conditions in a number of areas, including changes in student behaviour, intense competition in a number of the Existing Group's key trading towns, and disappointing trading in two of the Existing Group's sites. These challenging market conditions have continued and the Existing Group has responded by reducing costs at the head office, closing non-profitable nights, focussing on development of its food offering and rationalising its estate.

The Existing Group had revenue on continuing operations for the 26 week period ended 27 December 2015 of £10.72 million (2014: £12.12 million), and Existing Group EBITDA before highlighted items of £0.96 million (2014: £1.10 million). Profit before tax and highlighted items for the same period was £0.30 million (2014: £0.01 million), and earnings per share (basic and diluted) was 1.8 pence per share (2014: loss per share of 4.0 pence).

The Existing Group is led by Luke Johnson, Executive Chairman, the serial entrepreneur who has been involved in the hospitality industry for over 20 years, and Reuben Harley, Chief Executive Officer, who has over 25 years' experience of working in the UK pub and bar industry.

2. Background and history

Eclectic was created in 2006 through the acquisition of 12 leasehold premium bars trading primarily as Po Na Na and Fez Club. A brand development programme commenced in 2007 with the in-house development of the Existing Group's first new premium bar concepts 'Sakura' and 'Lola Lo'. Since 2008, the Existing Group has pursued a refurbishment programme to convert a number of sites in its original estate to the Sakura and Lola Lo brands, and has created a further one Sakura branded site and three Lola Lo branded sites respectively at newly acquired sites.

Of the sites originally acquired by the Existing Group in 2006, four of the Moroccan themed bars have continued to trade under the same brands as the original estate, and its Kings Road venue Embargo 59 underwent refurbishment in 2014 to become Embargo Republica. Furthermore, the Existing Group acquired the leasehold to a Brighton-based bar in March 2013, developing it under the Existing Group's new brand 'Dirty Blonde', and acquired the 'Coalition' bar on the seafront in Brighton on 1 October 2013, which continues to trade in its existing format.

3. Estate

The Existing Group currently operates 19 national sites, all held by the Existing Group on a leasehold basis with the exception of one site owned on a freehold basis.

Lola Lo (9 sites)

Lola Lo is a Polynesian tiki-themed bar brand, based on Easter Island and the iconic 1950s 'pin-up' girls. The bars are decorated with bamboo and woodcarvings and the theme is supported by a wide range of rum products and high quality cocktails served in authentic tiki mugs with fresh fruit. Lola Lo sites are

commonly ground floor located with an outdoor area, and a minimum capacity of 200. Currently Eclectic operates Lola Lo branded sites in Brighton, Bristol, Cambridge, Derby, Edinburgh, Lincoln, Manchester, Oxford and Reading.

Sakura (2 sites)

Sakura is the Japanese word for cherry blossom, and the brand has a subtle Japanese theme. The positioning for the brand is to offer a premium 'West End' style experience to customers in major towns and cities outside of London. Sakura sites are currently located in Manchester and Reading and both operate with a capacity of 560.

Po Na Na and Fez Club (4 sites)

The Company's Po Na Na and Fez Club bars are Moroccan themed, based on the 1920s French art deco period. These sites are designed to have the atmosphere of a souk with rough plastered walls and lanterns. Po Na Na typically has a capacity of 200 plus, and Fez Club has a typical capacity of 300 plus giving it the ability to host 'headline' DJ activity. The current portfolio includes Po Na Na sites in Bath and London (Wimbledon), and Fez Club sites in Cambridge and London (Putney).

Coalition (1 site)

A music-orientated nightclub located in the Kings Road Arches on the Brighton seafront. The bar has a capacity of 600 and is open five nights a week, regularly hosting live music events and headline DJ acts. Coalition operates under a 24 hour licence and has a large outdoor terrace.

Embargo Republica (1 site)

Embargo Republica is the Existing Group's Cuban-themed premium bar located on the King's Road in Chelsea, London. The bar has Cuban elements of colour, spirit and style in the design and product range to encapsulate the feel of the island itself. Embargo Republica includes a cigar shop at its entrance and an extensive roof-top terrace. The bar has a capacity of 300 and a stage to regularly host a range of live bands, acoustic acts and DJ performances.

Dirty Blonde (1 site)

Dirty Blonde is the Existing Group's most recently conceived concept. The venue contains two bars and a restaurant. By day, the venue trades as a restaurant and place to relax, and by evening, focusses on sophisticated dining and cocktails. By night it becomes a nightclub with entertainment, live music and DJs. The venue is located in Brighton and has a capacity of 339.

Lowlander Grand Café (1 site)

Lowlander is a vibrant bar and bistro located in London's West End styled on a Belgian grand café. Belgian beer and cuisine is at the centre of its offering, with over 100 beers and a seasonal menu. The bar is decorated with a collection of continental posters and placards reflecting the Belgian beers and breweries, and trades daily from late morning to late evening. The Existing Group's head office is located above the premises.

Of the estate, four sites have a lease term of less than five years from the date of this document. Each of the Existing Group's sites is subject to periodic rent reviews. The entire estate's leases, with the exception of the Cambridge Fez, have security of tenure afforded by the Landlord and Tenant Act 1954. All of the premises listed have valid licenses in place under the Licensing Act 2003 which permit the sale of alcohol, the provision of entertainment and, where relevant, the sale of food. These licences are granted by the relevant local authorities.

4. Products, services and procedures

Eclectic has developed its offer to target premium customers, with a focus on the following to attract and retain its target audience:

Premium product ranges – seeking to use premium drinks, primarily branded spirits, champagne and bottled beers, while the provision of a quality cocktail offer is also key to its premium positioning.

Staff training – the Existing Group’s bar staff undertake regular mixology training to ensure staff are competent to deliver exceptional service of each respective brands’ broad cocktail menu.

Bar design – each bar within the Existing Group’s estate are specifically designed to be tailored to its respective size, location and environment, with the materials and furnishings designed to sit within its brand’s theme and intended to evoke a premium setting.

Table bookings – the ability to book tables enhances the customer experience through quicker and guaranteed entry plus the ability to receive table service, which is perceived as premium. Certain table bookings are taken for ‘VIP’ areas, and require a minimum spend.

Digital marketing – online media is a key driver of business for Eclectic, with each site managing its own individual web page and individual pages on social media platforms, including Facebook, Twitter and LinkedIn, enabling targeted marketing campaigns.

The Existing Group’s revenues are derived through a combination of door entry charges, sales of alcoholic and non-alcoholic drinks, and small scale ancillary charges such as cloakroom and tobacco. For the 12 month period to 28 June 2015, the breakdown of revenue (approximate percentages) by product category was 83 per cent. alcoholic and non-alcoholic drinks, 11 per cent. door revenue and venue hire, 4 per cent. food and 2 per cent. other revenue.

The Existing Group’s business does not typically demonstrate material seasonal trends, with steady trade throughout the year. Peak seasons tend to take place when students return to their respective universities, and during the Christmas period; the summer months are often less busy, particularly if the weather is very hot, however, venues such as Coalition in Brighton, which has an outdoor seafront terrace, and Embargo Republica with an extensive rooftop terrace, help to offset any unfavourable effects of hot weather on the Existing Group’s results.

5. Premium bar market

It is the view of the Directors and Proposed Directors that the bars market can be segmented into three constituent parts, being mass market, super premium and premium. The Existing Group competes in the premium bars market. The Directors and Proposed Directors believe that within each town or city there is a premium customer segment looking for aspirational venues to visit with a value added product. The Directors’ and Proposed Directors’ believe consumer trends across the food, drinks and hospitality industries have displayed increasing demand for premium offerings and experiential leisure venues, and in management’s view this underpins what it believes is a niche but scalable customer segment.

6. Current trading and recent trends

The Company experienced three main challenges which impacted on its results for the financial year ended 28 June 2015:

- University undergraduates nationwide were less active across the market place during the freshers’ weeks and have been less predictable during the academic year;
- Increased and intense competition in a number of specific locations;
- Two of the Existing Group’s new openings, Derby Lola Lo and Dirty Blonde, did not perform as well as expected.

Having identified the above challenges impacting the Existing Group’s business, the Existing Group’s management team swiftly undertook a range of mitigating actions, which included:

- Organised student focus groups being held across a number of venues – the intelligence and findings from these sessions being used to formulate the Existing Group’s student plans for those that returned in late September 2015 and onwards, including the introduction of the “Loyal” card, the installation of free public wi-fi, improved offers and better communication;
- A review of the Existing Group’s head office and fixed cost base, which was reduced by 28 per cent., benefitting the Existing Group in the first half of this current financial year with further benefits continuing to be experienced;

- The Existing Group focussing its trading activity on profitable nights, realising cost savings by closing non profitable sessions;
- A review of the Existing Group's estate to establish the on-going viability of some of the smaller, albeit profitable, sites. This consequently resulted in the surrender of the lease of Bournemouth Sakura in March 2015 and the disposal of Norwich Lola Lo in June 2015, with one further disposal expected during the current financial year;
- Halting development at the Liverpool and Sheffield sites, acquired in July 2014 and August 2014 respectively. The Existing Group has conditionally rescinded the Liverpool lease to allow separation work to take place to split the property into two individual units. This work has now been completed, and two new leases will have been granted: one to a new tenant and the second to Eclectic. The Existing Group is currently seeking to dispose of this new smaller Liverpool lease and the Sheffield lease over the next twelve to eighteen months, and is viewing positive interest in these locations from various parties; and
- The renegotiation of the Existing Group's principal supply contracts at the end of February 2015, bringing a 2.25 per cent. margin improvement and the logistical simplicity of a single wet supplier.

Concurrently, in June 2015, Eclectic appointed Luke Johnson, the serial UK leisure entrepreneur, as Executive Chairman alongside a placing to raise gross proceeds of £1.65 million to support the future prospects of the Existing Group.

Trading for the first half of the financial year to June 2016 was in-line with the Board's expectations, with the Company generating revenue of £10.7 million (H1 2015: £12.1 million) and Company EBITDA (before highlighted items) of £1.0 million (H1 2015: £1.1 million).

A number of the Existing Group's venues are trading above management expectations, including Coalition and Manchester Lola Lo, both of which were acquired in 2013. Manchester Sakura was forced to close just before Christmas due to water damage from the railway lines above; the landlord is working hard to resolve this issues but it is not yet possible to give any dates as to when this venue is likely to re-open. Applications have been submitted to redevelop the street level bar of Reading Sakura to trade during the daytime, post-working hours and in the evening, serving a menu of fresh dough pizzas and craft beer and, in addition, the venue will provide activity areas for customers to enjoy games of ping-pong with friends and family. The street level bar venue is expected to re-open in May; meanwhile, the rest of the unit will continue to operate as normal on the upper floors.

7. Outlook

The Existing Group expects to receive a full year benefit from the effect of cost savings already delivered, both at the head office and at site level, and will continue to dispose of smaller, non-viable sites where the opportunity arises.

The Board expects trading to continue to be in-line with management expectations through the second half of the financial year as the Existing Group continues to execute its strategy. Whilst the Existing Group will continue to be cash generative, it is anticipated that the overall trading result will be similar to the previous financial year.

8. Strategy

The Board continues to focus on providing quality service and delivery in respect of the Existing Group's sites, whilst also continuing to rationalise the Existing Group's estate, seeking to dispose of underperforming sites, and reduce costs.

The Board intends to evaluate new refurbishment and development opportunities within the Existing Group's estate, potentially to invest in providing food across a greater proportion of the estate, and/or introducing new activity-based leisure pursuits, for example 'ping-pong' facilities similar to Reading Sakura, to parts of the estate.

PART IV

RISK FACTORS

An investment in the Ordinary Shares is subject to a number of risks and uncertainties. Accordingly, in evaluating whether to make an investment in the Ordinary Shares potential investors should consider carefully all of the information set out in this document and the risks attaching to an investment in the Ordinary Shares, including (but not limited to) the risk factors described below, before making any investment decision with respect to the Ordinary Shares. The risk factors described below do not purport to be an exhaustive list and do not necessarily comprise all of the risks to which the Enlarged Group is exposed or all those associated with an investment in the Ordinary Shares. In particular, the Enlarged Group's performance is likely to be affected by changes in market and/or economic conditions and in legal, accounting, regulatory and tax requirements. The risk factors described below are not intended to be presented in any assumed order of priority. Additional risks and uncertainties not presently known to the Directors or which the Directors currently deem immaterial, may also have an adverse effect upon the Enlarged Group. If any of the following risks were to materialise, the Enlarged Group's business, financial condition, results, prospects and/or future operations may be materially adversely affected. In such case, the value of the Ordinary Shares may decline and an investor may lose all or part of his investment.

GENERAL RISKS

An investment in the Enlarged Group is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss that may result from the investment. A prospective investor should consider with care whether an investment in the Enlarged Group is suitable for him in the light of his personal circumstances and the financial resources available to him. The investment opportunity offered in this document may not be suitable for all recipients of this document. Investors are therefore strongly recommended to consult an investment adviser authorised under the FSMA, or such other similar body in their jurisdiction, who specialises in advising on investments of this nature before making their decisions to invest.

Investment in the Enlarged Group should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Enlarged Group's investments will occur or that the commercial objectives of the Enlarged Group will be achieved. Investors may not get back the full or any amount initially invested.

RISKS RELATING TO PIERCO

The Brighton Pier business is exposed to the risk of catastrophic events

Brighton Pier is exposed to the risk of storm damage, fire damage and other similar perils (such as other severe weather conditions, significant power interruptions, and structural failures). These events may result in the total or partial destruction, or temporary or permanent closure, of the Pier, or cause the temporary or permanent cessation of operations of some or all of the attractions on the Pier, which could have a material adverse effect on the Enlarged Group's business, prospects, financial condition or results of operations.

Additionally, there can be no assurance that the Enlarged Group would seek to or receive approval to rebuild, restore or otherwise repair any damage to the Pier, or that visitor volumes could be restored to levels experienced prior to the occurrence of such event. While the Enlarged Group has insurance cover designed to mitigate the financial impact of some of these events, such insurance cover is subject to exclusions, exceptions, deductibles and limits on liability which mean that it may not reimburse in whole or part any resulting loss to the Enlarged Group.

Risks relating to the structural integrity of Brighton Pier

Brighton Pier requires significant maintenance capital expenditure on an annual basis, to meet its high standards of structural integrity and safety. A substructure survey is undertaken by Hemsley Orrell Partnership ("HOP"), a specialist pier surveyor, on an annual basis; and a further underwater substructure survey of the Pier is conducted by HOP once every five-to-six years by specialist divers (the last such underwater substructure survey having been carried out in May 2010, and the next due to be carried out in summer

2016). Should future structural surveys recommend significant unexpected structure repairs, the Enlarged Group may have to incur substantial unplanned capital expenditure, which could have a material adverse effect on its business, prospects, financial condition or results of operations.

The Brighton Pier business is seasonal in nature and may be negatively affected by unfavourable weather conditions

Due to the seasonal nature of the Brighton Pier business, inclement weather (or other adverse environmental conditions that may arise) during the Pier's peak operating months may have a greater negative impact on visitor volumes at the Pier than at other times. In addition, because weekend days are typically peak days for visitor volumes at the Pier, inclement weather (or other adverse environmental conditions that may arise) on weekends can have a greater negative impact on visitor volumes at the Pier than on weekdays.

A significant reduction in visitor volumes at the Pier due to unfavourable weather or other environmental conditions could have a material adverse effect on the Enlarged Group's business, prospects, financial condition or results of operations.

The Enlarged Group is exposed to the risk of health and safety incidents

Despite the health and safety measures that the Pier business has imposed, the Pier business is exposed to the risk of personal injury and other safety incidents, including health concerns such as instances of food-borne illnesses at the Group's restaurants. Any accident or other safety incident involving harm to any persons or damage to property or assets (or the public perception of risk thereof) could expose the Enlarged Group to financial risk, including personal injury and other liability claims and criminal proceedings. In addition, rides and attractions at the Pier could be subject to temporary or permanent cessation of operations as a result of mechanical or technical faults. The occurrence of any such accident, other safety incident or material stoppage could have a material adverse effect on the Enlarged Group's business, prospects, financial condition or results of operations.

The Brighton Pier business is partly dependent on tourism

Visitor volumes at the Pier are partly dependent on the tourism industry, both domestic tourists in the UK and overseas tourists. The tourism industry is influenced by a number of external factors beyond the Enlarged Group's control, any of which may affect the number of tourists visiting the Pier. Such factors include the general state of the global economy and the regional economies of Brighton and London and a potential tourist's home country, reliance on tour operators, Pound Sterling exchange rates and international and regional geopolitical landscapes (including any actual, attempted or threatened terrorist activity). There can be no assurance that in the future the number of tourist visitors to the Pier will match current levels or that any decline in overseas tourists will be wholly or partly offset by any 'staycation' effect. A significant reduction in the number of tourist visitors to the Attractions could have a material adverse effect on the Enlarged Group's business, prospects, financial condition and results of operations.

The Enlarged Group's insurance coverage may not be adequate to cover all possible losses that it could suffer in respect of Brighton Pier

While the Enlarged Group will seek to maintain comprehensive insurance coverage at commercially reasonable rates to cover certain risks associated with Brighton Pier, its insurance policies may not cover all types of losses and liabilities and subject to limits and excesses. Any shortfall in coverage could have a material adverse effect on the Enlarged Group's business, prospects, financial condition or results of operations. There can be no assurance that the Enlarged Group's insurance in respect of Brighton Pier will be sufficient to cover the full extent of all losses or liabilities for which it is insured and the Enlarged Group cannot guarantee that it will be able to renew its current insurance policies on favourable terms, or at all. In addition, if the Enlarged Group or other visitor attraction operators sustain significant losses or make significant insurance claims, then the Enlarged Group's ability to obtain future insurance coverage at commercially reasonable rates could be materially adversely affected.

The operation and development of the Pier may be subject to planning and other consents, laws and regulations

The operation, potential development and upgrade of rides and other attractions on the Pier and the possible addition of new rides or other attractions may require consent from the relevant local and national planning authorities as well as from third parties, such as finance providers and regulatory bodies. There can be no assurance that the requisite planning or other consents can be obtained by the Enlarged Group as and

when required in respect of developments or redevelopments or the roll-out of new rides or other attractions or that they will not be withdrawn in relation to existing offerings at the Pier.

Any refusal or delay in the granting of planning or other consents for the Pier or the application of any special conditions to such consents (or breach by the Enlarged Group of such conditions) could have a material adverse effect on the Enlarged Group's business, prospects, financial condition and results of operations.

The Brighton Pier business is also subject to numerous other laws and licensing and authorisation regimes, regulating a number of operating issues relevant to the Enlarged Group, including health and safety procedures, equipment specifications, employment requirements and environmental laws and regulations. These laws and regimes are constantly subject to change and there can be no assurance that any or all of the relevant regulatory and licensing and authorisation frameworks will not become more restrictive in the future. The impact of, and costs associated with, complying with changes in interpretation of existing, or the adoption of new, legislation, regulations or other laws or licensing and authorisation regimes, can be difficult to anticipate or estimate and could have a material adverse effect on the Pier's business, prospects, financial condition and results of operations.

Revocation, change of terms or sanctions in relation to the Pier's gambling licence

The Pier currently holds, and remains dependent upon, gambling licences in relation to its gaming-related machines. Failure to comply with the terms of the Pier's existing or future gambling licences may lead to penalties, sanctions or ultimately the revocation of relevant operating licences, which could adversely affect the Pier's trading in respect of gaming machines. In addition, any penalties and sanctions imposed by a regulator could create negative publicity for the Enlarged Group, which may affect its reputation and deter future customers from attending the Pier, which could have a negative impact on the financial performance of the Enlarged Group.

Risk relating to the Acquisition

Completion of the Acquisition is subject to the satisfaction (or waiver) of a number of conditions contained in the Share Purchase Agreement including the approval of the Acquisition by the Shareholders at the General Meeting and Admission. If Shareholders do not approve the Acquisition at the General Meeting, the Acquisition will not complete.

PierCo is a statutory company

PierCo is a statutory company incorporated under the Brighton Palace and Pier Act 1888 (the "**Pier Act**"). PierCo is not governed by the Companies Act and does not have Articles of Association but rather its constitution is governed by the Pier Act and subsequent amending legislation (the "**Constituent Legislation**"). The Constituent Legislation is in some ways inconsistent with modern company law, and does not contain power and authorities that cover many situations. The Constituent Legislation cannot be changed by shareholders resolution but requires a parliamentary and/or administrative procedure which could be prohibitively expensive and time consuming if a change in the Constituent Legislation is required. There is a risk that PierCo may not, in certain circumstances, have the desired flexibility under the Constituent Legislation.

In due diligence the Company has found that the historic records of PierCo in relation to the Constituent Legislation have been lacking. It is clear that in certain historic circumstances PierCo has not complied with the letter of the Constituent Legislation.

RISKS RELATING TO THE ENLARGED GROUP

Changing consumer habits and confidence

The Enlarged Group's financial results can be materially impacted by any material change in consumer habits within the United Kingdom. Examples of changes in consumer habits that may impact the Enlarged Group's financial performance include the increasing breadth of choice of leisure amenities in the United Kingdom; in relation to PierCo in particular, this includes the trend of 'staycations' and the attraction of shorter holiday trips and the evolving generational habits of spending leisure and recreational time available; and in relation to the Existing Group's business in particular, this includes the increasing emphasis on healthier lifestyles and the corresponding reduction in alcohol consumption), the change in students' and young adults' habits with regards to time spent for social activities, and the on-trade/off-trade consumption of alcohol. Changes in consumer tastes and demographic trends may also affect the appeal of the Enlarged Group's sites and venues to consumers, especially if the Enlarged Group does not anticipate, identify and respond to such

changes by evolving its venues, attractions, brands, formats and offerings adequately and sufficiently promptly, which could have a negative impact on the Enlarged Group's financial performance.

The Enlarged Group's business is also subject to general economic conditions in the United Kingdom. In particular, the revenue and results of the Enlarged Group are affected by the level of consumer confidence and expenditure on leisure activities. Economic factors such as rising interest rates, declining wages, higher unemployment, tax increases, declining inbound tourism, lack of consumer credit and falling house prices could all adversely affect the level of consumer confidence, which could have a significant effect on the level of spending by the Enlarged Group's customers.

The integration of PierCo may give rise to challenges, and the Enlarged Group could suffer financial consequences while management is working on the integration process

The Enlarged Group's success will depend upon the Director's ability to integrate PierCo without disruption to the Existing Group's business. The management team will be required to commit time towards achieving the integration of PierCo and the Existing Group's businesses, and this may affect or impair its ability to run the business of the Enlarged Group effectively. Integration may prove more difficult than currently anticipated by the Directors and Proposed Directors, or take longer than expected, thereby posing a risk to the Enlarged Group's profitability, and the costs to achieve this integration may also be greater than expected, any of which could have a material adverse effect on the Enlarged Group's business, financial condition and/or results of operations.

Growth and expansion may strain the Enlarged Group's managerial, operational and control systems and the Enlarged Group may encounter difficulty obtaining personnel and other resources to adequately develop these systems further

The development and establishment or acquisition of additional leisure and entertainment venues may raise unanticipated operational or control risks. Management of growth through newly developed or acquired venues will require, among other things:

- implementation of financial and management controls and information technology systems in newly established or acquired assets;
- integration of business culture and adoption of policies and best practices;
- increased marketing activities; and
- identifying, hiring and training new qualified personnel.

The operating complexity of the Enlarged Group's business and the responsibilities of the Enlarged Group's management are likely to increase as a result of this growth, placing significant strain on the Enlarged Group's managerial, operational and control systems. In view of the Enlarged Group's growth strategy, the Enlarged Group's management will need to continue to integrate the Enlarged Group's operational and financial systems and managerial controls and procedures to keep pace with the Enlarged Group's growth. The Enlarged Group's management will also have to maintain close coordination among the Enlarged Group's accounting, finance and asset management personnel.

The Enlarged Group's inability to successfully manage the impact of growth on the Enlarged Group's operational and managerial resources and control systems could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations. Moreover, there can be no assurance that the Enlarged Group will be able to achieve operating results for its existing or future sites or venues comparable to the historical operating results of the Enlarged Group's existing sites or venues.

As the Enlarged Group's operations expand and additional growth opportunities are sought, the Enlarged Group's internal controls in particular will need to adapt and respond to the growing demands of the Enlarged Group's business activities. The Enlarged Group's management is continuing to evaluate the need for additional staff and other resources in the area of internal controls. However, there can be no assurance that any such efforts will not disrupt the controls system the Enlarged Group currently has. Effective internal controls are necessary for the Enlarged Group to produce reliable financial reports and are important to help prevent fraud. As a result, if the Enlarged Group fails to achieve and maintain effective internal controls over cash management and financial reporting as the Enlarged Group's businesses grow, this could result in the loss of investor confidence in the reliability of the Enlarged Group's financial statements, which in turn could harm the Enlarged Group's business, financial condition and results of operations and negatively impact the trading price of the Ordinary Shares.

Increases in the UK national minimum wage and the introduction of the living wage could affect the Enlarged Group's operating costs

In October 2015, the national minimum wage rose to £6.70 an hour for people aged 21 and over, and £5.30 for people aged 18 to 20. Because a significant proportion of the Enlarged Group's employees are paid the national minimum wage, any further increase in the minimum wage, or its scope, would increase the Enlarged Group's operating and employment costs and, in turn, could have a material adverse effect on its operating results, financial condition and prospects. From April 2016, the national living wage will be introduced, amounting to £7.20 an hour for people aged 25 and older. While a less significant proportion of the Enlarged Group's employees would be applicable for the national living wage, the introduction of, and any further increase in, the national living wage will increase the Enlarged Group's operating and employment costs and, in turn, could have a material adverse effect on its operating results, financial condition and prospects.

Health and Safety regulation

The Enlarged Group is subject to regulation in health and safety and fire safety. Whilst the Enlarged Group believes it has appropriate policies and procedures in place, these may need to adapt which may require additional expenditure. Furthermore, in order to ensure the Enlarged Group's sites and venues remain fully compliant with legislative requirements there will always be the need to maintain premises, not only generally but if an ad hoc issue arises, which again could require capital expenditure.

Dependence on key executives and personnel

The Enlarged Group has a relatively small senior management team and the loss of any key individual or the inability to attract appropriate personnel could impact upon the Enlarged Group's future performance.

Tax risk

Any change in the Enlarged Group's tax status or in taxation legislation in the UK could affect the Enlarged Group's ability to provide returns to Shareholders. Statements in this document concerning the taxation of investors in shares are based on current law and practice, which is subject to change. The taxation of an investment in the Enlarged Group depends on the individual circumstances of investors.

Asbestos at the Enlarged Group's premises

Some of the Enlarged Group's premises contain asbestos but the Existing Group complies with its legal obligations with regard to those sites affected and has in place appropriate management plans to monitor and maintain the safe condition of the asbestos. Should the asbestos require removal in the future there would be costs associated with that.

RISKS RELATING TO THE EXISTING GROUP AND ITS BUSINESS

Competition to the Existing Group's business

The sector in which the Existing Group's business operates is competitive and there can be no certainty that it will be able to achieve the market penetration it seeks. There can be no guarantee that the Existing Group's current competitors or new entrants to the market will not appeal to a wider proportion of the Existing Group's target market, command broader brand awareness or achieve greater brand loyalty. In each case, such competing companies may have greater financial and marketing resources than the Enlarged Group. Even if the Enlarged Group is able to compete successfully, it may be forced to make changes in one or more of the Existing Group's bar concepts in order to respond to changes in consumer tastes which may impact negatively on the Enlarged Group's financial performance.

Consumer perceptions and public attitudes towards the consumption of alcohol may continue to change

In the United Kingdom, consumption of alcoholic beverages has become the subject of considerable social and political attention in recent years due to increasing public concern over adverse health consequences associated with the misuse of alcohol (including alcoholism) and alcohol-related social problems (including drink-driving, binge drinking and under-age drinking). Changes in consumer tastes in both food and drink may adversely affect the appeal of the Enlarged Group's bars to consumers, especially if the Enlarged Group does not anticipate, identify and respond to such changes by evolving its brands, formats, offerings and

premises. This, in turn, would have an adverse effect on the Enlarged Group's operating results, financial condition and prospects.

In addition, any increased focus on the potentially harmful effects of alcohol, such as a public service advertising campaign by the UK government, might reduce sales of alcoholic beverages and therefore negatively affect the Enlarged Group's operating results, financial condition and prospects.

The Existing Group's business is dependent on key sites

The Existing Group's business performance is partly dependant on a number of key sites, in particular the Fez Club (Putney), Embargo Republica and Lola Lo (Cambridge). While the Enlarged Group's expansion continues to diversify these sites' significance to the Enlarged Group's overall trading results, if the Enlarged Group suffered a loss of licence at either of these sites, which resulted in the site(s) to cease operating, then this may have an adverse material effect on the Enlarged Group's profitability.

The Enlarged Group may encounter difficulty disposing of certain of the Existing Group's underperforming sites on terms acceptable to the Enlarged Group

In continuing to rationalise the Existing Group's bar estate, the Board intends to dispose of underperforming and closed sites. Such sites may be trading unprofitably, may be failing to provide the quality service the Enlarged Group aims to deliver, or may not be producing the required return on capital desired. The Enlarged Group may not be able to achieve terms acceptable to dispose of the underperforming sites, or may have to accept such undesirable terms to meet this strategy. Furthermore, the Enlarged Group may have to incur exceptional costs relating to the disposals, which will adversely affect the Enlarged Group's financial condition and results of operations.

The refurbishment and development of the Existing Group's estate may not deliver the financial returns expected by the Enlarged Group

The Enlarged Group intends to evaluate refurbishment and development opportunities on the Existing Group's estate where it feels opportunities may arise, in particular, to invest in its food offering and/or introduce new activity-based leisure facilities. While the Enlarged Group's management has experience in opening and operating such leisure venues and bar offerings, the Existing Group has minimal trading experience in providing such offerings. As such, it is possible that each site with such an offering may take some time from its re-opening date to reach profitable operating levels due to teething inefficiencies typically associated with newly developed sites, including lack of awareness, competition, the need to hire and train sufficient staff and other factors.

The success of the any planned renovation or development will depend on numerous factors, many of which are beyond the Company's control, including the ability to secure all necessary planning and operating approvals in a timely manner; the extent of the competition for the re-developed sites' new offering; the ability to complete the refurbishment and development at an economic cost; delays in the timely refurbishment and development of these sites and general economic conditions. Any of the above factors could cause the newly refurbished or redeveloped venue to trade below the Enlarged Group's expectations, which could adversely affect the Enlarged Group's business, financial condition and results of operations.

Integration of any new bar sites may be difficult and may adversely affect the Enlarged Group's business, financial condition and results of operations

The success of any bar site acquisition will depend, in part, on the Enlarged Group's ability to realise the anticipated benefits from integrating acquired sites with the Existing Group's existing operations. For instance, the Enlarged Group may develop or acquire new sites in geographic areas in which the Enlarged Group's management may have little or no operating experience and in which potential customers may not be familiar with the brands of the Existing Group. These sites may attract fewer customers than the Existing Group's other operating bar sites, while at the same time the Enlarged Group may incur substantial additional costs with these new sites. As a result, the Enlarged Group's results of operations at acquired sites may be inferior to those of the Existing Group's other operating bar sites. Unanticipated expenses and insufficient demand at a new site, therefore, could adversely affect the Enlarged Group's business. The Enlarged Group's success in realising anticipated benefits and the timing of this realisation depend upon the successful integration of the operations of the acquired site. This integration is a complex, costly and time-consuming

process. The difficulties of combining acquired or newly developed sites with the Enlarged Group's existing operations include, among others:

- integrating information systems;
- preserving the important licensing, distribution, marketing, customer, employment and other relationships of the acquired site and obtaining new relationships, as required; and
- successfully re-branding sites, if required.

The Enlarged Group may not accomplish the integration of acquired or newly developed sites smoothly or successfully. The diversion of the attention of the Enlarged Group's management from its existing operations to integration efforts and any difficulties encountered in combining operations could prevent it from realising the anticipated benefits from the acquisition or development and could adversely affect the Enlarged Group's business, financial condition and results of operations.

The bar industry in the United Kingdom is highly regulated and all such operations require licences, permits and approvals

The Existing Group's bars are subject to laws and regulations that affect their operations, including in relation to employment, minimum wages, premises and personal licenses, alcoholic drinks control, entertainment licences, competition, sanitation and data protection. These laws and regulations impose a significant administrative burden on the Existing Group's business, as managers have to devote significant time to compliance with these requirements and therefore have less time to dedicate to the business. If additional or more stringent requirements were to be imposed in the future, it would increase this burden, which could adversely affect the Enlarged Group's operating results (as a result of increased costs or lower revenues) and, in turn, adversely affect the Enlarged Group's financial condition and prospects. If the Enlarged Group were not unable to comply with additional regulatory requirement, or compliance became uneconomic, the Enlarged Group may change its bar operations, for example, having shorter opening hours at its bars, and such changes may adversely affect the Enlarged Group's financial performance.

The Enlarged Group may experience delays and failures in obtaining and retaining required licences, permits and approvals

Each of the Existing Group's existing, and any of the Enlarged Group's planned future, bars is, or will need to be, licensed to permit, among other things, the sale of alcoholic drinks. Difficulties or failures in obtaining or maintaining required licences or approvals could delay or prohibit the operation of the Enlarged Group's bars. If any of the Enlarged Group's licences were withdrawn or amended, the profitability of the affected bars would be adversely affected and this, in turn, may have an adverse effect on the Enlarged Group's operating results, financial condition and prospects.

Licensing requirements which affect the Enlarged Group's bars are subject to change, and additional or more stringent requirements may be imposed on the Enlarged Group's bar operations in the future. This may reduce the ability of the Enlarged Group's bars to sell alcoholic drinks, which could have an adverse effect on the Enlarged Group's operating results, financial condition and prospects.

Incidents involving the abuse of alcohol, use of illegal drugs and violence

Incidents involving the abuse of alcohol, use of illegal drugs and violence on the Enlarged Group's bar premises may continue to occur or may increase in frequency. Such activity may directly interrupt the operations of the Enlarged Group and could also result in adverse publicity, litigation, regulatory action or loss of licence, any of which could adversely affect the Enlarged Group's operating results, financial condition and prospects.

RISKS RELATING TO THE ORDINARY SHARES

Trading market for the Ordinary Shares

The share price of publicly-traded companies, including those listed on AIM, can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares will be quoted and the price which investors may realise for their shares will be influenced by a large number of factors, which could include, but are not limited to, the performance of both the Enlarged Group's and its competitors' businesses, variations in the operating results of the Enlarged Group, divergence in financial results from analysts' expectations, changes

in earnings estimates by stock market analysts, large purchases or sales of Ordinary Shares, legislative changes and general economic, political and regulatory conditions. Prospective investors should be aware that the value of an investment in the Enlarged Group and the income derived from it may go down as well as up. Investors may therefore realise less than, or lose all of, their investment. The volume of shares traded on AIM can be limited and this may restrict the ability of Shareholders to dispose of Ordinary Shares at any particular time. It may be more difficult for an investor to realise his investment in the Enlarged Group than in a company whose shares are quoted on the Official List. The AIM Rules for Companies are less demanding than those of the Official List. It is emphasised that no application is being made for the admission of the Enlarged Group's securities to the Official List.

Substantial sales of Ordinary Shares

There can be no assurance that certain Directors will not elect to sell their Ordinary Shares following the expiry of the lock-in period set out in the Placing Agreement, details of which are set out in paragraph 15 (*Admission, Settlement and Dealings*) of Part I of this document, or otherwise. Similarly, other significant Shareholders could dispose of Ordinary Shares at any time. The market price of Ordinary Shares could decline as a result of any such sales of Ordinary Shares or as a result of the perception that these sales may occur. In addition, if these or any other sales were to occur, the Enlarged Group may in the future have difficulty in offering Ordinary Shares at a time or at a price it deems appropriate.

Additional capital and dilution

The Directors do not currently anticipate that the Enlarged Group will require additional capital to further its strategy as outlined in this document. Nevertheless, it is possible that the Enlarged Group will need or choose to raise extra capital in the future to finance the development of new products or enhancements, to develop fully the Enlarged Group's business, to take advantage of acquisition opportunities or respond to new competitive pressures. If the Enlarged Group is unable to obtain this financing on terms acceptable to it then it may be forced to curtail its development. If additional funds are raised through the issue of new equity or equity-linked securities of Eclectic other than on a *pro rata* basis to existing Shareholders, the percentage ownership of such Shareholders may be substantially diluted. The costs and timing implications of a *pro rata* issue of equity securities are likely to lead to further issues of equity being done on a non-pre-emptive basis. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for Ordinary Shares at the same price as the Placing Price or higher.

No guarantee that the Ordinary Shares will continue to be traded on AIM

The Enlarged Group cannot assure investors that the Ordinary Shares will always continue to be traded on AIM or on any other exchange. If such trading were to cease, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Enlarged Group decides to obtain a listing on another exchange in addition or as an alternative to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

Forward-looking statements

Certain statements contained in this document are forward-looking statements. Such statements include, amongst other things, statements regarding the Company's or the Directors' beliefs, expectations, estimations, plans, anticipations and similar statements. Any such forward-looking statements involve risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Enlarged Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements speak only as of the date of this document and there can be no assurance that the results and events contemplated by such forward-looking statements will, in fact, occur. The Company and the Directors expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein, or to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based, save as required to comply with any legal or regulatory obligations (including the AIM Rules for Companies).

PART V

FINANCIAL INFORMATION ON THE COMPANY

The audited accounts for the financial years ended 28 June 2015, 29 June 2014 and 30 June 2013, and the unaudited half-yearly report for the period ended 27 December 2015, are incorporated by reference into this Part V and are available via the Company's website (www.eclecticbars.co.uk up to Admission; and www.brightonpiergroup.com from Admission).

Shareholders or other recipients of this document may request a copy of the information incorporated by reference from the Company Secretary of Eclectic, who can be contacted at the below address or by telephone:

36 Drury Lane
London
WC2B 5RR

Telephone: +44 020 7376 6300

A hard copy of the information incorporated by reference will not be sent to Shareholders or other recipients of this document unless requested.

PART VI

FINANCIAL INFORMATION ON PIERCO

SECTION A – ACCOUNTANTS’ REPORT



The Directors and Proposed Directors
Eclectic Bar Group Plc
36 Drury Lane
London
WC2B 5RR

Grant Thornton UK LLP
202 Silbury Boulevard
Central Milton Keynes
Buckinghamshire
MK9 1LW

8 April 2016

Dear Sirs

PIERCO – ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION

We report on PierCo’s historical financial information set out in Part VI Section B, for the three years ended 31 October 2015 (the “**Historical Financial Information**”). The Historical Financial Information has been prepared for inclusion in the Company’s AIM re-admission document dated 8 April 2016 (the “**Re-admission Document**”) on the basis of the accounting policies set out in the “Principal Accounting Policies” section of the Historical Financial Information.

This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of Eclectic are responsible for preparing the Historical Financial Information on the basis of preparation set out in the “Principal Accounting Policies” section of the Historical Financial Information. It is our responsibility to form an opinion on the Historical Financial Information and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Paragraph (a) of Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Re-admission Document.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the Historical Financial Information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the

Historical Financial Information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the Re-admission Document, a true and fair view of the state of affairs of PierCo as at 31 October 2015 and of its profits, cash flows and recognised gains and losses for the three years ended 31 October 2015 in accordance with the basis of preparation set out in the “Principal Accounting Policies” section of the Historical Financial Information.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Re-admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Re-admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

GRANT THORNTON UK LLP

SECTION B – HISTORICAL FINANCIAL INFORMATION ON THE TARGET

Statement of Comprehensive Income Statement for the year ended 31 October

	<i>Notes</i>	<i>2013</i> £000's	<i>2014</i> £000's	<i>2015</i> £000's
Revenue		11,245	12,289	13,297
Cost of sales		(9,597)	(9,946)	(10,293)
Gross profit		1,648	2,343	3,004
Administrative expenses		(1,847)	(2,198)	(2,363)
Other operating income	5	331	277	240
Profit from operations and profit before taxation	2	132	422	881
Income tax expense	6	14	38	(6)
Profit and total comprehensive income for the financial year attributable to the Target's equity shareholders		146	460	875
Earnings per share:				
Basic and diluted (£)	7	10.50	33.09	62.95

Balance Sheet as at 31 October (unless otherwise stated)

		<i>1 November</i>			
	<i>Notes</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>
		<i>£000's</i>	<i>£000's</i>	<i>£000's</i>	<i>£000's</i>
Assets					
Non-current assets					
Plant Premises & Equipment	8	13,205	13,293	13,061	12,907
Deferred taxation	6	–	–	28	22
		<u>13,205</u>	<u>13,293</u>	<u>13,089</u>	<u>12,929</u>
Current assets					
Inventory	9	248	244	254	294
Trade and other receivables	10	342	314	872	2,869
Cash and cash equivalents	11	436	653	657	506
		<u>1,026</u>	<u>1,211</u>	<u>1,783</u>	<u>3,669</u>
Total assets		<u><u>14,231</u></u>	<u><u>14,504</u></u>	<u><u>14,872</u></u>	<u><u>16,598</u></u>
Equity and liabilities					
Capital and reserves					
Share capital	13	125	125	125	125
Deemed cost reserve		10,653	10,631	10,609	10,587
Retained earnings		<u>974</u>	<u>1,142</u>	<u>1,624</u>	<u>2,521</u>
Total equity		<u>11,752</u>	<u>11,898</u>	<u>12,358</u>	<u>13,233</u>
Current liabilities					
Trade and other payables	12	2,455	2,596	2,514	3,365
Non-current liabilities					
Deferred taxation	6	<u>24</u>	<u>10</u>	<u>–</u>	<u>–</u>
Total liabilities		<u>2,479</u>	<u>2,606</u>	<u>2,514</u>	<u>3,365</u>
Total equity and liabilities		<u><u>14,231</u></u>	<u><u>14,504</u></u>	<u><u>14,872</u></u>	<u><u>16,598</u></u>

Statement of Changes in Equity

	<i>Share capital £000's</i>	<i>Deemed cost reserve £000's</i>	<i>Retained earnings £000's</i>	<i>Total £000's</i>
For the year ended 31 October 2013				
Balance at 1 November 2012	125	10,653	974	11,752
Profit for the year	—	—	146	146
Total comprehensive income	—	—	146	146
Difference between historical depreciation charge and actual depreciation charge calculated on revalued amount	—	(22)	22	—
Balance at 31 October 2013	<u>125</u>	<u>10,631</u>	<u>1,142</u>	<u>11,898</u>
For the year ended 31 October 2014				
Balance at 1 November 2013	125	10,631	1,142	11,898
Profit for the year	—	—	460	460
Total comprehensive income	—	—	460	460
Difference between historical depreciation charge and actual depreciation charge calculated on revalued amount	—	(22)	22	—
Balance at 31 October 2014	<u>125</u>	<u>10,609</u>	<u>1,624</u>	<u>12,358</u>
For the year ended 31 October 2015				
Balance at 1 November 2014	125	10,609	1,624	12,358
Profit for the year	—	—	875	875
Total comprehensive income	—	—	875	875
Difference between historical depreciation charge and actual depreciation charge calculated on revalued amount	—	(22)	22	—
Balance at 31 October 2015	<u>125</u>	<u>10,587</u>	<u>2,521</u>	<u>13,233</u>

Statement of Cash Flows for the year ended 31 October

	Notes	2013 £000's	2014 £000's	2015 £000's
Cash flow from operating activities				
Profit before tax		132	422	881
Depreciation charges		323	304	317
Adjusted profit from operations before changes in working capital		455	726	1,198
Change in inventories		4	(10)	(40)
Change in trade and other receivables		28	(558)	(1,997)
Change in trade and other payables		141	(82)	723
Cash flow from operations		628	76	(116)
Net Cash inflow/(outflow) from operating activities		628	76	(116)
Cash flow from investing activities				
Purchase of plant and equipment		(411)	(72)	(163)
Net cash outflow from investing activities		(411)	(72)	(163)
Increase/(decrease) in cash and cash equivalents		217	4	(279)
Cash and cash equivalents at beginning of year		436	653	657
Cash and cash equivalents at end of year		653	657	378
	Notes	2013 £000's	2014 £000's	2015 £000's
Cash and cash equivalents comprise:				
Cash at bank and in hand	11	653	657	506
Overdrafts	12	–	–	(128)
		653	657	378

Principal Accounting Policies

Basis of preparation

Brighton Marine Palace & Pier Company (The) is an unregistered company incorporated by the Brighton Marine Palace and Pier Act, 1888, in England and Wales. The company is domiciled in the United Kingdom and the registered address is 1a Dukesway Court, Team Valley, Gateshead, Tyne and Wear, NE11 0PJ.

The principal activity of the company is the provision of leisure services and entertainment facilities within the United Kingdom.

This historical financial information has been prepared in accordance with the requirements of the AIM Rules for Companies for the purposes of the AIM admission document dated 8 April 2016 and represents historical financial information for the company for each of the three years ended 31 October 2013, 31 October 2014 and 31 October 2015.

The historical financial information does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The company's statutory financial statements for the years ended 31 October 2013, 31 October 2014 and 31 October 2015 have been delivered to the Registrar of Companies. The auditor's reports on those financial statements were unqualified and did not contain statements under section 498(2) or 498(3) of the Companies Act 2006.

The financial information has been prepared on a going concern basis and under the historical cost convention except for certain items of property, plant and equipment as stated in the accounting policies. The consolidated financial information is presented in sterling and has been rounded to the nearest thousand (£'000).

The Directors of the Brighton Marine Palace & Pier Company (The) are responsible for the preparation of the historical financial information.

The financial information of Brighton Marine Palace & Pier Company ("the Target") has been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union, IFRIC interpretations, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Target has adopted IFRS for the first time in this financial information. The Target's transition date to IFRS is 1 November 2012.

The policies have changed from the previous published financial statements which were prepared under applicable United Kingdom Generally Accepted Accounting Practice ("UK GAAP"). The financial information has been restated in accordance with IFRS. The changes to accounting policies are explained in note 22 together with the reconciliation of opening balances and comparative results in note 23.

The principal accounting policies set out below have been consistently applied to all periods presented.

IFRS transition

IFRS 1 permits companies adopting IFRS for the first time to take certain optional exemptions from the full retrospective application of IFRS. The Target has taken the following exemptions available under IFRS 1:

- To allow recognition of property, plant and equipment at the previous GAAP revaluation amount as "deemed cost"

The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in notes 22 and 23.

International Financial Reporting Standards in issue but not yet effective

At the date of authorisation of this financial information, the IASB and IFRS Interpretations Committee have issued standards, interpretations and amendments which are applicable to the Target.

Whilst these standards and interpretations are not effective for, and have not been applied in the preparation of, this financial information, the following may have an impact going forward:

<i>New/Revised International Financial Reporting Standards</i>		<i>Effective Date: Annual periods beginning on or after:</i>	<i>EU adopted</i>	<i>Potential impact on Target</i>
IAS 1	Disclosure Initiative – Amendments	1 January 2016	Yes	Disclosures
IAS 7	Disclosure Initiative – Amendments	1 January 2017	No	Disclosures
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2018	No	Classification and measurement of financial instruments
IFRS 15	Revenue from Contracts with Customers	1 January 2018	No	Recognition of revenue
IFRS 16	Leases	1 January 2019	No	Recognition and measurement of leases.
Annual Improvements to IFRSs				
	2010-2012 Cycle	1 January 2015	No	Minor changes to
	2011-2013 Cycle	1 February 2015		recognition and
	2012-2014 Cycle	1 January 2016	No	disclosures

Management are not yet able to fully assess the likely impact of the implementation of IFRS 16, which broadly aligns the treatment of operating leases with the accounting treatment currently applied to finance leases in accordance with IAS 17. Note 16 details the future minimum lease payments that would be reclassified were IFRS 16 to apply to the current financial period.

Revenue recognition

Revenue recognised represents the receipts from the provision of leisure services and entertainment facilities on Brighton Pier, net of value added tax, within the United Kingdom.

Revenue from both customer use of entertainment facilities and the sale of goods is recognised at the point of receipt of cash, as this coincides with the transfer of the significant risks and benefits of ownership.

Finance income and costs

Interest income and expense is recognised using the effective interest method which calculates the amortised cost of a financial asset or liability and allocates the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to the net carrying amount of the financial asset or liability.

Property, plant and equipment

Property, plant and equipment are stated at depreciated historic cost with the exception of the pier, landing stage and deck asset which is stated at depreciated revalued amount based on the valuation carried out in 1989. This depreciated revalued amount has been adopted as the deemed cost of the asset in accordance with the transition provisions of IFRS 1.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

It is the company's policy to maintain the pier, landing stage and deck building in good condition by carrying out repairs annually. An annual review is performed to assess the state of repair of the pier and to reassess the expected useful life of 100 years and its estimated residual value.

Depreciation is provided to write off the cost of property, plant and equipment, less estimated residual values, on a straight line basis as follows:

Pier, landing stage and deck	100 years
Fixtures and fittings	10 years
Motor vehicles	4 years

Profits and losses on disposal of property, plant and equipment are calculated as the difference between the fair value of the net sales proceeds and the carrying amount of the asset at the date of disposal.

Impairment of non-financial assets

At each balance sheet date the Directors review the carrying amounts of the Target's property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Target estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognised in profit and loss immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories comprise consumables for resale, consumables for use and parts. Cost is determined using the first-in-first-out (FIFO) method. Where necessary, provision is made for slow moving, obsolete and defective inventory to recognise inventory at the lower of cost and net realisable value.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less from inception.

Financial instruments

Financial assets and financial liabilities are recognised when the Target becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value adjusted for directly attributable transactions costs. Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

The Target classifies its financial assets as 'loans and receivables'.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. Loans and receivables are classified as 'trade and other receivables' in the Balance Sheet. Receivables due from group undertakings are measured on the same basis as other loans and receivables as they carry comparable terms to other trade receivables.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Target assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

A provision for impairment of trade receivables is established when there is objective evidence that the Target will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulty, high probability of bankruptcy or a financial reorganisation and default are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The loss is recognised in the Income Statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the Income Statement.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

Financial liabilities

The Target's financial liabilities comprise of trade and other payables.

Trade payables and borrowings are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method ("EIR" method). Payables due to group undertakings are measured on the same basis as other trade payables as they carry comparable terms.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Borrowings are classified as current liabilities unless the Target has an unconditional right to defer the settlement of the liability for at least 12 months after the balance sheet date.

A financial liability is derecognised only when it is extinguished, discharged, cancelled or expires.

Current taxation

Current taxation is based on the taxable income at the statutory tax rate and laws enacted or substantively enacted at the balance sheet date and includes adjustments to tax payable or recoverable in respect of previous periods.

Deferred taxation

Deferred taxation is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical financial information. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are provided in full.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Income Statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employment benefits

Provision is made in the financial information for all employee benefits. Liabilities for wages and salaries, including non-monetary benefit and annual leave obliged to be settled within 12 months of the balance sheet date, are recognised in accruals.

The contributions to defined contribution pension plans are charged to the Income Statement in the period to which the contributions relate. The Target has no further payment obligations once the contributions have been paid.

Leases

Lessor:

Rental income from concessions on the pier is recognised as Other Income on a straight-line basis over the lease term.

Lessee:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the periods in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Equity

Equity comprises the following:

- “Share capital” represents amounts subscribed for shares at nominal value (see note 12).
- “Deemed cost reserve” represents the surplus on revaluation of the pier, landing stage and deck asset. On transition to IFRS, the Target has elected to use the depreciated revalued amount as the deemed cost, and accordingly redesignated the surplus.
- “Retained earnings” represents the accumulated profits and losses attributable to equity shareholders.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial information in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following are the significant judgements used in applying the accounting policies of the Target that have the most significant effect on the financial information:

Revaluation of pier, landing stage and deck asset

Revaluations include significant accounting judgements in respect of valuation multiples, which are determined via third party professional valuers' inspection of the site; and assumptions made in determining fair maintainable trade, taking into account location, quality of the trading asset and recent similar transactions. The 1989 valuation of the pier, landing stage and deck asset is deemed to have represented the fair value as at that time. The asset has been depreciated from the date of the valuation to the date of transition and the depreciated revalued amount taken as the deemed cost on adoption of IFRS. Details of the carrying value can be found in note 7.

Impairment of property, plant and equipment

Management review property, plant and equipment at each balance sheet date to determine whether there are any indications of impairment. If any such indication exists, an estimate of the recoverable amount is performed, and an impairment loss is recognised to the extent that carrying amount exceeds recoverable amount. The carrying value of property, plant and equipment is detailed in note 7.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. At the reporting date management assesses whether the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to unforeseen events. The assessment of the useful economic life of the pier as 100 years is a key judgement derived from the valuation exercise performed in 1989. Management perform annual reviews of the appropriateness of this assessment based on the state of repair of the pier.

Notes to the Historical Financial Information

1. Segmental reporting

Operating segments

The Group has only one operating segment on which it reports to the Chief Operating Decision Maker, being the provision of seaside leisure and entertainment services, which trades exclusively in a single location within the UK.

There were no customers who contributed more than 10 per cent. of revenues in any of the financial periods presented. All revenues were generated in the United Kingdom, and all non-current assets are located here.

2. Profit from operations

	2013 £000's	2014 £000's	2015 £000's
Profit from operations is stated after charging:			
Depreciation	323	304	317
Operating lease rentals payable:			
– Machine and ride hire charges:	1,105	1,157	1,216

The audit fee in all years presented has been borne by the parent company.

3. Reconciliation of Target Underlying EBITDA

	2013 £000's	2014 £000's	2015 £000's
Profit from operations	132	422	881
Depreciation (note 8)	323	304	317
Machine rental costs	1,105	1,157	1,216
Management charges (note 20)	499	791	615
Exceptional repair costs relating to the pier	955	769	392
Target Underlying EBITDA	<u>3,014</u>	<u>3,443</u>	<u>3,421</u>

4. Employee compensation

The aggregate payroll costs of the employees were as follows:

	2013 £000's	2014 £000's	2015 £000's
Staff costs			
Wages and salaries	3,704	3,899	4,168
Social security costs	278	300	289
Pension costs	–	14	19
	<u>3,982</u>	<u>4,213</u>	<u>4,476</u>

Key management personnel are identified as the executive Directors and senior individuals within the strategic management team. Details of remuneration are given in note 20.

No share options have been either issued to or exercised by any of the directors, nor any payments of pensions contributions made on behalf of directors in any of the periods presented.

None of the directors received any emoluments for their services to the Target in any of the years presented.

5. Other operating income

	2013 £000's	2014 £000's	2015 £000's
Operating lease rentals receivable (note 17)	317	264	235
Electricity recharge	14	13	5
Total fees	<u>331</u>	<u>277</u>	<u>240</u>

No amounts included within other operating income arose from contingent rent arrangements.

6. Taxation

(a) Analysis of charge in year

	2013 £000's	2014 £000's	2015 £000's
Current tax			
United Kingdom			
UK corporation tax on profits for the year	–	–	–
Deferred tax			
United Kingdom			
Origination and reversal of temporary differences	15	36	(56)
Adjustments to prior year taxation	(2)	5	50
Changes in taxation rates	1	(3)	–
Tax credit/(charge)	<u>14</u>	<u>38</u>	<u>(6)</u>

(b) The differences are explained as follows:

	2013 £000's	2014 £000's	2015 £000's
Profit before tax	132	422	881
Profit on ordinary activities multiplied by rate of corporation tax in the UK of 21.41%, 21.83% and 20.41%	31	92	180
Tax effects of:			
Expenses not deductible for tax purposes and other timing differences	12	9	20
Group relief claimed not paid	(57)	(139)	(194)
Tax credit	3	1	2
Tax credit/(charge)	<u>14</u>	<u>38</u>	<u>(6)</u>

Deferred tax:

Analysis of deferred tax balances provided:

	2012 £000's	2013 £000's	2014 £000's	2015 £000's
Deferred tax liabilities at applicable rate for the period:				
Opening balance at 1 November	(40)	(24)	(10)	28
– Adjustments in respect of prior years	(4)	(2)	5	50
– Adjustment to deferred tax rate	2	1	(3)	–
– Origination and reversal of temporary differences	18	15	36	(56)
Deferred tax (liability)/asset at 31 October	<u>(24)</u>	<u>(10)</u>	<u>28</u>	<u>22</u>

All amounts recognised as deferred tax assets and liabilities relate to differences between capital allowances and depreciation. There are no unrecognised amounts. There are no carried forward tax losses.

7. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to Ordinary Shareholders by the weighted average number of Ordinary Shares outstanding during the year.

The Target does not have any potentially dilutive shares in any of the periods presented, therefore the basic and diluted earnings per share are the same.

Basic and diluted earnings per share

	2013 £'s	2014 £'s	2015 £'s
Total basic and diluted earnings per share	<u>10.50</u>	<u>33.09</u>	<u>62.95</u>

The earnings and weighted average number of Ordinary Shares used in the calculation of basic earnings per share are as follows:

	2013 £000's	2014 £000's	2015 £000's
Earnings used in the calculation of total basic and diluted earnings per share	<u>146</u>	<u>460</u>	<u>875</u>

Number of shares

Weighted average number of Ordinary Shares for the purposes of basic earnings per share

	2013	2014	2015
	<u>13,900</u>	<u>13,900</u>	<u>13,900</u>

8. Property, plant and equipment

	<i>Pier, landing stage and deck £000's</i>	<i>Fixtures and fittings £000's</i>	<i>Motor vehicles £000's</i>	<i>Total £000's</i>
Cost				
At 1 November 2012	12,129	7,083	9	19,221
Additions	–	411	–	411
At 31 October 2013	12,129	7,494	9	19,632
Additions	–	72	–	72
At 31 October 2014	12,129	7,566	9	19,704
Additions	–	163	–	163
At 31 October 2015	12,129	7,729	9	19,867
Accumulated Depreciation				
At 1 November 2012	315	5,692	9	6,016
Charge	25	298	–	323
At 31 October 2013	340	5,990	9	6,339
Charge	24	280	–	304
At 31 October 2014	364	6,270	9	6,643
Charge	24	293	–	317
At 31 October 2015	388	6,563	9	6,960
Net book value				
At 1 November 2012	11,814	1,391	–	13,205
At 31 October 2013	11,789	1,504	–	13,293
At 31 October 2014	11,765	1,296	–	13,061
At 31 October 2015	11,741	1,166	–	12,907

The value of the pier, landing stage and deck building includes assets held at deemed cost less accumulated depreciation and any accumulated impairment. The valuation was performed under UK GAAP in 1989 at £12,000,000, which represented the fair value of the assets and the company has elected to use this previous GAAP revaluation, less accumulated depreciation and any accumulated impairment as the deemed cost in accordance with the provisions of IFRS 1. The historical cost of these assets is £1,058,000. Additions to those assets of £129,000 are held at historic cost.

9. Inventories

	<i>2012 £000's</i>	<i>2013 £000's</i>	<i>2014 £000's</i>	<i>2015 £000's</i>
Inventories	248	244	254	294

Amounts of inventories recognised as an expense during the period as cost of sales are:

<i>2013 £'000s</i>	<i>2014 £'000</i>	<i>2015 £'000s</i>
1,667	1,879	2,074

No inventories were impaired in the years ended 31 October 2013, 2014 or 2015.

10. Trade and other receivables

	2012 £000's	2013 £000's	2014 £000's	2015 £000's
Current assets:				
Trade receivables	24	–	–	1
Amounts owed by group undertakings	94	96	682	2,637
Other receivables	27	52	17	47
Prepayments	197	166	173	184
	<u>342</u>	<u>314</u>	<u>872</u>	<u>2,869</u>

The Directors consider the carrying value of trade and other receivables is approximate to its fair value and does not contain any impaired assets. There are no receivables past due but not impaired.

11. Cash and cash equivalents

	2012 £000's	2013 £000's	2014 £000's	2015 £000's
Cash at bank (GBP)	<u>436</u>	<u>653</u>	<u>657</u>	<u>506</u>

At October 2012, 2013, 2014 and 2015 all significant cash and cash equivalents were deposited with major clearing banks in the UK with at least an 'A' rating. For details of overdrafts see note 12.

12. Trade and other payables

	2012 £000's	2013 £000's	2014 £000's	2015 £000's
Trade payables	158	409	294	374
Bank overdraft	–	–	–	128
Amounts owed to group undertakings	1,673	1,476	1,596	2,099
Amounts owed to other related parties	–	–	–	3
Other payables	18	122	130	145
Social security and other taxes	35	209	154	150
Deferred income	80	69	62	54
Accruals	491	311	278	412
	<u>2,455</u>	<u>2,596</u>	<u>2,514</u>	<u>3,365</u>

The bank overdraft is unsecured. The group payables are repayable on demand.

13. Share capital

<i>Authorised</i>	<i>2012</i>		<i>2013</i>	
	<i>No</i>	<i>£000's</i>	<i>No</i>	<i>£000's</i>
Ordinary shares of £10	18,100	181	18,100	181
Preferred half shares of £5	1,400	7	1,400	7
Deferred half shares of £5	1,400	7	1,400	7
	<u>20,900</u>	<u>195</u>	<u>20,900</u>	<u>195</u>
	<i>2014</i>		<i>2015</i>	
	<i>No</i>	<i>£</i>	<i>No</i>	<i>£</i>
Ordinary shares of £10	18,100	181	18,100	181
Preferred half shares of £5	1,400	7	1,400	7
Deferred half shares of £5	1,400	7	1,400	7
	<u>20,900</u>	<u>195</u>	<u>20,900</u>	<u>195</u>
<i>Allotted and fully paid</i>	<i>2012</i>		<i>2013</i>	
	<i>No</i>	<i>£000's</i>	<i>No</i>	<i>£000's</i>
Ordinary shares of £10	11,100	111	11,100	111
Preferred half shares of £5	1,400	7	1,400	7
Deferred half shares of £5	1,400	7	1,400	7
	<u>13,900</u>	<u>125</u>	<u>13,900</u>	<u>125</u>
	<i>2014</i>		<i>2015</i>	
	<i>No</i>	<i>£</i>	<i>No</i>	<i>£</i>
Ordinary shares of £10	11,100	181	11,100	181
Preferred half shares of £5	1,400	7	1,400	7
Deferred half shares of £5	1,400	7	1,400	7
	<u>13,900</u>	<u>125</u>	<u>13,900</u>	<u>125</u>

Deferred shares and preferred shares arise from the holder of an Ordinary share electing to divide that share into one preferred half-share and one deferred half-share (no other sub-division is permitted). In the event that a dividend is declared on the half-shares, the preferred half-shares receive a 6 per cent. coupon of any dividend declared by the Target in preference to the corresponding deferred shares, which then receive the remainder. Dividends are discretionary and determined via General Meeting. No holder of a deferred and preferred half-share can receive a total dividend under this arrangement which would exceed that payable had they retained one ordinary share. The two half shares together convey the rights of one Ordinary Share.

Allotments during the year

No shares have been issued during any of the financial years presented.

14. Financial instruments

Classification of financial instruments

There are no financial instruments measured at fair value in the balance sheet.

The tables below set out the Target's accounting classification of each class of its financial assets and liabilities.

Financial Assets

	<i>Measured at amortised cost</i>			
	2012	2013	2014	2015
	£000's	£000's	£000's	£000's
Loans and other receivables				
Trade receivables (note 10)	24	–	–	1
Amounts owed by group undertakings and related parties	94	96	682	2,637
Other receivables	27	52	17	47
Cash and cash equivalents (notes 11 and 12)	436	653	657	378
	<u>581</u>	<u>801</u>	<u>1,356</u>	<u>3,063</u>

All of the above financial assets' carrying values are approximate to their fair values, as at 31 October 2012, 2013, 2014 and 2015.

Financial Liabilities

	<i>Measured at amortised cost</i>			
	2012	2013	2014	2015
	£000's	£000's	£000's	£000's
Trade and other payables				
Trade payables (note 12)	158	409	294	374
Amounts owed to group undertakings	1,673	1,476	1,596	2,102
Other payables (note 12)	18	122	130	145
Accruals (note 12)	491	311	278	412
	<u>2,340</u>	<u>2,318</u>	<u>2,298</u>	<u>3,033</u>

In the view of management, all of the above financial liabilities' carrying values approximate to their fair values as at 31 October 2012, 2013, 2014 and 2015.

There have been no gains or losses on assets or liabilities measured at amortised cost. There have been no amounts recognised as finance income or expense in respect of financial assets or liabilities.

15. Financial instrument risk exposure and management

The Target's operations expose it to degrees of financial risk that include liquidity risk, credit risk, interest rate risk.

This note describes the Target's objectives, policies and process for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented in notes 10 to 13.

Liquidity risk

In managing liquidity risk, the main objective of the Target is therefore to ensure that it has the ability to pay all of its liabilities as they fall due. The Target monitors its levels of working capital and where required uses short term credit facilities to ensure that it can discharge its liabilities as they fall due. The table below shows the undiscounted cash flows on the Target's financial liabilities as at 31 October 2012, 2013, 2014 and 2015, on the basis of their earliest possible contractual maturity.

The only short-term credit facility used by the Target is the bank overdraft.

The Target met its objectives in managing liquidity risk.

	<i>Total</i> £000's	<i>Within</i> <i>2 months</i> £000's	<i>Within</i> <i>2-6 months</i> £000's	<i>6-12</i> <i>months</i> £000's	<i>1-2 years</i> £000's	<i>Greater</i> <i>than</i> <i>2 years</i> £000's
At 31 October 2012						
Trade payables	158	158	–	–	–	–
Amounts owed to group undertakings	1,673	–	–	1,673	–	–
Other payables	18	–	18	–	–	–
Accruals	491	–	491	–	–	–
	<u>2,340</u>	<u>158</u>	<u>509</u>	<u>1,673</u>	<u>–</u>	<u>–</u>
At 31 October 2013						
Trade payables	409	409	–	–	–	–
Amounts owed to group undertakings	1,476	–	–	1,476	–	–
Other payables	122	–	122	–	–	–
Accruals	311	–	311	–	–	–
	<u>2,318</u>	<u>409</u>	<u>433</u>	<u>1,476</u>	<u>–</u>	<u>–</u>
At 31 October 2014						
Trade payables	294	294	–	–	–	–
Amounts owed to group undertakings	1,596	–	–	1,596	–	–
Other payables	130	–	130	–	–	–
Accruals	278	–	278	–	–	–
	<u>2,298</u>	<u>294</u>	<u>408</u>	<u>1,596</u>	<u>–</u>	<u>–</u>
At 31 October 2015						
Trade payables	374	374	–	–	–	–
Amounts owed to group undertakings and related parties	2,102	–	–	2,102	–	–
Other payables	145	–	145	–	–	–
Accruals	412	–	412	–	–	–
	<u>3,033</u>	<u>502</u>	<u>557</u>	<u>2,102</u>	<u>–</u>	<u>–</u>

Group payables and receivables are on extended credit terms, however no material difference arises between the transaction price and the fair value on initial recognition.

Credit risk

The Target's credit risk is primarily attributable to its cash balances and trade receivables. The Target does not have a significant concentration of risk, with exposure spread over a number of third parties.

The credit risk on liquid funds is limited because the third parties are large international banks with a credit rating of at least A.

The Target's total credit risk amounts to the total of the sum of the receivables and cash and cash equivalents, as described in note 13. The Target holds no collateral or other credit enhancements for receivables.

Interest rate risk

The Target has an overdraft as described in note 11. The interest on this debt is variable but of immaterial value and therefore interest rate risk is limited.

The Target's only other exposure to interest rate risk is the interest received on the cash held on deposit, which is immaterial. The Target does not have any other variable interest bearing borrowings.

16. Capital management

The Target's capital management objectives are:

- To ensure the Target's ability to continue as a going concern; and
- To provide long-term returns to shareholders

The Target defines and monitors capital of £11,245,000, £11,701,000 and £12,855,000 for 2013, 2014 and 2015 respectively. on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the Balance Sheet and further disclosed in notes 10, 11 and 12.

The Board of Directors monitors the level of capital as compared to the Target's commitments and adjusts the level of capital as is determined to be necessary by issuing new shares. The Target is not subject to any externally imposed capital requirements.

These policies have remained unchanged for each period presented. The Directors believe that they have been able to meet their objectives in managing the capital of the Target.

17. Operating lease arrangements

The Target does not have an option to purchase any of the operating leased assets at the expiry of the lease periods.

Lessee:

	<i>2013</i> £000's	<i>2014</i> £000's	<i>2015</i> £000's
Payments recognised as an expense			
Minimum lease payments	<u>1,105</u>	<u>1,157</u>	<u>1,216</u>
Non-cancellable operating lease commitments			
Not later than 1 year	229	407	489
more than 1 year and not later than 2 years	202	304	125
Less than 2 years and not later than 5 years	<u>172</u>	<u>10</u>	<u>30</u>
	<u>603</u>	<u>721</u>	<u>644</u>

Lessor:

	<i>2013</i> £000's	<i>2014</i> £000's	<i>2015</i> £000's
Payments recognised as other income			
Minimum lease payments	<u>317</u>	<u>264</u>	<u>235</u>

	2013 £000's	2014 £000's	2015 £000's
Non-cancellable operating lease commitments			
Not later than 1 year	58	49	43
more than 1 year and not later than 2 years	–	–	–
Less than 2 year and not later than 5 years	–	–	–
	<u>58</u>	<u>49</u>	<u>43</u>

18. Financial commitments

There are no other financial commitments with the exception of a guarantee given in favour of the group in respect of a bank loan.

19. Retirement benefit plans

The Target operates a defined contribution pension scheme for its employees. The pension cost charge represents contributions payable by the Target as disclosed in note 3.

There were no pension contribution balances payable as at any of the reporting dates presented.

20. Related party transactions

Related parties are as follows:

Mechanised Project Management
Luxury Leisure
Repset Ltd
Red Poppy (UK) Ltd

The Target had the following transactions with these companies:

<i>Name of related party</i>	<i>Transaction details</i>	2013 £000's	2014 £000's	2015 £000's
Mechanised Project Management	Hires	571	561	561
Mechanised Project Management	Insurance	172	169	509
Luxury Leisure	Hires	209	–	–
Repset Ltd	Leases	291	568	631
Red Poppy (UK) Ltd	Management charge	499	791	615

Related party payables are all payable on demand with no guarantees given.

Remuneration of key management personnel:

Key management personnel (as defined in note 3) received the following remuneration:

	2013 £000's	2014 £000's	2015 £000's
Short term employee benefits			
Salaries including benefits	200	246	238
Social security costs	27	32	31
Benefits in kind	–	–	1
	<u>227</u>	<u>287</u>	<u>270</u>

21. Ultimate controlling party

The immediate parent undertaking is Addbudget Limited, a company registered in England. The ultimate parent undertaking is Red Poppy (Gibraltar) Limited, a company registered in Gibraltar. Red Poppy (UK) Limited, a company registered in England, is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 October 2013, 2014 and 2015, and Red Poppy (Gibraltar) Limited is the parent company of the largest group to consolidate these financial statements. The financial statements of Red Poppy (UK) Limited can be obtained from the company secretary, 1A Dukesway Court, Team Valley, Gateshead, NE11 0PJ and those of Red Poppy (Gibraltar) Limited from Suite 15 Watergardens 3, PO Box 1105, Gibraltar.

The ultimate controlling party is P Noble.

22. Events after the balance sheet date

No significant events have taken place since the balance sheet date.

23. Transition to IFRS

Brighton Pier reported under UK GAAP in its previously published financial statements for the year ended 31 October 2015.

The conversion to IFRS has led to a number of changes in respect of the descriptions used and wording of accounting policies.

The main changes are in respect to the primary statements. The Profit and Loss Account has been replaced with an Income Statement, and the Statement of Recognised Gains and Losses has been replaced with a Statement of Comprehensive Income which presents the result for the year as the total comprehensive income for the year instead of the profit for the year.

The Balance Sheet has changed terminologies: instead of presenting net assets and shareholders' funds, the information is now presented as total assets and total equity and liabilities.

A Statement of Changes in Equity is presented as a primary statement and provides information on the movements in equity during the financial year. Previously this information was presented as part of the movement in reserves and reconciliations of movement in shareholders' funds notes.

The Target's Statement of Cash Flows is presented in accordance with IAS 7. The statements present substantially the same information as that required under UK GAAP, with no notable exceptions, other than that cash flows are categorised differently.

One GAAP difference arises as a result of change in accounting policies on the conversion to IFRS:

1. Operating lease rentals are recognised on a straight-line basis over their whole lease term, which results in deferred income arising at the balance sheet date. Previously lease rentals were recognised over a shorter period than the entirety of the lease term.

24. Reconciliation of equity and profit under UK GAAP to IFRS

(a) Reconciliation of equity at 1 November 2012, the date of transition to IFRS

	Notes	UK GAAP £000's	Effect of transition to IFRS £000's	IFRS £000's
Assets				
Non-current assets				
Property, plant and equipment		13,205	–	13,205
		<u>13,205</u>	<u>–</u>	<u>13,205</u>
Current assets				
Inventory		248	–	248
Trade and other receivables		342	–	342
Cash and cash equivalents		436	–	436
		<u>1,026</u>	<u>–</u>	<u>1,026</u>
Total Assets		<u>14,231</u>	<u>–</u>	<u>14,231</u>
Equity and liabilities				
Capital and reserves attributable to the Target's equity shareholders				
Share capital		125	–	125
Deemed cost reserve		10,653	–	10,653
Retained earnings	(i)	1,054	(80)	974
Total equity		<u>11,832</u>	<u>(80)</u>	<u>11,752</u>
Non-current liabilities				
Deferred taxation		24	–	24
Current liabilities				
Trade and other payables	(i)	2,375	80	2,455
Total liabilities		<u>2,399</u>	<u>80</u>	<u>2,479</u>
Total equity and liabilities		<u>14,231</u>	<u>–</u>	<u>14,231</u>

Notes to IFRS adjustments:

- (i) Operating lease rentals are recognised on a straight-line basis over their whole lease term, which results in deferred income arising at the balance sheet date.

(b) **Reconciliation of equity at 31 October 2013**

	Notes	UK GAAP £000's	Effect of transition to IFRS £000's	IFRS £000's
Assets				
Non-current assets				
Property, plant and equipment		13,293	–	13,293
		<u>13,293</u>	<u>–</u>	<u>13,293</u>
Current assets				
Inventory		244	–	244
Trade and other receivables		314	–	314
Cash and cash equivalents		653	–	653
		<u>1,211</u>	<u>–</u>	<u>1,211</u>
Total Assets		<u>14,504</u>	<u>–</u>	<u>14,504</u>
Equity and liabilities				
Capital and reserves attributable to the Target's equity shareholders				
Share capital		125	–	125
Deemed cost reserve		10,631	–	10,631
Retained earnings	(i)	1,211	(69)	1,142
Total equity		<u>11,967</u>	<u>(69)</u>	<u>11,898</u>
Non-current liabilities				
Deferred taxation		10	–	10
		<u>10</u>	<u>–</u>	<u>10</u>
Current liabilities				
Trade and other payables	(i)	2,527	69	2,596
Total liabilities		<u>2,537</u>	<u>69</u>	<u>2,606</u>
Total equity and liabilities		<u>14,504</u>	<u>–</u>	<u>14,504</u>

Notes to IFRS adjustments:

- (i) Operating lease rentals are recognised on a straight-line basis over their whole lease term, which results in deferred income arising at the balance sheet date.

(c) **Reconciliation of equity at 31 October 2014**

	Notes	UK GAAP £000's	Effect of transition to IFRS £000's	IFRS £000's
Assets				
Non-current assets				
Property, plant and equipment		13,061	–	13,061
Deferred taxation		28	–	28
		<u>13,089</u>	<u>–</u>	<u>13,089</u>
Current assets				
Inventory		254	–	254
Trade and other receivables		872	–	872
Cash and cash equivalents		657	–	657
		<u>1,783</u>	<u>–</u>	<u>1,783</u>
Total Assets		<u>14,872</u>	<u>–</u>	<u>14,872</u>
Equity and liabilities				
Capital and reserves attributable to the Target's equity shareholders				
Share capital		125	–	125
Deemed cost reserve		10,609	–	10,609
Retained earnings	(i)	1,686	(62)	1,624
Total equity		<u>12,420</u>	<u>(62)</u>	<u>12,358</u>
Current liabilities				
Trade and other payables	(i)	2,452	62	2,514
Total liabilities		<u>2,452</u>	<u>62</u>	<u>2,514</u>
Total equity and liabilities		<u>14,872</u>	<u>–</u>	<u>14,872</u>

Notes to IFRS adjustments:

- (i) Operating lease rentals are recognised on a straight-line basis over their whole lease term, which results in deferred income arising at the balance sheet date.

(d) **Reconciliation of equity at 31 October 2015**

	Notes	UK GAAP £000's	Effect of transition to IFRS £000's	IFRS £000's
Assets				
Non-current assets				
Property, plant and equipment		12,907	–	12,907
Deferred taxation		22	–	22
		<u>12,929</u>	<u>–</u>	<u>12,929</u>
Current assets				
Inventory		294	–	294
Trade and other receivables		2,869	–	2,869
Cash and cash equivalents		506	–	506
		<u>3,669</u>	<u>–</u>	<u>3,669</u>
Total Assets		<u>16,598</u>	<u>–</u>	<u>16,598</u>
Equity and liabilities				
Capital and reserves attributable to the Target's equity shareholders				
Share capital		125	–	125
Deemed cost reserve		10,587	–	10,587
Retained earnings	(i)	2,575	(54)	2,521
Total equity		<u>13,287</u>	<u>(54)</u>	<u>13,233</u>
Current liabilities				
Trade and other payables	(i)	3,311	54	3,365
Total liabilities		<u>3,311</u>	<u>54</u>	<u>3,365</u>
Total equity and liabilities		<u>16,598</u>	<u>–</u>	<u>16,598</u>

Notes to IFRS adjustments:

- (i) Operating lease rentals are recognised on a straight-line basis over their whole lease term, which results in deferred income arising at the balance sheet date.

(e) **Reconciliation of profit for the year ended 31 October 2013**

	Notes	UK GAAP £000's	Effect of transition to IFRS £000's	IFRS £000's
Revenue		11,245	–	11,245
Cost of sales		(9,597)	–	(9,597)
Gross profit		1,648	–	1,648
Administrative expenses		(1,847)	–	(1,847)
Other income	(i)	320	11	331
Operating profit and profit before taxation		121	11	132
Taxation		14	–	14
Profit for the financial year attributable to the Target's equity shareholders		135	11	146

Notes to IFRS adjustments:

- (i) Operating lease rentals are recognised on a straight-line basis over their whole lease term, which results in deferred income arising at the balance sheet date.

(f) **Reconciliation of total comprehensive income for the year ended 31 October 2013**

	UK GAAP £000's	Effect of transition to IFRS £000's	IFRS £000's
Profit for the financial year	135	11	146
Total comprehensive income for the financial year attributable to the Target's equity shareholders	135	11	146

(g) **Reconciliation of profit for the year ended 31 October 2014**

	Notes	UK GAAP £000's	Effect of transition to IFRS £000's	IFRS £000's
Revenue		12,289	–	12,289
Cost of sales		(9,946)	–	(9,946)
Gross profit		2,343	–	2,343
Administrative expenses		(2,198)	–	(2,198)
Other income	(i)	270	7	277
Operating profit and profit before taxation		415	7	422
Taxation		38	–	38
Profit for the financial year attributable to the Target's equity shareholders		453	7	460

Notes to IFRS adjustments:

- (i) Operating lease rentals are recognised on a straight-line basis over their whole lease term, which results in deferred income arising at the balance sheet date.

(h) **Reconciliation of total comprehensive income for the year ended 31 October 2014**

	UK GAAP £000's	Effect of transition to IFRS £000's	IFRS £000's
Profit for the financial year	453	7	460
Total comprehensive income for the financial year attributable to the Target's equity shareholders	<u>453</u>	<u>7</u>	<u>460</u>

(i) **Reconciliation of profit for the year ended 31 October 2015**

	Notes	UK GAAP £000's	Effect of transition to IFRS £000's	IFRS £000's
Revenue		13,297	–	13,297
Cost of sales		(10,293)	–	(10,293)
Gross profit		<u>3,004</u>	<u>–</u>	<u>3,004</u>
Administrative expenses		(2,363)	–	(2,363)
Other income	(i)	<u>232</u>	<u>8</u>	<u>240</u>
Operating profit and profit before taxation		<u>873</u>	<u>8</u>	<u>881</u>
Taxation		(6)	–	(6)
Profit for the financial year attributable to the Target's equity shareholders		<u>867</u>	<u>8</u>	<u>875</u>

Notes to IFRS adjustments:

- (i) Operating lease rentals are recognised on a straight-line basis over their whole lease term, which results in deferred income arising at the balance sheet date.

(j) **Reconciliation of total comprehensive income for the year ended 31 October 2015**

	UK GAAP £000's	Effect of transition to IFRS £000's	IFRS £000's
Profit for the financial year	867	8	875
Total comprehensive income for the financial year attributable to the Target's equity shareholders	<u>867</u>	<u>8</u>	<u>875</u>

PART VII

ADDITIONAL INFORMATION

1. INCORPORATION AND STATUS OF THE COMPANY

- 1.1 The Company was incorporated and registered in England and Wales on 12 September 2013 under the Companies Act with registered no 08687172 as a public company limited by shares with the name Project Havana Plc. On 18 October 2013 the Company changed its name to Eclectic Bar Group Plc. On 20 November 2013 the Registrar of Companies issued a certificate under section 761 of Companies Act enabling the Company to commence business.
- 1.2 The Company's legal and commercial name is Eclectic Bar Group Plc.
- 1.3 Eclectic Bar Group plc was admitted to AIM on 28 November 2013.
- 1.4 The registered and head office of the Company is at 36 Drury Lane, London WC2B 5RR. The telephone number of the Company's registered office is +44 20 7376 6300.
- 1.5 The address of the Company's website which discloses the information required by Rule 26 of the AIM Rules for Companies is www.eclecticbars.co.uk until Admission and www.brightonpiergroup.com from Admission.
- 1.6 The principal legislation under which the Company operates and which the New Ordinary Shares will be issued is the Companies Act and regulations made thereunder.

2. SHARE CAPITAL OF THE COMPANY

- 2.1 As at 7 April 2016 (being the latest practicable date prior to the date of this document) the issued share capital of the Company was:

<i>Class of shares</i>	<i>Nominal value</i>	<i>Issued⁽¹⁾</i>	
		<i>£</i>	<i>number</i>
Ordinary Shares	£0.25	4,055,685.25	16,222,741

- 2.2 Assuming the Placing is fully subscribed, the issued share capital of the Company immediately following Admission will be:

<i>Class of shares</i>	<i>Nominal value</i>	<i>Issued⁽¹⁾</i>	
		<i>£</i>	<i>number</i>
Ordinary Shares	£0.25	7,919,321.75	31,677,287

Note:

(1) All shares are fully paid.

- 2.3 The following changes have occurred to the share capital of the Company between 12 September 2013 (being the date of incorporation of the Company) and 7 April 2016 (being the latest practicable date prior to the date of this document):
- (a) The Company was incorporated with an issued share capital of 1 ordinary share of £1 nominal value;
 - (b) On 19 November 2013, the ordinary share of £1 in issue was subdivided into 4 Ordinary Shares;
 - (c) On 19 November 2013, 6,299,996 Ordinary Shares were issued as consideration for the acquisition by the Company of the entire issued share capital of Eclectic Bars Limited;
 - (d) On 28 November 2013, 6,562,500 Ordinary Shares were issued pursuant to a placing in relation to the Original Admission;
 - (e) On 3 April 2014, the Company issued 60,241 Ordinary Shares in connection with the purchase of Lowlander bar and brasserie; and

- (f) On 30 July 2015, 3,300,000 Ordinary Shares were issued for cash, fully paid at the subscription price of £0.50 per Ordinary Share.
- 2.4 On Admission, 15,454,546 Ordinary Shares will be issued pursuant to the Placing.
- 2.5 During the period from incorporation of the Company to 7 April 2016, the Company did not hold any shares in treasury.
- 2.6 By resolutions passed at the Company's annual general meeting on 7 December 2015, it was resolved:
- 2.6.1 That the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "**Act**") to allot:
- (a) shares (including treasury shares) in the Company or grant rights to subscribe for, or convert any security into, shares in the Company, up to a nominal amount of £1,351,895; and in addition
 - (b) shares or grant rights to subscribe for, or convert any security into, shares in the Company, only in connection with a fully pre-emptive rights issue (as defined in the paragraph below) up to a further nominal amount of £1,351,895,
- provided that this authority shall expire on 30 December 2016 or, if earlier, the conclusion of the next annual general meeting of the Company but, in each case, so that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or convert securities into shares pursuant to such an offer or agreement as if this authority had not expired.
- "**Rights issue**" means an offer to:
- (a) holders of ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to the respective number of ordinary shares held by them; and
 - (b) holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities,
- to subscribe for further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, but subject in both cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.
- 2.6.2 That the Directors be empowered, pursuant to section 570 of the Act, to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by the resolution in paragraph 2.6.1 and/or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Act, in each case:
- (a) in connection with an offer of such securities by way of a rights issue (as defined in the resolution in paragraph 2.6.1); and
 - (b) (otherwise than pursuant to paragraph 2.6.2(a) above), up to an aggregate nominal amount of £405,568,
- as if section 561(1) of the Act did not apply to any such allotment, such authority to expire on 30 December 2016 or, if earlier, the conclusion of the next annual general meeting of the Company, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.
- 2.7 Subject to and immediately following the passing of the Resolutions on Admission:
- 2.7.1 the Directors will be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "**Act**") to allot:

- (a) the New Ordinary Shares pursuant to the Placing up to an aggregate nominal value of £3,863,636.50;
- (b) shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £2,639,773.92; and in addition
- (c) equity securities of the Company (within the meaning of section 560 of the Act) in connection with an offer of such securities by way of a rights issue (as defined in the paragraph below) up to an aggregate nominal amount of £2,639,773.92,

provided that this authority will expire on 30 December 2016 or, if earlier, the conclusion of the next annual general meeting of the Company but, in each case, so that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or convert securities into shares pursuant to such an offer or agreement as if this authority had not expired.

“Rights issue” means an offer to:

- (a) holders of ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to the respective number of ordinary shares held by them; and
- (b) holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities,

to subscribe for further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, but subject in both cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

2.7.2 subject to and conditional on the passing of the resolution in paragraph 2.7.1, the Directors will be empowered, pursuant to section 570 of the Act, to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by the resolution in paragraph 2.7.1 and/or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Act, in each case:

- (a) pursuant to the Placing up to an aggregate nominal value of £3,863,636.50;
- (b) in connection with an offer of such securities by way of a rights issue (as defined in the resolution in paragraph 2.7.1); and
- (c) (otherwise than pursuant to paragraph 2.7.2(a) and 2.7.2(b) above), up to an aggregate nominal amount of £791,932.18,

as if section 561(1) of the Act did not apply to any such allotment, such authority to expire on 30 December 2016 or, if earlier, the conclusion of the next annual general meeting of the Company, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.

- 2.8 Other than the issue of the New Ordinary Shares pursuant to the Placing and on exercise of the Options as described in paragraphs 2.12 and 2.13 below or the Warrants, the Company has no present intention to issue any new shares in the share capital of the Company.
- 2.9 The Company does not have in issue any securities not representing share capital.
- 2.10 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

- 2.11 Save as disclosed in this paragraph 2 there has been no issue of share or loan capital of the Company or any other member of the Existing Group (other than intra-group issues by wholly owned Subsidiaries) in the three years immediately preceding the date of this document and (other than pursuant to the Placing or on the exercise of the Options to be issued under the Share Option Plan, as referred to in paragraph 2.12 below or the Warrants) no such issues are proposed.
- 2.12 As at the date of this document, the Company has an aggregate of 1,092,596 Options in issue. The Company granted these Options on the terms of the Share Option Plan (summarised in paragraph 4 below) on the following dates:
- (a) On 26 November 2013, the Company granted Options over an aggregate of 899,979 Ordinary Shares at an exercise price of 63.5 pence. 511,680 of the 899,979 Options granted on 26 November 2013 are still in issue, 50 per cent. of which were exercisable on 6 October 2015, thereafter 25 per cent. of these Options are exercisable each year commencing 30 June 2016;
 - (b) On 6 October 2015, the Company granted Options over an aggregate of 316,163 Ordinary Shares at an exercise price of 63.5 pence. 287,499 of the 316,163 Options granted on 6 October 2015 are still in issue and 25 per cent. of these Options are exercisable each year commencing 30 June 2016; and
 - (c) On 8 April 2016, the Company granted Options over an aggregate of 293,417 Ordinary Shares, exercisable at the Placing Price. All of these Options are still in issue and 25 per cent. of these Options are exercisable each year commencing 30 June 2016.
- 2.13 On 8 April 2016, the Company conditional upon Admission issued options over 227,273 Ordinary Shares to Anne Martin and over 40,625 Ordinary Shares to Joseph Tager, exercisable at the Placing Price. 25 per cent. of these options are exercisable each year commencing 30 June 2016.
- 2.14 Save as disclosed in paragraph 10 of this Part VII, no commissions, discounts, brokerages or other special terms have been granted by the Company or any other member of the Existing Group in connection with the issue or sale of any share or loan capital of the Company or any other member of the Existing Group in the three years immediately preceding the date of this document.
- 2.15 Save as disclosed in paragraph 13 of Part I, paragraphs 2.12 and 2.13 of this Part VII and the Warrants, on Admission no share or loan capital of the Company or any other member of the Existing Group will be under option or has been agreed conditionally or unconditionally to be put under option.
- 2.16 The Ordinary Shares will be in registered form. No temporary documents of title will be issued and prior to the issue of definitive certificates, transfers will be certified against the register. It is expected that definitive share certificates for the Ordinary Shares not to be held through CREST will be posted to allottees by 11 May 2016. Ordinary Shares to be held through CREST will be credited to CREST accounts on Admission.
- 2.17 During the period from incorporation of the Company to 7 April 2016, the Company did not have convertible securities.

3. ARTICLES OF ASSOCIATION

The Articles contain provisions, *inter alia*, to the following effect:

3.1 Voting rights

Subject to the rights or restrictions referred to in paragraph 3.2 (*Restrictions on voting*) below and subject to any special rights or restrictions as to voting for the time being attached to any shares, on a show of hands:

- (a) every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative shall have one vote; and
- (b) every proxy appointed by a member shall have one vote save that every proxy appointed by one or more members to vote for the resolution and by one or more other members to vote against the resolution, has one vote for and one vote against.

3.2 **Restrictions on voting**

A member of the Company is not entitled, either in person or by proxy, in respect of any share held by him, to be present at any general meeting of the Company unless all amounts payable by him in respect of that share have been paid.

A member of the Company will not, if the directors determine, be entitled to attend general meetings and vote or to exercise rights of membership if he or another person appearing to be interested in the relevant shares has failed to comply with a notice given under section 793 of the Companies Act within 14 days. The restrictions will continue for the period specified by the Board provided that such period will end not later than seven days after the earliest of:

- (a) due compliance to the satisfaction of the board with the section 793 notice; or
- (b) receipt by the Company of notice that the shareholding has been sold to a third party pursuant to an arm's length transfer.

3.3 **Dividends**

The Company may, by ordinary resolution, declare a dividend to be paid to the members, according to their respective rights and interests in the profit. The directors may pay such interim dividends as appear to the board to be justified by the financial position of the Company. No dividends payable in respect of an Ordinary Share will bear interest. The directors may, if authorised by an ordinary resolution, offer the holders of Ordinary Shares the right to elect to receive further Ordinary Shares, credited as fully paid instead of cash in respect of all or part of a dividend (a "**scrip dividend**"). The directors may, pursuant to the provisions of the Articles relating to disclosure of interests, withhold dividends or other sums payable in respect of shares which are the subject of a notice under section 793 of the Companies Act and which represent 0.25 per cent. or more in nominal value of the issued shares of their class and in respect of which the required information has not been received by the Company within 14 days of that notice and the member holding those shares may not elect, in the case of a scrip dividend, to receive shares instead of that dividend.

The Company or its directors may fix a date as the record date for a dividend provided that the date may be before, on or after the date on which the dividend, distribution, allotment or issue is declared. A dividend unclaimed for a period of 12 years from the date when it became due for payment will be forfeited and cease to remain owing by the Company.

3.4 **Return of capital**

If the Company is wound up, the liquidator may, with the sanction of a special resolution and any other sanction required by law, divide among the members *in specie* the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division will be carried out as between the members or different classes of members. The liquidator may with the same sanction, vest the whole or any part of the assets in trustees on trusts for the benefit of the members as the liquidator, with the same sanction, thinks fit but no member will be compelled to accept any assets on which there is any liability.

3.5 **Variation of rights**

Any rights attaching to a class of shares in the Company may be varied with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of the class (excluding any shares of the class held as treasury shares), or with the sanction of a special resolution passed at a separate general meeting of the holders of the relevant class. The quorum for the separate general meeting is two persons holding, or represented by proxy, not less than one-third in nominal value of the issued shares of the relevant class (excluding any shares of the class held as treasury shares).

3.6 **Transfer of shares**

Subject to the restriction set out in this paragraph 3.6 (Transfer of shares), any member may transfer all or any of his shares in any manner which is permitted by the Companies Act or in any other

manner approved by the board. A transfer of a certificated share shall be in writing in the usual common form or in any other form permitted by the Companies Act or approved by the board. The transferor is deemed to remain the holder of the shares concerned until the name of the transferee is entered in the register of members in respect of those shares. All transfers of uncertificated shares shall be made by means of the relevant system or in any other manner which is permitted by the Companies Act and is from time to time approved by the board.

The directors have a discretion to refuse to register a transfer of a certificated share which is not fully paid (provided that this does not prevent dealings in the shares from taking place on an open and proper basis). The directors may also decline to register a transfer of shares in certificated form unless:

- (a) the instrument of transfer is deposited at the office of the Company or such other place as the board may appoint, accompanied by the certificate for the shares to which it relates if it has been issued and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of share as in favour of no more than four transferees.

The directors may, pursuant to the provisions of the Articles relating to disclosure of interests, decline to register a transfer in respect of shares which are the subject of a notice under section 793 of the Companies Act and which represent at least 0.25 per cent. of the issued shares of their class, and in respect of which the required information has not been received by the Company within 14 days after service of the notice.

Save as aforesaid, the Articles contain no restrictions as to the free transferability of fully paid shares.

3.7 General meetings

3.7.1 *Annual general meetings*

The board shall convene and the Company shall hold annual general meetings in accordance with the requirements of the Companies Act.

3.7.2 *Convening of general meetings*

All meetings other than annual general meetings will be called general meetings. The board may convene a general meeting whenever it thinks fit. A general meeting shall also be convened by the board on the requisition of members pursuant to the provisions of the Companies Act or, in default, may be convened by such requisitions, as provided by the Companies Act. The board shall comply with the provisions of the Companies Act regarding the giving and the circulation, on the requisition of members, of notices of resolutions and of statements with respect to matters relating to any resolution to be proposed or business to be dealt with at any general meeting of the Company.

3.7.3 *Orderly conduct of meetings*

The board may both prior to and during any general meeting make any arrangements and impose any restrictions which it considers appropriate to ensure the security and/or the orderly conduct of any such general meeting, including, without limitation, arranging for any person attending any such meeting to be searched, for items of personal property which may be taken into any such meeting to be restricted and for any person (whether or not a member of the Company) who refuses to comply with any such arrangements or restrictions to be refused entry to or excluded from any such meeting.

3.7.4 *Notice of general meetings*

Subject to the provisions of the Companies Act, an annual general meeting and all other general meetings of the Company shall be called by at least such minimum period of notice as is prescribed under the Companies Act for the type of meeting concerned.

The notice will specify the place, day and time of the meeting and the general nature of the business to be transacted.

Notice of every general meeting shall be given to all members other than any who, under the provisions of the Articles or the terms of issue of the shares which they hold, are not entitled to receive such notices from the Company, and also to the auditors (or, if more than one, each of them) and to each director.

Every notice of meeting will state with reasonable prominence that a member entitled to attend, speak and vote at the meeting may appoint one or more proxies to attend, speak and vote at that meeting instead of him and that a proxy need not be a member of the Company.

3.7.5 *Quorum*

No business, other than the appointment of a chairman, will be transacted at any general meeting unless the requisite quorum is present when the meeting proceeds to business.

Except as otherwise provided by the Articles two persons entitled to attend and to vote on the business to be transacted, each being a member present in person or by proxy or a duly authorised representative of a corporation which is a member will be a quorum. If within 15 minutes from the time appointed for the holding of a general meeting a quorum is not present, the meeting, if convened on the requisition of members, will be dissolved. In any other case, it will stand adjourned to the same day in the next week (or, if that day is not a business day, to the next business day) and at the same time and place, as the original meeting, or to such other day, and at such other time and place, as the board may decide and in the latter case not less than seven clear days' notice of the adjourned meeting will be given in any manner in which notice of a meeting may lawfully be given for the time being. If at an adjourned meeting a quorum is not present within 15 minutes from the time fixed for holding the meeting, the meeting will be dissolved.

3.7.6 *Chairman*

At each general meeting, the chairman of the board or, if he is absent or unwilling, the deputy chairman (if any) of the board or (if more than one deputy chairman is present and willing) the deputy chairman who has been longest in such office or, if no deputy chairman is present and willing, then one of the other directors who is appointed for the purpose by the board or (failing appointment by the board), by the members present, will preside as chairman of the meeting, but if no director is present within 15 minutes after the time fixed for holding the meeting or, if none of the directors present is willing to preside, the members present and entitled to vote will choose one of their number to preside as chairman of the meeting.

3.7.7 *Directors entitled to attend and speak*

Whether or not he is a member, a director will be entitled to attend and speak at any general meeting of the Company and at any separate general meeting of the holders of any class of shares of the Company.

3.7.8 *Adjournment*

With the consent of any meeting at which a quorum is present the chairman of the meeting may (and if so directed by the meeting shall) adjourn the meeting from time to time or sine die and from place to place.

In addition, the chairman of the meeting may at any time without the consent of the meeting adjourn the meeting (whether or not it has commenced or a quorum is present) to another time and/or place if, in his opinion, it would facilitate the conduct of the business of the meeting to do so, notwithstanding that by reason of such adjournment some members may be unable to be present at the adjourned meeting.

3.7.9 *Method of voting and demand for poll*

At a general meeting a resolution put to the vote of the meeting will be decided on a show of hands, unless (before or immediately after the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (a) the chairman of the meeting;
- (b) any two directors;
- (c) not less than five members present in person or by proxy having the right to vote on the resolution;
- (d) a member or members present in person or by proxy representing in aggregate not less than 10 per cent. of the total voting rights of all the members having the right to vote on the resolution (excluding any voting rights attached to any shares in the Company held as treasury shares);
- (e) a member or members present in person or by proxy holding shares conferring the right to vote on the resolution on which an aggregate sum has been paid up equal to not less than 10 per cent. of the total sum paid up on all the shares conferring that right (excluding any shares in the Company conferring a right to vote at the meeting which are held as treasury shares),

and a demand for a poll by a person as proxy for a member will be as valid as if the demand were made by the member himself.

If a poll is duly demanded, it shall be taken in such manner as the chairman of the meeting may direct. The chairman may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of a poll shall be the decision of the meeting in respect of which it was demanded.

3.7.10 *Taking a poll*

If a poll is demanded (and the demand is not withdrawn), it will be taken at such time (either at the meeting at which the poll is demanded or within 30 days after the meeting), at such place and in such manner as the chairman of the meeting shall direct and he may appoint scrutineers (who need not be members).

3.7.11 *Proxies*

A proxy need not be a member of the Company and a member may appoint more than one proxy in relation to a meeting to attend and to speak and to vote on the same occasion provided that each proxy is appointed to exercise the rights attached to a different share or shares held by a member.

3.7.12 *Form of proxy*

An appointment of a proxy will be in writing in:

- (a) hard copy in any usual form or in any other form which the board may approve, executed by the appointor, or his agent duly authorised in writing, or, if the appointor is a corporation, will either be executed under its common seal or be signed by some agent or officer authorised for that purpose; or
- (b) electronic form.

3.7.13 *Deposit of proxy*

The appointment of a proxy will:

- (a) in the case of an appointment in hard copy form, be delivered personally or by post to the office or such other place within the UK as may be specified by or on behalf of the Company for that purpose in the notice convening the meeting or in any form of proxy sent by or on behalf of the Company in relation to the meeting, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting;

- (b) in the case of an appointment in electronic form, be received at an address specified (or is deemed by a provision in the Companies Act to have been specified) by or on behalf of the Company for the purpose of receiving documents or information in electronic form in, or by way of note to, the notice convening the meeting or in any form of proxy sent by or on behalf of the Company in relation to the meeting or in any invitation in electronic form to appoint a proxy issued by or on behalf of the Company in relation to the meeting, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting;
- (c) in the case of a poll which is taken more than 48 hours after it is demanded, be delivered or received as aforesaid not less than 24 hours before the time appointed for the taking of the poll; or
- (d) in the case of a poll which is not taken at the meeting at which it is demanded but is taken not more than 48 hours after it was demanded, be delivered in hard copy form at the meeting at which the poll was demanded to the chairman or to the secretary or to any Director.

In calculating the periods above, no account will be taken of any part of a day that is not a working day as defined in the Companies Act.

In relation to any shares which are held in uncertificated form, the board may from time to time permit appointments of a proxy to be made by electronic means in the form of an uncertificated proxy instruction.

An appointment of a proxy relating to more than one meeting (including any adjournment thereof) having once been so received for the purposes of any meeting will not require to be received again for the purposes of any subsequent meeting to which it relates.

3.7.14 *Notice of revocation of proxy*

Notice of the revocation of the appointment of a proxy may be given in any lawful manner which complies with the regulations (if any) made by the directors to govern the revocation of a proxy.

3.8 **Directors**

3.8.1 *Number*

Unless otherwise determined by ordinary resolution of the Company, the number of directors will be not less than two but there will be no maximum number of directors.

3.8.2 *Appointment of directors*

Subject to the provisions of the Articles, any person who is willing to act to be a director, either to fill a vacancy or as an additional director may be appointed by:

- (a) the Company by ordinary resolution; or
- (b) the board.

No person (other than a director retiring by rotation or otherwise) will be appointed or re-appointed a director at any general meeting unless:

- (a) he is recommended by the board; or
- (b) not less than seven nor more than 42 clear days before the date appointed for the meeting there has been given to the Company, by a member (other than the person to be proposed) entitled to vote at the meeting, notice of his intention to propose a resolution for the appointment of that person, stating the particulars which would, if he were so appointed, be required to be included in the Company's register of directors and a notice executed by that person of his willingness to be appointed.

3.8.3 *Remuneration*

The directors (other than any director who for the time being holds an executive office of employment with the Company or a Subsidiary of the Company) will be paid out of the funds of the Company by way of remuneration for their services as determined by the directors. The aggregate of the fees

shall not exceed £250,000 per annum (or such larger sum as the Company may, by ordinary resolution, determine). Any fee shall be distinct from any remuneration or other amounts payable to a director under other provisions of the Articles and will accrue from day to day. The directors may be paid all travelling, hotel and other expenses properly incurred in and about the discharge of their duties as directors including expenses incurred in travelling to and from meetings of the board, committee meetings, general meetings and separate meetings of the holders of any class of securities of the Company.

3.8.4 *Retirement of directors*

At each annual general meeting any director who has been appointed by the board since the previous annual meeting and any director selected to retire by rotation shall retire from office.

3.8.5 *Retirement of directors by rotation*

At each annual general meeting of the Company, any director who has been appointed by the Board since the previous annual general meeting, or who held office at the time of the two preceding annual general meetings and who did not retire at either of them, or who has held office with the Company, other than employment or executive office, for a continuous period of nine years or more at the date of the meeting, is required to retire from office and may offer himself for re-appointment by the Shareholders.

The names of the directors to retire by rotation shall be stated in the notice of the annual general meeting or in any document accompanying the notice. The directors to retire on each occasion will be determined (both as to number or identity) by the composition of the board on the day which is 14 days prior to the date of the notice convening the annual general meeting and no directors will be required to retire or be relieved from retiring by reason of any change in the number or identity of the directors after that time but before the close of the meeting.

A director who retires at an annual general meeting (whether by rotation or otherwise), if willing to act, is eligible for re-appointment. If re-appointed, the director will be treated as continuing in office throughout. If the director is not re-appointed or is deemed to have been re-appointed in accordance with the Articles, the director will retain office until the close of the meeting at which he retires or (if earlier) when a resolution is passed at that meeting not to fill the vacancy or to appoint another person in his place or the resolution to re-appoint him is put to the meeting and lost.

If at any meeting at which the appointment of a director ought to take place the office vacated by a retiring director is not filled, the retiring director, if willing to act, will be deemed to be re-appointed, unless at the meeting a resolution is passed not to fill the vacancy or to appoint another person in his place or unless the resolution to re-appoint him is put to the meeting and lost.

3.8.6 *Removal of directors*

The Company may by ordinary resolution, of which special notice has been given in accordance with the Companies Act, remove any director before his period of office has expired notwithstanding anything in the Articles or in any agreement between him and the Company.

3.8.7 *Vacation of office of director*

Without prejudice to the provisions of the Articles for retirement or removal, the office of a director will be vacated:

- (a) if he ceases to be a director by virtue of any provision of the Companies Act or is prohibited by law from being a director;
- (b) if he becomes bankrupt or he makes any arrangement or composition with his creditors generally;
- (c) if a registered medical practitioner who is treating that person gives a written opinion to the Company stating that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;

- (d) if for more than six months he is absent (whether or not an alternate director attends in his place), without special leave of absence from the board, from meetings of the board held during that period and the board resolves that his office be vacated; or
- (e) if he serves on the Company notice of his wish to resign, in which event he will vacate office on the service of that notice on the Company or at such later time as is specified in the notice.

3.8.8 *Executive directors*

The board may appoint one or more directors to hold any executive office or employment under the Company and on such terms as the board determine.

A director appointed to any executive office or employment will automatically cease to hold that office if he ceases to be a director.

3.8.9 *Power to appoint alternate directors*

Each director may appoint another director or any other person who is willing to act as his alternate and may remove him from that office. The appointment as an alternate director of any person who is not himself a director shall be subject to the approval of a majority of the directors or a resolution of the board.

An alternate director will be entitled to receive notice of all meetings of the board and of all meetings of committees of which the director appointing him is a member, to attend and vote at any such meeting at which the director appointing him is not personally present and at the meeting to exercise and discharge all the functions, powers and duties of his appointor as a director and for the purposes of the proceedings at the meeting the provisions of the Articles will apply as if he were a director.

Every person acting as an alternate director shall have one vote for each director for whom he acts as alternate, in addition to his own vote if he is also a director, but he will count as only one for the purpose of determining whether a quorum is present.

3.8.10 *Directors' interests*

A director will not be entitled to vote on a resolution or (or attend or count in the quorum at those parts of a meeting regarding such resolution) relating to a transaction or arrangement with the Company in which he is interested save where the other directors resolve that he should be entitled to do so where they are satisfied that the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest or save in any of the following circumstances:

- (a) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company (or any of its Subsidiaries) or in respect of a debt or obligation of the Company (or any of its Subsidiaries) for which he has assumed responsibility, in whole or in part, under a guarantee or an indemnity or by the giving of security;
- (b) any contract concerning an offer of shares, debentures or other securities of or by the Company (or any of its Subsidiaries) for subscription or purchase in which offer he is or may be entitled to participate as a holder of securities or he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
- (c) any contract in which he is interested by virtue of his interest in shares, debentures or other securities of the Company or otherwise in or through the Company;
- (d) any contract concerning any other company in which he is interested, directly or indirectly, in 1 per cent. or more either of its equity share capital or of its voting rights;
- (e) any contract relating to an arrangement for the benefit of the employees of the Company (or any of its Subsidiaries) which does not award him any privilege or benefit not generally awarded to the employees to whom the arrangement relates;
- (f) any contract concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to both directors and employees of the Company;

- (g) any contract concerning the adoption, modification or operation of an employees' share scheme; and
- (h) any proposal concerning the purchase or maintenance of insurance for the benefit of persons including directors.

Subject to the interest of a director being duly declared, a contract entered into by or on behalf of the Company in which any director is any way interested will not be avoided nor will any director be liable to account to the Company for any benefit realised as a result of the contract.

A director will not vote or be counted in the quorum in relation to a resolution of concerning his own appointment (including fixing or varying its terms), or the termination of his own appointment.

Where proposals are under consideration concerning the appointment (including fixing or varying its terms) or the termination of the appointment of two or more directors, a separate resolution may be put in relation to each director and in that case, each director concerned (if not otherwise debarred from voting) is entitled to vote.

3.8.11 *Authorisation of conflicts of interest*

Where a situation occurs or is anticipated to occur which gives rise or may give rise to a conflict of interest (excluding a conflict of interest arising in relation to a transaction or arrangement with the Company) on the part of any director ("**Conflicted Director**") (other than a situation which cannot reasonably be regarded as likely to give rise to a conflict of interest), the matter will be referred to the directors other than the Conflicted Director (the "**Non-Conflicted Directors**").

The Non-Conflicted Directors will meet to consider the matter as soon as possible after the matter is referred to them and they have received all relevant particulars relating to the situation. The quorum for a meeting of the Non-Conflicted Directors will be the same as for a meeting of the board.

The Non-Conflicted Directors have authority to authorise any matter which gives rise to the conflict of interest concerned on such terms as they think fit. Any such terms may be varied by the Non-Conflicted Directors and the Non-Conflicted Directors may revoke such authority at any time insofar as it has not already been acted on. The Non-Conflicted Directors will communicate their decision promptly to each Conflicted Director.

A Conflicted Director will not be entitled to any information which is relevant to the matter giving rise to the conflict of interest except to the extent authorised by the Non-Conflicted Directors.

Where a matter giving rise to a conflict of interest is authorised by the Non-Conflicted Directors, the Conflicted Director will be released from any duty to disclose to the Company any confidential information relating to the matter in question which he receives or has received from a third party; and save as otherwise determined by the Non-Conflicted Directors at the time, (i) be released from any duty to attend or remain in attendance at a board meeting when the matter giving rise to a conflict of interest is due to be discussed; and (ii) when they authorise the matter, not be accountable to the Company for any benefit which he derives from such matter (excluding a benefit conferred on the director by a third party by reason of his being a director of the Company or by reason of his doing or not doing anything as a director of the Company).

Any confidential information which a Conflicted Director has received from the Company or in his capacity as a director of the Company will not be disclosed by him to any third party except insofar as permitted by the Non-Conflicted Directors.

The directors may authorise a matter which may give rise to a conflict of interest on the part of a person who is proposed to be appointed as a director to the board and any authorisation of such matter by the directors will promptly be communicated to such person and will apply to him on his appointment as a director.

3.8.12 *Benefits*

The board may exercise all the powers of the Company to pay, provide or procure the grant of pensions or other retirement or superannuation benefits and death, disability or other benefits allowances or gratuities to any person who is or who has at any time been a director of the Company or of any Associated Company (as defined in the Articles) or in the employment or service of the Company or any Associated Company or of the predecessors in business of the Company or any Associated Company (or the relatives or dependants of any such person).

3.8.13 *Powers of the board*

The business of the Company will be managed by the board which may exercise all the powers of the Company, subject to the provisions of the Companies Act and, the Articles. No alteration of the Articles will invalidate any prior act of the board which would have been valid if the alteration had not been made.

3.8.14 *Borrowing powers*

The board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property, assets (present and future) and uncalled capital and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The board will restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its Subsidiaries so as to secure (in relation to Subsidiaries only so far as by such exercise it can secure) that the aggregate principal amount outstanding at any time in respect of all borrowings by the Existing Group (exclusive of intra-group borrowing) will not, without the previous sanction of the Company in general meeting, exceed three times adjusted capital and reserves or any higher limit fixed by ordinary resolution of the Company which is applicable at the relevant time.

For this purpose, the adjusted capital and reserves means the aggregate of the amount paid up on the issued or allotted share capital of the Company and the amount standing to the credit of the reserves of the Existing Group (including share premium account, capital redemption reserve fund, property revaluation reserve and unappropriated balance of investment or grants), after adding or deducting any balance standing to the credit or debit of the Existing Group's profits and loss account, all as shown in the relevant balance sheet but adjusted as may be appropriate in respect of any variation in the amount of the paid up share capital, the share premium account or capital redemption reserve since the date of the relevant balance sheet, excluding amounts attributable to the share capital of any undertaking not owned by a Group Company (as defined in the Articles) and any sum set aside for taxation, and after deducting the amount of any distribution declared, recommended or made by any Group Company and after making such other adjustments (if any) as the board may consider appropriate or necessary and as are approved by the auditors.

3.8.15 *Indemnity of officers*

Subject to the provisions of and so far as may be permitted by and consistent with the Companies Act each current or former director or other officer (other than an auditor) of the Company or any Associated Company may be indemnified out of the assets of the Company against:

- (a) any liability incurred by or attaching to him in connection with any negligence, default, breach of duty or breach of trust in relation to the Company other than in the case of a current or former director:
 - (i) any liability to the Company or any Associated Company; and
 - (ii) any liability of the kind referred to in section 234(3) of the Companies Act; and
- (b) any liability incurred by or attaching to him in connection with the activities of the Company or any Associated Company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act) other than a liability of the kind referred to in section 235(3) of the Companies Act; and
- (c) any other liability incurred by or attaching to him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers.

For the purpose of this Article, references to “liability” will include all costs and expenses incurred by the current or former director or other officer (other than an auditor) in relation thereto.

Subject to the provisions of and so far as may be permitted by the Companies Act, the board may exercise all the powers of the Company to:

- (a) provide any current or former director or other officer (other than an auditor) of the Company with funds to meet expenditure incurred or to be incurred by him in defending any criminal or civil proceedings in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to the Company or an Associated Company, or in connection with any application for relief under the provisions mentioned in section 205(5) of the Companies Act;
- (b) do anything to enable any such person to avoid incurring expenditure; but
- (c) so that the terms set out in section 205(2) of the Companies Act will apply to any such provision of funds or other things so done. For the purpose of this Article references to “director” in section 205(2) of the Companies Act will be deemed to include references to a former director or other officer (other than an auditor) of the Company.

The board may purchase and maintain for or for the benefit of any person who holds or has at any time held a relevant office (as defined in the Articles), insurance against any liability or expense incurred by him in relation to the Company or any Associated Company or any third party in respect of any act or omission in the actual or purported discharge of his duties or otherwise in connection with holding his office.

3.8.16 *Delegation to individual directors*

The board may entrust to and confer upon any director any of its powers, authorities and discretions (with power to sub-delegate) on such terms and conditions as it thinks fit and may revoke or vary all or any of them, but no person dealing in good faith will be affected by any revocation or variation.

3.8.17 *Committees*

The board may delegate any of its powers, authorities and discretions (with power to sub-delegate) including without prejudice to the generality of the foregoing all powers, authorities and discretions whose exercise involves or may involve the payment of remuneration to, or the conferring of any other benefit on, all or any of the directors to any committee consisting of such person or persons (whether directors or not) as it thinks fit, provided that the majority of the members of the committee are directors and that no meeting of the committee will be quorate for the purpose of exercising any of its powers, authorities or discretions unless a majority of those present are directors.

3.8.18 *Board meetings*

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit.

3.8.19 *Notice of board meetings*

Notice of a board meeting will be deemed to be properly given to a director if it is given to him personally or by word of mouth or sent in hard copy form to him at his last known address or any other address given by him to the Company for this purpose or sent in electronic form to him at an address given by him to the Company for this purpose.

3.8.20 *Quorum*

The quorum necessary for the transaction of the business of the board may be fixed by the board and, unless so fixed at any other number, will be two. Subject to the provisions of the Articles, any director who ceases to be a director at a board meeting may continue to be present and to act as a director and be counted in the quorum until the termination of the Board meeting if no other director objects and if otherwise a quorum of directors would not be present.

3.8.21 *Voting*

Questions arising at any meeting will be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting will have a second or casting vote, unless he is not, in accordance with the Articles, to be counted as participating in the decision-making process for quorum, voting or agreement purposes.

3.8.22 *Telephone and video conference meetings*

A meeting of the board may consist of a conference between directors some or all of whom are in different places provided that each director who participates is able:

- (a) to hear each of the other participating directors addressing the meeting; and
- (b) if he wishes, to address all of the other participating directors simultaneously, whether by conference telephone or by video conference or by any other form of communications equipment (whether in use when the Articles are adopted or developed subsequently) or by a combination of any such methods.
- (c) A meeting held in this way is deemed to take place at the place where the largest group of participating directors is assembled or, if no such group is readily identifiable, at the place from where the chairman of the meeting participates.

3.8.23 *Resolutions in writing*

Any director may propose a directors' written resolution and the secretary must propose a written resolution if a director so requests. A resolution in writing signed by all the directors who are entitled to notice of a meeting of the board, to attend such meeting and to vote on such resolution will be as valid and effective as if it had been passed at a meeting of the board duly called and constituted provided that the number of directors signing the resolution is not less than the number of directors required for a quorum necessary for the transaction of the business of the board. The resolution may be contained in one document or in several documents in like form, each signed or approved by one or more of the directors concerned.

4. **SHARE OPTION PLAN**

The Share Option Plan summarised below allows options to be granted. The remuneration committee of the Company supervises, and will continue to supervise, the operation of the Share Option Plan.

4.1 **Eligibility**

Any employee of the Enlarged Group is eligible to participate at the discretion of the remuneration committee.

4.2 **Exercise price**

The exercise price per Ordinary Share will not be less than the market value at the date of grant.

4.3 **Performance conditions**

The exercise of options will normally be conditional on the achievement of a specified performance target determined by the remuneration committee when options are granted. Options granted on or before Admission will not be subject to a performance condition.

4.4 **Grant of options**

Options may normally only be granted within 42 days of the announcement by the Company of its interim or final results each year or a change in legislation. Options may be granted outside these periods to new employees or if the remuneration committee considers that there are sufficiently exceptional circumstances to justify the grant of options at that time. No payment is required for the grant of an option. No option may be granted more than ten years after Admission.

4.5 **Individual limit**

The total market value (at the relevant grant date) of Ordinary Shares comprised in options granted to an employee in the any financial year of the Company under the Share Option Plan (and any other discretionary employee share plan of the Company) may not exceed 200 per cent. of his annual basic remuneration save that the remuneration committee may grant additional options in exceptional circumstances. Benefits under the Share Option Plan are not pensionable.

4.6 **Exercise of options**

An option may normally only be exercised (subject to the satisfaction of performance conditions and continuing employment) after three years and within ten years from its grant. An option will normally lapse if the participant ceases to be an employee or director of the Enlarged Group. If a participant dies, his vested options may be exercised within 12 months after his death. Unvested options lapse save to the extent that the remuneration committee decides otherwise. On cessation of employment in other circumstances all options (whether vested or not) lapse save to the extent that the remuneration committee decides otherwise. In the event of a takeover, reconstruction, amalgamation or voluntary winding-up of the Company, unvested options will vest, subject to the achievement of performance targets and the period of time elapsed since the date of grant.

4.7 **Terms of options and issue of Ordinary Shares**

Options are neither transferable nor assignable. Ordinary Shares allotted will rank *pari passu* with all other issued Ordinary Shares of the Company save that they will not rank for any dividend or other rights attaching to such shares by reference to a record date prior to their issue. Existing Ordinary Shares may be used to satisfy the exercise of options.

4.8 **Variation of capital**

In the event of a variation of share capital the number and option price of Ordinary Shares subject to options shall be adjusted in such manner as the remuneration committee considers appropriate.

4.9 **Amendment**

The Company's directors may make amendments to the Share Option Plan, but no amendment may be made which would adversely affect any rights already acquired by a participant. No alteration to the advantage of participants may be made to provisions relating to the persons to whom options may be granted, the limits on the total number of Ordinary Shares over which options may be granted, the limits on the number of options which may be granted to any participant, the adjustments to be made in the event of a variation of share capital and the periods during or circumstances in which Options may be exercised (except for minor alterations to benefit the administration of the Share Option Plan, to take account of a change in legislation or to obtain or maintain favourable exchange control or regulatory treatment for participants or any member of the Enlarged Group).

4.10 **Overall limit**

In any ten year period the Company may not issue (or grant rights to issue) more than 10 per cent. of the issued ordinary share capital of the Company under the Share Option Plan and any other employee share plan adopted by the Company. Treasury shares will count as new issue shares for the purpose of this limit unless institutional guidelines cease to require such shares to be so counted. The options referred to in paragraph 4.3 (*Performance conditions*) above to be granted on Admission and options which lapse do not count for the purposes of the above limit.

5. **WARRANTS**

On 30 July 2015, the Company issued the Warrants to Luke Johnson. The Warrants, which represent approximately 10 per cent. of the Company's issued share capital following the issue of the new Ordinary Shares described in paragraph 2.3(f) of this Part VII, can be exercised in up to two tranches, and must be exercised by 30 June 2019, failing which they will lapse.

Were the Warrants to be exercised in full and assuming no other issues of new Ordinary Shares, Luke Johnson would be beneficially interested in approximately 27.5 per cent. of the enlarged share capital.

6. DIRECTORS', PROPOSED DIRECTORS' AND OTHER INTERESTS

- 6.1 As at 7 April 2016 (being the latest practicable date prior to the date of this document) and as expected to be held on Admission, the interests (all of which are beneficial) of the Directors and Proposed Directors (including any interest known to that Director or Proposed Director or which could with reasonable diligence be ascertained by him or any person connected with a director within the meaning of section 252 to 255 of the Companies Act) in the Company's issued share capital are or are expected to be as follows:

<i>Director</i>	<i>Before Admission</i>		<i>Following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Share Capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
Luke Johnson	3,000,000	18.49	7,545,455	23.82
Reuben Harley*	2,006,920	12.37	153,125	0.48
John Smith**	1,253,719	7.73	1,253,719	3.96
James Fallon	422,116	2.60	422,116	1.33
Leigh Nicolson	144,750	0.89	144,750	0.46
Paul Viner	0	0	54,000	0.17
Anne Martin	0	0	0	0
Joseph Tager	0	0	72,727	0.23

*Reuben Harley: beneficial interests include 3,125 Ordinary Shares owned by his wife, Helen Harley, and 150,000 shares held by his pension scheme.

**John Smith: 1,179,031 Ordinary Shares held by pension scheme at the date of this document.

- 6.2 As at 7 April 2016 (being the latest practicable date prior to the date of this document) and as expected to be held on Admission, the options issued to Directors and Proposed Directors under the Share Option Plan (unless otherwise stated) are or are expected to be as follows:

<i>Director</i>	<i>Before Admission</i>		<i>Following Admission</i>	
	<i>Number of Ordinary Shares under Option</i>	<i>Percentage of Existing Share Capital</i>	<i>Number of Ordinary Shares under Option</i>	<i>Percentage of Enlarged Share Capital</i>
Reuben Harley	40,625	0.25	40,625	0.13
John Smith	40,625	0.25	40,625	0.13
Leigh Nicolson	190,000	1.17	190,000	0.60
Paul Viner*	40,625	0.25	40,625	0.13
Anne Martin*	0	0	227,273	0.72
Joseph Tager*	0	0	40,625	0.13

*Unapproved options not under the Share Option Plan.

- 6.3 As of 30 July 2015, Luke Johnson holds the Warrants as described in paragraph 5 (*Warrants*) above.
- 6.4 Luke Johnson has undertaken pursuant to a deed not to dispose of any interest in any of the 3,000,000 Ordinary Shares issued to him on 30 July 2015 or any Ordinary Shares granted on exercise of the Warrants for 12 months from 30 July 2015, except in certain limited circumstances.

- 6.5 As at the date of this document, the Company is aware of the following existing Shareholders (other than any Director) who are or will be immediately following Admission be interested, directly or indirectly, in 3 per cent. or more of the Company's issued share capital:

<i>Director</i>	<i>Before Admission</i>		<i>Following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Share Capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
Schroder Investment Management	2,600,000	16.03	5,327,300	16.82
Helium Special Situation Fund	2,252,720	13.89	3,707,265	11.70
Hargreave Hale	1,456,675	8.98	3,305,221	10.43
City Financial	891,250	5.49	891,250	2.81
Blackrock Invt Mgmt (UK) Ltd	–	–	1,458,155	4.60
Legal & General Invt Mgmt Ltd	–	–	1,458,155	4.60
Miton Asset Mgmt Ltd	–	–	1,458,155	4.60
Soros	–	–	1,458,155	4.60

- 6.6 Save as disclosed in paragraph 6.1, paragraph 6.2 and paragraph 7.5 of this Part VII, the Company is not aware of any person who directly or indirectly, jointly or severally, exercises or could exercise control over the Company nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.
- 6.7 The persons including the Directors, referred to in paragraph 6.1 and paragraph 6.2 above, do not have voting rights that differ from those of other Shareholders.
- 6.8 None of the Company or the Directors is aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.
- 6.9 No Director has any interest in any transactions which are or were unusual in their nature or conditions or which are or were significant to the business of the Existing Group and which were effected by any member of the Existing Group in the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed.
- 6.10 Other than in respect of the Company, the Directors currently hold, and have during the past five preceding years from the date of this document held, the following directorships or partnerships:

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Previous directorships/partnerships (held in the past five years)</i>
Luke Johnson	3Sixty Restaurants Ltd AKA Group Ltd Arden Partners EBT Ltd Arden Partners plc Assembly Festival Ltd Beak Street Films Ltd Bread Acquisitions Ltd Bread Holdings Ltd Brompton Bicycle Ltd The Career Colleges Company (UK) Ltd Cedar Pharma Ltd Centre for Entrepreneurs Ltd Cradley Brook Ltd Cruise.co (Holdings) Ltd Draft House Holding Ltd Ego Group Ltd Ego Restaurants Holdings Ltd	Action on Addiction APT Controls Ltd Automotive Repair Solutions Ltd The Bishopsgate Foundation Buffet Restaurants Ltd Chrysalis Vision Ltd Clear Leisure PLC The Cobden Club Ltd Contiga Capital Management LLP The Curious Cook Ltd E2Exchange Ltd The Entrepreneurial Exchange (London) Ltd Flour Power City Ltd Forestrox Ltd Giraffe Concepts Ltd Harbour and Jones Ltd

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Previous directorships/partnerships (held in the past five years)</i>
Luke Johnson (continued)	Ego Restaurants Ltd Feng Sushi Ltd Fiery Dragons Ltd Galliard (Group) Ltd The Generation of Z Ltd The Genuine Dining Company Ltd Grand Union Company Ltd Halesend Estate Ltd Hermitage Valley Ltd ICR Enterprises Ltd The Institute of Cancer Research: Royal Cancer Hospital Ltd London 8 Ltd Majestic Bingo Ltd Majestic Bingo Online Limited Neilson Active Holidays (Holdings) Ltd Patisserie Acquisition Ltd Patisserie Holdings plc Patisserie Valerie Holdings Ltd Penyard House Acquisition Ltd Poseidon House Management Ltd RCP II Founder Partner LP RCP Co-Investment Partnership LP Recruitment Capital Partners LLP Risk Capital Ltd Risk Capital Partners II (GP) Ltd Risk Capital Partners II (Scotland) Ltd Risk Capital Partners LLP Small Batch Coffee Holdings Ltd Spice Bakery Ltd Superbrands Ltd Ten Alps plc Theatre Investment Fund Ltd Zoggs Group Limited	History Today Ltd Interquest Group plc Interquest (UK) Ltd Metro Bank PLC Metrodome Group Limited Phaidon Press Ltd Playful Productions LLP RSA Academies RSA Adelphi Enterprises Ltd Seafood Holdings Ltd Seafood Property Holdings LLP Signature Restaurants Ltd StartUp Britain Synarbor Limited Third Stage Productions Ltd Zoggs Acquisitions Limited
Reuben Harley	Barclub (Bath) Limited Barclub (Brighton) Limited Barclub (Cambridge) Limited Barclub (Deansgate Locks) Limited Barclub (East Street) Limited Barclub (Embargo) Limited Barclub (Liverpool) Limited Barclub (Manchester) Limited Barclub (Norwich) Limited Barclub (Peter Street) Limited Barclub (Sidney Street) Limited Barclub Trading Limited Barvest Limited Chalice Bars Ltd Eclectic Bars Limited Eclectic Icon Ltd HSB Clubs Limited Newman Bars Ltd Sakura Bars Limited The Woodman Battersea Ltd	Barvest (Wimbledon) Limited Creative Retail Limited Flashback (Club) Limited

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Previous directorships/partnerships (held in the past five years)</i>
John Smith	Barclub (Bath) Limited Barclub (Brighton) Limited Barclub (Cambridge) Limited Barclub (Deansgate Locks) Limited Barclub (Drury Lane) Limited Barclub (East Street) Limited Barclub (Embargo) Limited Barclub (Friar Street) Limited Barclub (Liverpool) Ltd Barclub (Manchester) Limited Barclub (Marylebone) Limited Barclub (Norwich) Limited Barclub (Peter Street) Limited Barclub (Sidney Street) Limited Barclub (West Street) Ltd Barclub Trading Limited Barvest Limited Chalice Bars Limited Cherwell Films LLP Clyde Films LLP Eclectic Bars Limited Eclectic Icon Ltd HSB Clubs Limited Newman Bars Ltd Sakura Bars Limited	
James Fallon	Barclub Trading Limited Eclectic Bars Limited Gray River Limited Graybridge Solutions Limited Mapledurham Limited	Chalice Bars Limited Lowlander Grand Cafe Limited Newman Bars Ltd
Leigh Nicolson	Barclub (Drury Lane) Limited Barclub (Marylebone) Limited	None
Paul Viner	Feng Sushi Limited Intelligent Goat Limited JW3 Trading Limited Majestic Bingo Limited	Giraffe Concepts Limited
Anne Martin	Westmoreland and Lancashire Enterprises Limited	Pantheon Business Solutions Ltd
Joseph Tager	3sixty Restaurants Limited Barnford Industries Ltd Busyglen Limited Draft House Holding Limited Ego Group Limited Ego Restaurants Holdings Limited Ego Restaurants Limited Faircastle Limited Feng Sushi Limited Follswick Ltd The Food Awards Company Limited Forestrox Limited The Genuine Dining Co. Limited Goodacre Ltd Grand Union Company Limited Greenquest Limited	Beer & Partners Limited The Curious Cook Limited Flour Power City Limited

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Previous directorships/partnerships (held in the past five years)</i>
Joseph Tager (continued)	Hexgold Ltd Leverwin Ltd Luxury Estates Ltd Majestic Bingo Limited Majestic Bingo Online Ltd Millwest Estates Ltd Newraven Estates Ltd Oaklawn Limited Penyard House Acquisition Limited Perma Limited Pidom Export Limited Risk Capital Limited Romeo Trading Company Limited Roughlea Properties Ltd Seldis Cooper Entertainments Limited Seldis Cooper Management Limited Solev Co. Limited Spillington Ltd Stenford Ltd Twin Capital Limited	

6.11 None of the Directors has any unspent convictions in relation to indictable offences.

6.12 None of the Directors has been the subject of any public criticism and/or investigation by any statutory or regulatory authority (including a recognised professional body).

6.13 Save as provided below, none of the Directors has been a director of a company at the time of, or within the 12 months preceding the date of, that company being the subject of a receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors:

Reuben Harley and John Smith were directors of Barvest Limited which had an administrative receiver appointed on 28 June 2006. The deficit to creditors is expected to be in the region of £1.5 million.

Reuben Harley and John Smith were directors of Barclub (Chelsea) Limited which was compulsorily wound up by an order of the High Court on 9 May 2007. There was no deficit to creditors.

Reuben Harley and John Smith were directors of Barclub (Leicester) Limited, a company which was the subject of a voluntary creditors winding up commenced on 21 December 2006. The deficit to creditors was £30,323.

John Smith was a director of certain companies in the First Leisure group of companies which went into insolvency procedures in 2004. The aggregate deficit to creditors was estimated at approximately £360,295,000. A large proportion of the deficit arose from the acceleration of amounts payable under leases of historic properties where the liability had reverted to the group. Details of the procedures are:

- (a) First Leisure Corporation plc had an administrative receiver appointed on 11 May 2004 and was compulsorily wound up by an order of the High Court on 15 December 2004. The company was restored to the register and was the subject of a company voluntary arrangement dated 9 February 2009;
- (b) First Leisure Trading Limited had an administrative receiver appointed on 11 May 2004 and was subsequently compulsorily wound up on 15 December 2004; and
- (c) First Leisure Holding Limited had an administrative receiver appointed on 11 May 2004.

Reuben Harley was a director of The Nightclub Company (UK) Limited within 12 months of the company being placed into administration on 22 December 2005. The company was subsequently placed into voluntary creditors winding up on 21 December 2006. At the conclusion of the winding up there was a deficit to unsecured creditors of £2,235,311.

James Fallon was a director of Lowlander Grand Cafe Limited, a company that was placed into administration on 26 October 2009 and was subsequently placed into voluntary creditors winding up on 9 July 2010. At the conclusion of the winding up there was a deficit to unsecured creditors of approximately £51,500.

Luke Johnson was a director of the following companies:

- (a) Automotive Repairs Ltd was wound up by the court in September 2012 and Luke Johnson was a director until his resignation in October 2011;
- (b) Bookshop Acquisitions Ltd and Borders (UK) Ltd entered administration in November 2009. Luke Johnson had previously been a director of these companies until July 2009. Bookshop Acquisitions Ltd and Borders (UK) Ltd were dissolved on 22 February 2013 and 27 August 2011 respectively;
- (c) English Classic Cars Limited, where Luke Johnson was a director from 8 December 1989 until its dissolution on 25 November 1995, was placed in insolvent liquidation on 6 April 1992;
- (d) Income Tax Professionals Ltd, a company of which Luke Johnson was non-executive chairman, entered creditors' voluntary liquidation in May 1999;
- (e) Just Tyres Holdings Ltd, a company of which Luke Johnson was non-executive chairman, entered administrative receivership in October 2001. The company was dissolved on 17 July 2007;
- (f) Robinbuy Limited, of which Luke Johnson was a non-executive director until 20 February 1997, was placed into liquidation on 24 February 1997 following its solvent reconstruction and was dissolved on 19 February 2000;
- (g) Sunday Business Newspapers Ltd entered administrative receivership in July 1997. Luke Johnson had previously been a non-executive director of the company until his resignation in March 1997. The company was dissolved on 18 May 2004; and
- (h) Utility Cable PLC entered administrative receivership in September 1998. Luke Johnson had previously been a non-executive director of the company until his resignation in May 1998. The company was dissolved on 23 November 2007.

Luke Johnson is also currently a director of The Cobden Club Ltd, which entered members' voluntary liquidation in July 2013 and is currently in liquidation.

Joseph Tager was a director of The Curious Cook Ltd which went into administration in August 2015.

- 6.14 None of the Directors has been a partner of a partnership at the time of, or within 12 months preceding the date of, that partnership being placed into compulsory liquidation or administration or being entered into a partnership voluntary arrangement nor in that time have the assets of any such partnership been the subject of a receivership.
- 6.15 No asset of any Director has at any time been the subject of a receivership.
- 6.16 None of the Directors is or has been bankrupt nor been the subject of any form of individual voluntary arrangement.
- 6.17 None of the Directors is or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- 6.18 Save as disclosed, there are no outstanding loans or guarantees provided by any member of the Existing Group for the benefit of any of the Directors nor are there any loans or any guarantees provided by any of the Directors for any member of the Existing Group.

7. DIRECTORS' AND PROPOSED DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

7.1 Executive Directors and Proposed Director

The following agreements have been entered into between the Directors and the Company:

- (a) a letter of appointment dated 15 June 2015 pursuant to which Luke Johnson is appointed as executive chairman of the Company. The appointment is for an initial period of three years but is terminable by either party on three months' written notice to expire at any time. The letter provides that no annual fee is payable to Luke Johnson in respect of his appointment;
- (b) a service agreement dated 20 November 2013 between the Company and Reuben Harley pursuant to which Reuben Harley is employed as Chief Executive of the Company, terminable by either party on 12 months' written notice, at a salary (subject to annual review) of £180,000 per annum and other benefits commensurate with his position including permanent health insurance, life assurance, a contribution to company car and a contribution of 10 per cent. of base salary towards pension fund;

On 8 April 2016 Reuben Harley entered into a compromise agreement with the Company in relation to the termination of his employment. The terms of the agreement are that the employment will cease on 31 May 2016 and Reuben Harley will receive payment in lieu of notice and compensation for loss of employment.

- (c) a service agreement dated 20 November 2013 between the Company and John Smith pursuant to which John Smith is employed as Finance Director of the Company, terminable by either party on 12 months' written notice, at a salary (subject to annual review) of £155,000 per annum and other benefits commensurate with his position including permanent health insurance, life assurance, a contribution to company car and a contribution of 10 per cent. of base salary towards pension fund;
- (d) a service agreement dated 28 July 2014 between the Company and Leigh Nicolson pursuant to which Leigh Nicolson is employed as Chief Operating Officer of the Company, terminable by either party on 12 months' written notice, at a salary (subject to annual review) of £100,000 per annum and other benefits commensurate with his position including permanent health insurance, life assurance, a contribution to company car and a contribution of 1 per cent. of base salary towards pension fund; and
- (e) a service agreement dated 8 April 2016 between the Company and Anne Martin pursuant to which Anne Martin is employed as an executive director of the Company with effect from Admission, terminable by either party on 12 months' written notice, at a salary (subject to annual review) of £125,000 per annum and other benefits commensurate with her position including permanent health insurance, life assurance, a contribution to company car and a contribution of 1 per cent. of base salary towards pension fund.

7.2 Non-Executive Directors

The following agreements have been entered into between the non-Executive Directors and the Company:

- (a) a letter of appointment dated 20 November 2013 pursuant to which James Fallon is appointed as a non-executive director of the Company. The appointment is for an initial period of three years but is terminable by either party on three months' written notice to expire at any time. The letter of appointment provides a gross annual fee of £30,000;
- (b) a letter of appointment dated 30 July 2015 pursuant to which Paul Viner is appointed as a non-executive director of the Company. The appointment is for an initial period of three years but is terminable by either party on three months' written notice to expire at any time. The letter of appointment provides a gross annual fee of £20,000, and on Admission the gross annual fee will increase to £30,000; and
- (c) a letter of appointment dated 8 April 2016 pursuant to which Joseph Tager is appointed as a non-executive director of the Company with effect from Admission. The appointment is for an initial period of three years but is terminable by either party on three months' written notice to expire at any time. The letter of appointment provides an annual fee of £30,000.

On 16 June 2015, Reuben Harley, John Smith and Leigh Nicolson agreed to take a salary reduction for a period of twelve months. The aggregate remuneration paid (including pension fund contributions and benefits in kind and taking into account the voluntary salary reductions) to the Directors by members of the Existing Group in respect of the year ended 28 June 2015 was approximately £624,000.

It is estimated that the aggregate remuneration including proposed fees for new non-executive directors, pension fund contributions and benefits in kind but excluding bonuses payable to the Directors by members of the Enlarged Group in respect of the current financial year (under the arrangements in force at the date of this document) is expected to be approximately £494,000.

In addition, Reuben Harley will receive an aggregate payment in lieu of notice and compensation for loss of employment of £196,500.

8. THE COMPANY AND ITS SUBSIDIARIES

- 8.1 The Company is the holding company of the Existing Group and has the following principal subsidiaries (each of which is wholly-owned, directly or indirectly, by the Company):

<i>Name</i>	<i>Country of registration or incorporation</i>	<i>Principal activity</i>
Eclectic Icon Limited	England & Wales	Holding company
Barclub (Marylebone) Limited	England & Wales	Holding company
Barclub (Drury Lane) Limited	England & Wales	Asset holding company
Eclectic Bars Limited	England & Wales	Funding entity
Newman Bars Limited	England & Wales	Management of bars
Chalice Bars Limited	England & Wales	Operation of bars
Barclub Trading Limited	England & Wales	Management & operation of bars
Barclub (Bath) Limited	England & Wales	Management of bars
Barclub (Brighton) Limited	England & Wales	Dormant
Barclub (Cambridge) Limited	England & Wales	Dormant
Barclub (Deansgate Locks) Limited	England & Wales	Dormant
Barclub (East Street) Limited	England & Wales	Dormant
Barclub (Embargo) Limited	England & Wales	Dormant
Barclub (Friar Street) Limited	England & Wales	Dormant
Barclub (Lincoln) Limited	England & Wales	Dormant
Barclub (Liverpool) Limited	England & Wales	Dormant
Barclub (Manchester) Limited	England & Wales	Dormant
Barclub (Norwich) Limited	England & Wales	Dormant
Barclub (Peter Street) Limited	England & Wales	Dormant
Barclub (Reading) Limited	England & Wales	Dormant
Barclub (Sidney Street) Limited	England & Wales	Dormant
Barclub (West Street) Limited	England & Wales	Dormant
HSB Clubs Limited	England & Wales	Dormant
HSB Clubs Limited	England & Wales	Dormant
Sakura Bars Limited	England & Wales	Dormant

- 8.2 Each of the subsidiaries has their registered office at 36 Drury Lane, London WC2B 5RR. Each company operates principally within the UK.

- 8.3 Following Admission, PierCo will become a wholly owned subsidiary of the Company.

9. PRINCIPAL ESTABLISHMENTS

9.1 The principal establishments of the Existing Group are leasehold properties and one freehold property and are as follows:

<i>Unit</i>	<i>Location</i>	<i>Tenure</i>
Bath Po Na Na	North Parade Bath Avon BA2 4AL	Leasehold
Brighton Dirty Blonde	Unit 3 75/79 East Street Brighton BN1 1NF	Leasehold
Brighton Lola Lo	75/79 East Street Brighton BN1 1NF	Leasehold
Bristol Lola Lo	Queen's Road Bristol Avon BS8 1QL	Leasehold
Brighton Coalition	171-181 Kings Road Arches Brighton	Leasehold
Cambridge Lola Lo	Guildhall Chambers Guildhall Street Cambridge CB2 3QF	Leasehold
Cambridge Fez	Unit E 15 Market Passage Sidney Street Cambridge C32 3HX	Leasehold
Covent Garden Lowlander	36 Drury Lane London WC2B 5RR	Leasehold
Derby Lola Lo	Victoria Street Derby DE1 LEQ	Freehold (and legal easement over the use of the fire exit)
Edinburgh Lola Lo	43B Frederick Street Edinburgh EH2 1EP	Leasehold
Embargo Republica	533b Kings Road London SW10 0TZ	Leasehold
Lincoln Lola Lo	280-281 High Street Lincoln LN2 1JG	Leasehold
Liverpool Lola Lo	Ground & 1st Floors 13-21 (odd) Seel Street Liverpool	Leasehold
Manchester Lola Lo	Deansgate Locks Manchester M1 5LH	Leasehold

<i>Unit</i>	<i>Location</i>	<i>Tenure</i>
Manchester Sakura	Arch 2 Deansgate Lock Manchester M1 5LH	Leasehold
Oxford Lola Lo	13-15 Magdalen Street Oxford OX1 3AE	Leasehold
Putney Fez	Zeeta House 200b Upper Richmond Road Putney London SW15 2SH	Leasehold
Reading Sakura	5-6 Gun Street Reading RG1 2JR	Leasehold
Reading Lola Lo	126/127 Friar Street Reading RG1 1EP	Leasehold
Sheffield Varsity	173-179 West St Sheffield South Yorkshire S1 4EW	Leasehold
Wimbledon Po Na Na	82 The Broadway Wimbledon SW19 1RH	Leasehold

- 9.2 The principal establishment of PierCo is the freehold property situated at Brighton Pier, Madeira Drive, Brighton, East Sussex, BN2 1TW.

10. PLACING OF NEW ORDINARY SHARES

Under the Placing Agreement, Panmure Gordon and Arden Partners have agreed (conditionally, *inter alia*, on Admission taking place not later than 12 May 2016) to act as agents for the Company to use their reasonable endeavours to procure subscribers for the New Ordinary Shares at the Placing Price.

Under the Placing Agreement and subject to its becoming unconditional, the Company has agreed to pay Panmure Gordon and Arden Partners commissions aggregating to 3.0 per cent. of the aggregate value of the New Ordinary Shares, at the Placing Price, placed by each of them, together with any applicable VAT.

Panmure Gordon will also be paid a corporate finance fee of £150,000, together with any applicable VAT.

The Company will pay certain other costs and expenses (including any applicable VAT) of, or incidental to, the Placing including all fees and expenses payable in connection with Admission, expenses of the registrars, printing and advertising expenses, postage and all other legal, accounting and other professional fees and expenses.

The Placing Agreement contains representations and warranties given by the Company and indemnities given by the Company to Panmure Gordon and Arden Partners as to the accuracy of the information contained in this document and other matters relating to the Existing Group and its business. Panmure Gordon and Arden Partners are entitled to terminate the Placing Agreement in certain specified circumstances prior to Admission.

11. THE TAKEOVER CODE AND COMPANIES ACT

11.1 Mandatory takeover bids

The Takeover Code applies to all takeover and merger transactions in relation to the Company, and operates principally to ensure that shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment. The Takeover Code provides an orderly framework within which takeovers are conducted.

The Takeover Code is based upon a number of General Principles which are essentially statements of standards of commercial behaviour. General Principle One states that all holders of securities of an offeree company of the same class must be afforded equivalent treatment and if a person acquires control of a company, the other holders of securities must be protected. This is reinforced by Rule 9 of the Takeover Code which requires a person, together with persons acting in concert with him, who acquires shares carrying voting rights which amount to 30 per cent. or more of the voting rights to make a general offer. **“Voting rights”** for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting. A general offer will also be required where a person who, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights, acquires additional shares which increase his percentage of the voting rights. Unless the Panel consents, the offer must be made to all other shareholders, be in cash (or have a cash alternative) and cannot be conditional on anything other than the securing of acceptances which will result in the offeror and persons acting in concert with him holding shares carrying more than 50 per cent. of the voting rights.

There are not in existence any current mandatory takeover bids in relation to the Company.

11.2 Squeeze out

Section 979 of the Companies Act provides that if, within certain time limits, an offer is made for the share capital of the Company, the offeror is entitled to acquire compulsorily any remaining shares if it has, by virtue of acceptances of the offer, acquired or unconditionally contracted to acquire not less than 90 per cent. in value of the shares to which the offer relates and in a case where the shares to which the offer relates are voting shares, not less than 90 per cent. of the voting rights carried by those shares. The offeror would effect the compulsory acquisition by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their shares and then, six weeks from the date of the notice, pay the consideration for the shares to the Company to hold on trust for the outstanding shareholders. The consideration offered to shareholders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration available under the takeover offer.

11.3 Sell Out

Section 983 of the Companies Act permits a minority shareholder to require an offeror to acquire its shares if the offeror has acquired or contracted to acquire shares in the Company which amount to not less than 90 per cent. in value of all the voting shares in the Company and carry not less than 90 per cent. of the voting rights. Certain time limits apply to this entitlement. If a shareholder exercises its rights under these provisions, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

11.4 Pre-emption Rights

The Company is subject to the provisions of section 561 of the Companies Act (which confers on Shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) which apply to the unissued share capital of the Company which is not subject to an existing disapplication as referred to in paragraph 2.7.2 of this Part VII.

12. NOTIFICATIONS OF SHAREHOLDINGS

The provisions of DTR 5 will apply to the Company and its Shareholders once its shares are admitted to AIM. DTR 5 sets out the notification requirements for Shareholders and the Company where the voting rights of a Shareholder exceed, reach or fall below the threshold of 3 per cent. and each 1 per cent. thereafter up to 100 per cent. DTR 5 provides that disclosure by a Shareholder to the Company must be made within two trading days of the event giving rise to the notification requirement and the Company must release details to a regulatory information service as soon as possible following receipt of a notification.

13. UK TAXATION

The following statements are intended only as a general guide to certain UK tax considerations and do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of Ordinary Shares. The following statements are based on current UK legislation and what is understood to be the current practice of HMRC as at the date of this document, both of which may change, possibly with retroactive effect. They apply only to Shareholders who are resident (and in the case of individual Shareholders, resident and domiciled) for tax purposes in (and only in) the UK (except insofar as express reference is made to the treatment of non-UK residents), who hold their Ordinary Shares as an investment (other than under an individual savings account), and who are the absolute beneficial owners of both their Ordinary Shares and any dividends paid on them. The tax position of certain categories of Shareholders who are subject to special rules (such as persons acquiring Ordinary Shares in connection with employment, dealers in securities, insurance companies and collective investment schemes) or trustees and beneficiaries as regards shares held in trust is not considered.

Any person who is in any doubt about his taxation position or who may be subject to tax in a jurisdiction other than the UK is strongly recommended to consult his own professional advisers.

13.1 Taxation of chargeable gains

13.1.1 UK tax resident Shareholders

Shares qualifying for EIS income tax relief or VCT relief are not subject to CGT on disposal. The following comments are only applicable if relief is not available or is withdrawn.

13.1.2 Disposals

If a Shareholder sells or otherwise disposes of all or some of the Ordinary Shares, he may, depending on his circumstances and subject to any available exemption or relief, incur a liability to CGT.

HMRC have confirmed that securities dealt with on AIM will not be treated as listed or quoted securities for tax purposes. There are a number of tax reliefs available for unquoted securities (subject to a number of different requirements in each case) and anyone who requires further information on their availability should consult an appropriate professional adviser.

13.1.3 Non-UK tax resident Shareholders

A Shareholder who is not resident for tax purposes in the UK will not generally be subject to CGT on a disposal of Ordinary Shares unless the Shareholder is carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate Shareholder, a permanent establishment) in connection with which the Ordinary Shares are used, held or acquired.

Such Shareholders may be subject to foreign taxation on any gain under local law.

An individual Shareholder who has ceased to be resident for tax purposes in the UK for a period of less than five tax years and who disposes of all or part of his Ordinary Shares during that period may be liable to CGT on his return to the UK, subject to available exemptions or reliefs.

13.2 Taxation of dividends

The Company is not required to withhold tax when paying a dividend. Liability to tax on dividends will depend upon the individual circumstances of a Shareholder.

Dividends will not be subject to UK income tax if the holding of Ordinary Shares qualifies for VCT relief. The following comments are therefore only relevant if VCT relief is not available or is withdrawn.

An individual Shareholder who is resident for tax purposes in the UK and who receives a dividend from the Company will generally be subject to income tax on the dividend.

In the summer budget on 8 July 2015 changes were proposed to the way in which dividends will be taxed from 6 April 2016 onwards. Legislation enacting these changes is expected to be included in the Finance Bill 2016 and the tax treatment of dividends following this date is expected to be as follows:

The first £5,000 of dividends from all the shareholdings of a taxpayer is exempt from UK income tax, but this tax-free amount does not reduce total taxable income. Dividend income counts as taxable income when determining how much of a taxpayer's basic or higher rate band has been used.

An individual UK resident Shareholder who is subject to income tax at a rate or rates not exceeding the basic rate will be liable to tax on the dividend (to the extent that the dividend exceeds the taxpayer's £5,000 exemption) at the rate of 7.5 per cent. A Shareholder who is subject to income tax at the higher rate will be liable to income tax on the dividend at the rate of 32.5 per cent. to the extent that such sum falls within the higher rate income tax band. A Shareholder who is subject to income tax at the additional rate will be liable to income tax on the dividend at the rate of 38.1 per cent. to the extent that such sum, when treated as the top slice of the Shareholder's income, falls above the threshold for additional rate income tax.

Corporate Shareholders who are UK resident should note that legislation has been enacted that has made significant changes to the corporation tax treatment of dividends. The legislation removes the previous blanket exemption from corporation tax that generally applied to dividends paid by one UK resident company to another and replaces it with more limited classes of exemption. Although it is likely that most dividends paid on the Ordinary Shares to UK resident corporate Shareholders would fall within one or more of the classes of dividend qualifying for exemption from corporation tax the exemptions are not comprehensive and are also subject to anti-avoidance rules. Shareholders within the charge to corporation tax should consult their own professional advisers.

A Shareholder resident outside the UK may be subject to foreign taxation on dividend income under local law. A Shareholder who is resident outside the UK for tax purposes should consult his own tax adviser concerning his tax position on dividends received from the Company.

13.3 UK stamp duty and SDRT

13.3.1 No stamp duty or SDRT will arise on the issue or allotment of the New Ordinary Shares by the Company pursuant to the Placing.

13.3.2 The Finance Act 2014 introduced provisions that exempt shares admitted to trading on AIM from stamp duty and SDRT applying with effect from 28 April 2014. As a result of the new provisions, transfers of securities admitted to trading on certain recognised growth markets (presently including AIM) are exempt from stamp duty and SDRT, provided that the securities are not "listed" on a recognised stock exchange. As such, following Admission subsequent transfers of Ordinary Shares for value should not give rise to either stamp duty or SDRT.

14. MATERIAL CONTRACTS

14.1 Material contracts in relation to the Existing Group

Other than leases of properties described in paragraph 9 (Principal establishments) above, the following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by members of the Existing Group in the two years immediately preceding the date of this document or which are expected to be entered into prior to Admission and which are, or may be, material or which have been entered into at any time by any member of the Existing Group and which contain any provision under which any member of the Existing Group

has any obligation or entitlement which is, or may be, material to the Existing Group as at the date of this document:

- 14.1.1 On 8 April 2016 Barclub (Marylebone) Limited and the Company entered into the Share Purchase Agreement which provides for the acquisition by Barclub (Marylebone) Limited of the entire issued share capital of PierCo from the Sellers.

The Share Purchase Agreement is conditional upon *inter alia* the passing of the Resolutions, the Placing Agreement not being terminated and Admission. If the conditions are not satisfied by 12 May 2016 then the Share Purchase Agreement will terminate automatically.

The Share Purchase Agreement provides for the acquisition of certain equipment used in the business of PierCo by Barclub (Drury Lane) Limited from Repset Limited (the **"Equipment Transfer"**).

The total consideration payable under the Share Purchase Agreement and the Equipment Transfer is approximately £18,000,000. The consideration is calculated on a debt free cash free basis and is subject to certain adjustments for working capital and historic and future capital expenditure.

The Share Purchase Agreement contains customary warranties from the Sellers as to title and capacity and standard warranties and indemnities from Addbudget Limited (the principle Seller). The obligations of the Sellers under the Share Purchase Agreement are guaranteed by Red Pepper (UK) Limited and the Company has guaranteed the obligations of Barclub (Marylebone) Limited;

- 14.1.2 the Placing Agreement, details of which are set out in paragraph 10 (Placing) above; and

- 14.1.3 On 8 April 2016 Barclub (Marylebone) Limited ("Marylebone"), Barclub (Drury Lane) Limited (**"Drury Lane"**) the Company and various other subsidiaries of the Company entered into a facility agreement with Barclays Bank plc (**"Barclays"**) (the **"Facility Agreement"**). Under The Facility Agreement Barclays agreed with effect from and conditional upon, *inter alia*, Completion to make term loan facilities (repayable on the fifth anniversary of the Facility Agreement) of in aggregate £12 million availability to Marylebone and Drury Lane and PierCo and to make a revolving credit facility of £1,000,000 available to the Enlarged Group. The Facility Agreement provides for the Company and various members of the Enlarged Group to provide cross guarantees and debentures in relation to the facilities provided by Barclays. The Facility Agreement provided for various covenants, financial covenants and undertakings to be given to Barclays and puts certain restrictions on the operation of the Enlarged Group. The Bank Facility provides for early repayment of the facilities in certain circumstances including breach, insolvency and a change in control of the Company.

- 14.1.4 An agreement dated 7 April 2016 between the Company and Twin Capital Limited (a company of which Joseph Tager is the sole director) under which the Company has agreed to pay Twin Capital Limited a fee of £25,000 plus VAT for corporate finance services in connection with the Acquisition, payable on Admission.

14.2 **Material contracts in relation to PierCo**

There are no contracts (not being contracts entered into in the ordinary course of business) which have been entered into by PierCo in the two years immediately preceding the date of this document or which are expected to be entered into prior to Admission and which are, or may be, material or which have been entered into at any time by PierCo and which contain any provision under which PierCo has any obligation or entitlement which is, or may be, material to PierCo as at the date of this document.

15. RELATED PARTY TRANSACTIONS

Save as set out in paragraph 10 of Part I and the Financial Information on the Company in Part V of this document and the financial statements and notes to the accounts in the audited annual reports of the Company for each of the financial years ended 30 June 2013, 29 June 2014 and 28 June 2015, and the unaudited half-yearly report for the period ended 27 December 2015, there are no related party transactions which, as a single transaction or in their entirety, are or may be material to the Company and have been entered into by the Company or any other member of the Existing Group during the period covered by historical financial information and up-to-date of this document.

16. WORKING CAPITAL

The Directors are of the opinion (having made due and careful enquiry) that, after taking into account the financing facilities available and the net proceeds of the Placing, the working capital of the Enlarged Group will be sufficient for its present requirements, that is, for at least the period of 12 months from the date of Admission.

17. LITIGATION

No member of the Enlarged Group is or has been involved in any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this document, a significant effect on the Enlarged Group's financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened against any member of the Enlarged Group.

18. GENERAL

- 18.1 There has been no significant change in the financial or trading position of the Existing Group since 27 December 2015, being the date to which the last published financial information of the Existing Group was prepared.
- 18.2 There has been no significant change in the financial or trading position of PierCo since 31 October 2015, the date to which the last audited accounts of PierCo were prepared.
- 18.3 The estimated costs and expenses relating to the Placing (including those fees and commissions referred to in paragraph 9 (*Principal establishments*) above) payable by the Company are estimated to amount to approximately £0.8 million (excluding VAT). The total net proceeds of the Placing, after settling fees, will be £7.7 million.
- 18.4 The Company's gross proceeds from the Placing is expected to be approximately £8.5 million which will be applied as follows:
- | | | |
|-----|--|--------------|
| (a) | Funding the Acquisition | £6.0 million |
| (b) | Costs and expenses payable under the Placing | £0.8 million |
| (c) | Working capital for the Enlarged Group and costs and expenses payable in respect of the Company's new banking facilities | £1.7 million |
- 18.5 The financial information set out in this document relating to the Existing Group does not constitute statutory accounts within the meaning of section 434 of the Companies Act. Ernst & Young, chartered accountants of 1 More London Place, London SE1 2AF have been the auditors of the Existing Group for the three financial years ended 28 June 2015 and have given unqualified audit reports on the statutory accounts of the Existing Group for those financial years within the meaning of section 495 of the Companies Act. None of those reports contained any statements under sub-section 498(2) or (3) of the Companies Act. Statutory accounts of each member of the Existing Group for each of the three financial years ended 28 June 2015 have been delivered to the registrar of Companies in England and Wales pursuant to section 441 of the Companies Act.
- 18.6 Grant Thornton as reporting accountants has given and not withdrawn their written consent to the inclusion in this document of their report in Part VI in the form and in the context in which it appears. Grant Thornton has no material interest in the Company.

- 18.7 To the extent that information in this document has been sourced from third parties, has been accurately reproduced and as far as the Company is aware and has been able to ascertain from information published by third party, no facts have been omitted which render the reproduced information inaccurate or misleading.
- 18.8 Panmure Gordon is registered in England and Wales under number 04915201 and its registered office is at One New Change, London, EC4M 9AF. Panmure Gordon is regulated by the FCA and is acting in the capacity as nominated adviser, financial adviser and joint broker to the Company.
- 18.9 Panmure Gordon has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- 18.10 Arden Partners is registered in England and Wales under number 04427253 and its registered office is at Arden House, 17 Highfield Road, Edgbaston, Birmingham, B15 3DU. Arden Partners is regulated by the FCA and is acting in the capacity as joint broker to the Company.
- 18.11 Arden Partners has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- 18.12 Save for the licences required to operate its bars there are no patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Existing Group's business or profitability.
- 18.13 Save as disclosed in paragraph 14.1.4 of this Part VII, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:
- (a) received, directly or indirectly, from the Company within the 12 months preceding the date of application for Admission; or
 - (b) entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission, any of the following:
 - (i) fees totalling £10,000 or more;
 - (ii) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or
 - (iii) any other benefit with a value of £10,000 or more at the date of Admission.
- 18.14 CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Ordinary Shares have been made eligible for settlement in CREST by means of a resolution of the Board passed on 20 November 2013, with the necessary notice having been given to all members of the Company at that time, as contemplated by the CREST Regulations.
- 18.15 Assuming the Placing becomes unconditional, the Existing Ordinary Shares will be diluted by 48.8 per cent.

8 April 2016

NOTICE OF GENERAL MEETING

ECLECTIC BAR GROUP PLC

(Registered number 08687172)

NOTICE IS HEREBY GIVEN that a general meeting of ECLECTIC BAR GROUP PLC (the “**Company**”) will be held at Panmure Gordon, One New Change, London EC4M 9AF at 10.00 am on 26 April 2016 to consider and pass the resolutions below. Resolutions 1 and 2 will be proposed as ordinary resolutions and resolutions 3 and 4 will be proposed as special resolutions:

ORDINARY RESOLUTIONS

1. THAT, the proposed acquisition by the Company of the entire issued share capital of The Brighton Marine Palace and Pier Company, pursuant to a share purchase agreement dated 8 April 2016 and entered into between (1) Addbudget Limited and Philip Noble, Philip Noble & David James Horrocks, David James Horrocks & Ian Imrie all as trustees of bare trusts in favour of Addbudget Limited as sellers, (2) Barclub (Marylebone) Limited as buyer, (3) Red Poppy (UK) Limited as guarantor of the sellers’ obligations and (4) the Company as guarantor of the buyer’s obligations (the “**Share Purchase Agreement**”), on the terms summarised in the admission document issued by the Company dated 8 April 2016 (the “**Admission Document**”), be and is hereby approved in accordance with Rule 14 of the AIM Rules for Companies and the directors of the Company (or a duly constituted committee thereof) be and they are hereby authorised to cause the Share Purchase Agreement and all documents and matters provided in it and related to it to be completed and at their discretion to amend, waive, vary and/or extend any of the terms of the Share Purchase Agreement and/or any other document referred to in it or connected with it in whatever way they consider to become necessary or desirable, and to do all such things as they may consider necessary, expedient or appropriate (provided that any modifications to the Share Purchase Agreement or other documents are not material modifications in the context of the proposed transaction as a whole).
2. THAT, subject to and conditional on the passing of the Resolution 1 and in substitution of the existing authorities, the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “**Act**”) to allot:
 - (a) the New Ordinary Shares (as defined in the Admission Document) pursuant to the Placing (as defined in the Admission Document) up to an aggregate nominal value of £3,863,636.50;
 - (b) shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £2,639,773.92; and in addition
 - (c) equity securities of the Company (within the meaning of section 560 of the Act) in connection with an offer of such securities by way of a rights issue (as defined in the paragraph below) up to an aggregate nominal amount of £2,639,773.92,

provided that this authority shall expire on 30 December 2016 or, if earlier, the conclusion of the next annual general meeting of the Company but, in each case, so that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or convert securities into shares pursuant to such an offer or agreement as if this authority had not expired.

“**Rights issue**” means an offer to:

- (a) holders of ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to the respective number of ordinary shares held by them; and
- (b) holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities,

to subscribe for further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, but subject in both cases to such exclusions or other arrangements as the Directors may deem necessary or

expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

SPECIAL RESOLUTIONS

3. THAT, subject to and conditional on the passing of resolution number 2, and in substitution of the existing powers, the Directors be empowered, pursuant to section 570 of the Act, to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution number 2 and/or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Act, in each case:
- (a) pursuant to the Placing (as defined in the Admission Document) up to an aggregate nominal value of £3,863,636.50;
 - (b) in connection with an offer of such securities by way of a rights issue (as defined in the resolution number 2); and
 - (c) (otherwise than pursuant to paragraphs 3(a) and 3(b) above), up to an aggregate nominal amount of £791,932.18,

as if section 561(1) of the Act did not apply to any such allotment, such authority to expire on 30 December 2016 or, if earlier, the conclusion of the next annual general meeting of the Company, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.

4. THAT, the name of the Company be changed to The Brighton Pier Group Plc.

By order of the board

Secretary

Dated: 8 April 2016

Registered office: 36 Drury Lane, London, WC2B 5RR.

Registered in England and Wales with number 08687172

Notes to Notice of General Meeting

1. Entitlement to vote

To be entitled to attend and vote at the General Meeting, shareholders must be registered on the register of members of the Company at 6.00 p.m. on 22 April 2016 (or, in the event of any adjournment, 6.00 pm on the date which is two days before the time of the adjourned meeting). Changes to entries on the relevant register of securities after the relevant deadline shall be disregarded in determining the rights of any person to attend or vote at the General Meeting.

2. Proxy appointments

Shareholders are entitled to appoint a Proxy to exercise all or any of their rights to attend, speak and to vote on their behalf at the meeting. A shareholder may appoint more than one Proxy in relation to the General Meeting provided that each Proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A Proxy need not be a member of the Company.

A Proxy Form is enclosed with this notice and instructions for its completion are shown on the form. To be valid any Proxy Form or other instrument appointing a Proxy must reach the Company's registrars, Equiniti Limited, by 10.00 a.m. on 22 April 2016. Completing a Proxy Form does not prevent a shareholder from attending and voting in person. A vote withheld option is provided on the Proxy Form to enable you to instruct your Proxy to abstain on any particular resolution. However, it should be noted that a "vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" and "Against" a resolution.

A shareholder must inform the Company's registrars in writing of any termination of the authority of a Proxy.

3. Voting at meeting

All resolutions will be taken on a show of hands, unless a poll is demanded.

4. Corporate representatives

Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf of all its powers as a shareholder provided that they do not do so in relation to the same shares.

5. Right to ask questions at the General Meeting

During the meeting there will be an opportunity for shareholders, proxies or corporate representatives to ask questions relevant to the business of the meeting.

