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THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “**US SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED, SOLD, RESOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (“**US PERSONS**”) AS DEFINED IN REGULATION S UNDER THE US SECURITIES ACT (“**REGULATION S**”), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT. THE SECURITIES ARE BEING OFFERED AND SOLD IN OFFSHORE TRANSACTIONS OUTSIDE OF THE UNITED STATES TO PERSONS THAT ARE NOT US PERSONS OR ACTING FOR THE ACCOUNT OR BENEFIT OF US PERSONS, IN RELIANCE ON REGULATION S. THERE WILL BE NO OFFERS OR SALES OF SECURITIES IN THE UNITED STATES.

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REVOLUTION

BARS GROUP



REVOLUTION



Revolución de Cuba
RUM BAR • CANTINA



PROSPECTUS
FEBRUARY 2015

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice immediately from an independent financial adviser who specialises in advising on shares or other securities and who is authorised under FSMA.

This document, which comprises a prospectus relating to the Company for the purposes of Article 3 of the Prospectus Directive, has been prepared in accordance with the Prospectus Rules. A copy of this document has been filed with, and approved by, the FCA pursuant to section 87A of FSMA and has been made available to the public in accordance with paragraph 3.2.1 of the Prospectus Rules.

Applications will be made for all of the Ordinary Shares, which comprise the entire issued ordinary share capital of the Company, to be admitted to the premium listing segment of the Official List and to trading on the LSE Main Market. Conditional dealings in the Ordinary Shares are expected to commence on the LSE Main Market on 13 March 2015. It is expected that Admission will become effective and that unconditional dealings in the Ordinary Shares will commence on the LSE Main Market at 8.00 a.m. on 18 March 2015. All dealings in Ordinary Shares prior to the commencement of unconditional dealings will be on a “when issued” basis and will be of no effect if Admission does not take place. Such dealings will be at the sole risk of the parties concerned. No application has been, or is currently intended to be, made for the Ordinary Shares to be admitted to listing or dealt with on any other exchange. The Ordinary Shares will, on Admission, rank *pari passu* in all respects with each other, including in respect of all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission.

The Directors (whose names are set out in Part 4 (*Directors, Registered Office, Secretary and Advisers*)) and the Company accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company (each of whom has 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.

Prospective investors should read the whole of this document and, in particular, the risk factors set out in Part 2 (*Risk Factors*) when considering an investment in the Ordinary Shares.



Revolution Bars Group plc

(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 08838504)

**Offer of up to 48,124,423 Ordinary Shares of 0.1 pence each
at an Offer Price expected to be between 200 pence and 240 pence per Ordinary Share
and admission to the premium listing segment of the Official List
and to trading on the Main Market of the London Stock Exchange**

Sole Sponsor, Financial Adviser, Bookrunner and Underwriter

Numis Securities Limited

ORDINARY SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION

Issued and fully paid

Number	Nominal value
50,000,000	£50,000

This document does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase, any securities other than the securities to which it relates or any offer or invitation to sell, or any solicitation of any offer to purchase, such securities by any person in any circumstances in which such offer or solicitation is unlawful.

Numis, which is authorised and regulated in the United Kingdom by the FCA, has been appointed as sole sponsor, financial adviser, bookrunner and underwriter in connection with the Offer. Numis is acting for the Company and no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this document) as its client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Offer or the contents of this document, or any transaction or arrangement referred to in this document. Apart from the responsibilities and liabilities, if any, which may be imposed on Numis by FSMA or the regulatory regime established thereunder, Numis does not accept any responsibility or liability whatsoever, and makes no representation or warranty, express or implied, in relation to the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on behalf of it, the Company, the Directors or any other person in connection with the Offer or Admission, and nothing in this document is or shall be relied upon as a promise or representation in this respect, whether as to the past or the future. Numis accordingly disclaims all and any liability, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this document or any such statement.

The date of this document is 27 February 2015.

THE OFFER

The Selling Shareholder is offering for sale an aggregate of between 38,213,764 and 48,124,423 Ordinary Shares in the Offer as described in Part 12 (*Details of the Offer*). The Company will not receive any of the proceeds from the sale of Offer Shares, all of which will be received by the Selling Shareholder.

The Price Range and the Offer Size Range have been jointly determined by the Company, the Selling Shareholder and Numis. It is currently expected that the Offer Price and the Offer Size will be set within the Price Range and the Offer Size Range, respectively. The Price Range is indicative only and may change during the course of the Offer, and the Offer Price may be set within, above or below the Price Range. All Offer Shares will be sold at the Offer Price, which will be jointly determined by the Company, the Selling Shareholder and Numis following a bookbuilding process. A number of factors will be considered in determining the Offer Price, the Offer Size and the basis of allocation, including the level and nature of demand for the Offer Shares during the bookbuilding process, the level of demand in the Intermediaries Offer, prevailing market conditions and the objective of establishing an orderly after-market in the Ordinary Shares, as well as the Company's historical performance, estimates of its business potential and earnings prospects, an assessment of the Company's management, and consideration of these factors in relation to the market valuation of companies in related businesses. See Part 12 (*Details of the Offer*) for further information.

Unless required to do so by law or regulation, the Company does not envisage publishing a supplementary prospectus or an announcement triggering the right to withdraw applications for Offer Shares pursuant to section 87Q of FSMA on determination of the Offer Price or the Offer Size. If the Offer Price is set within the Price Range and the Offer Size is set within the Offer Size Range, it is expected that a Pricing Statement containing the Offer Price and the Offer Size, and related disclosures, will be published on 13 March 2015 and will be available on the Company's website at www.revolutionbarsgroup.com. If (i) the Offer Price is set above the Price Range or the Price Range is revised higher; and/or (ii) the Offer Size is set above or below the Offer Size Range, the Company will make an announcement via a Regulatory Information Service and prospective investors would have a statutory right to withdraw their application for Ordinary Shares pursuant to section 87Q of FSMA. In such circumstances, the Pricing Statement would not be published until the period for exercising such withdrawal rights has ended and the expected date of publication of the Pricing Statement would accordingly be changed. The arrangements for withdrawing offers to purchase Ordinary Shares would be made clear in the Company's announcement.

In connection with the Offer, Numis and any of its affiliates, acting as an investor for its or their own account(s), may take up Offer Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such Offer Shares and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in this document to the Offer Shares being offered, acquired, placed or otherwise dealt in should be read as including any offer to, or acquisition, dealing or placing by, Numis or any of its affiliates acting as an investor for its or their own account(s). Numis does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so. In addition, in connection with the Offer, Numis may enter into financing arrangements with investors, such as share swap arrangements or lending arrangements where Ordinary Shares are used as collateral, which could result in Numis acquiring interests in Ordinary Shares. Numis and its affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services for, the Company and/or the Selling Shareholder, for which they would have received customary fees. Numis and its affiliates may provide such services to the Company and/or the Selling Shareholder and any of their respective affiliates in the future.

RELIANCE ON THIS DOCUMENT

In making any investment decision, each investor must rely on its own examination, analysis and enquiry of the Company and the terms of the Offer, including the merits and any associated risks. Investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than those contained in this

document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Selling Shareholder or Numis. Without prejudice to any legal or regulatory obligation of the Company to publish a supplementary prospectus pursuant to section 87G of FSMA and paragraph 3.4 of the Prospectus Rules, neither the delivery of this document nor any purchase of Ordinary Shares made pursuant to it will, under any circumstances, create any implication that there has been no change in the affairs of the Company and the Group since, or that the information contained in this document is correct at any time subsequent to, the date of this document.

None of the Company, the Selling Shareholder or Numis, or any of their respective representatives, is making any representation to any offeree or purchaser of Ordinary Shares regarding the legality of an investment in the Ordinary Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. The contents of this document are not to be construed as investment, legal, business, financial or tax advice. Each prospective investor should consult their own investment, legal, business, financial or tax adviser for investment, legal, business, financial or tax advice.

The information contained in this document has been provided by the Company or obtained from other sources identified herein (in particular, those sources identified in Part 5 (*Important Information*)). Distribution of this document to any person other than prospective investors specified by Numis or its representatives, and those persons, if any, retained to advise such prospective investors with respect thereto, is unauthorised, and any disclosure of its contents, without the prior written consent of the Company, is prohibited. Any reproduction or distribution of this document in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. This document is personal to each prospective investor and does not constitute an offer to any other person or to the public generally to acquire Ordinary Shares.

INTERMEDIARIES

The Company consents to the use of this document by the Intermediaries in connection with the Intermediaries Offer in the UK, the Channel Islands and the Isle of Man on the following terms: (i) in respect of Intermediaries who are appointed by the Company prior to the date of this document, from the date of this document, and (ii) in respect of Intermediaries who are appointed by the Company after the date of this document, from the date on which they are appointed to participate in the Intermediaries Offer and agree to adhere to and be bound by the terms of the Intermediaries Terms and Conditions, in each case until the closing of the Intermediaries Offer. The Company accepts responsibility for the information contained in this document with respect to any investor in Ordinary Shares in the Offer. **Any Intermediary that uses this document must state on its website that it uses this document in accordance with the Company's consent. Intermediaries are required to provide the terms and conditions of the Intermediaries Offer to any prospective investor who has expressed an interest to such Intermediary in participating in the Intermediaries Offer. Any application made by an investor to any Intermediary is subject to the terms and conditions which apply to the transaction between such investor and such Intermediary.**

NOTICE TO OVERSEAS INVESTORS

The distribution of this document and the offer of the Ordinary Shares in certain jurisdictions may be restricted by law. No action has been taken or will be taken by the Company, the Selling Shareholder or Numis to permit a public offer of the Ordinary Shares or the possession, issue or distribution of this document (or any other offering or publicity materials or application form(s) relating to the Ordinary Shares) in any jurisdiction where action for that purpose may be required or where doing so is restricted by law, other than the United Kingdom. Accordingly, neither this document nor any advertisement or any other offering material(s) may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. The Offer and the distribution of this document are subject to the selling and transfer restrictions set out in paragraph 12 ('Selling and transfer restrictions') of Part 12 (*Details of the Offer*). This document does not

constitute an offer of, or invitation or solicitation of an offer to purchase, any Ordinary Shares, to any person to whom, and/or in any jurisdiction where, it is unlawful to make such an offer, invitation or solicitation. No persons receiving a copy of this document in any jurisdiction where it is unlawful to make such an offer, invitation or solicitation may treat this document as constituting an offer, invitation or solicitation to them to purchase Ordinary Shares in the relevant jurisdiction notwithstanding that such an offer, invitation or solicitation could lawfully be made to them without compliance with any registration or other legal requirement.

In addition, the Ordinary Shares are subject to restrictions on transferability and resale in certain jurisdictions and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risk of an investment in the Ordinary Shares for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions. Further information with regard to the restrictions on the distribution of this document and the offering, sale, transfer and resale of the Ordinary Shares is set out in Part 12 (*Details of the Offer*).

Australia, Canada, Japan, New Zealand, South Africa and Switzerland

This document does not constitute or form part of any offer to sell, or any solicitation of any offer to purchase, Ordinary Shares or any other securities in any jurisdiction in which such offer or solicitation is unlawful and is not for distribution in or into Australia, Canada, Japan, New Zealand, South Africa or Switzerland. In particular, the Ordinary Shares have not been and will not be registered or qualified for distribution under the applicable securities laws of Australia, Canada, Japan, New Zealand, South Africa or Switzerland. Subject to certain exceptions, the Ordinary Shares may not be offered for sale or sold directly or indirectly in Australia, Canada, Japan, New Zealand, South Africa or Switzerland or to, or for the account or benefit of, any national, resident or citizen of Australia, Canada, Japan, New Zealand, South Africa or Switzerland.

EEA

This document has been prepared on the basis that all offers of Ordinary Shares, other than in the United Kingdom, will be made pursuant to an exemption under the Prospectus Directive, which includes any relevant implementing measure in each Relevant Member State, from the requirement to produce a prospectus for offers to the public of transferable securities. Accordingly, any person making or intending to make any offer within the EEA of Ordinary Shares which are the subject of the Offer contemplated in this document should only do so in circumstances in which no obligation arises for the Company or Numis to produce a prospectus for such offer. None of the Company, the Selling Shareholder or Numis has authorised, nor will they authorise, the making of any offer of Ordinary Shares through any financial intermediary (other than in connection with the Intermediaries Offer), other than offers made by Numis which constitute the final placement of Ordinary Shares contemplated in this document.

United States

The Ordinary Shares have not been, and will not be, registered under the US Securities Act or under the laws or regulations of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with the applicable securities laws of any such state or other jurisdiction. The Ordinary Shares are being offered and sold only in offshore transactions outside the United States to persons that are not, nor are acting for the account or benefit of, US Persons in reliance on Regulation S.

THE ORDINARY SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC, ANY OTHER FEDERAL OR STATE SECURITIES AUTHORITY OR COMMISSION IN THE UNITED STATES OR ANY OTHER REGULATORY AUTHORITY IN THE UNITED STATES, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFER OR THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL IN THE UNITED STATES.

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PART 1

SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of issuer and its securities. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in this summary together with an appropriate “Not applicable” statement.

Section A – Introduction and warnings		
Element	Disclosure Requirement	
A.1	Introduction and warnings	<p>This summary should be read as an introduction to this document. Any decision to invest in the Ordinary Shares should be based on consideration of this document as a whole by the investor. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of a Member State, have to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	Consent for intermediaries	<p>The Company consents to the use of this document by the Intermediaries in connection with the Intermediaries Offer in the UK, the Channel Islands and the Isle of Man on the following terms: (i) in respect of Intermediaries who are appointed by the Company on or prior to the date of this document, from the date of this document, and (ii) in respect of Intermediaries who are appointed by the Company after the date of this document, from the date on which they are appointed to participate in the Intermediaries Offer and agree to adhere to and be bound by the terms of the Intermediaries Terms and Conditions, in each case until the closing of the Intermediaries Offer. Prospective investors interested in participating in the Intermediaries Offer should apply for Offer Shares through the Intermediaries by following their relevant application procedures.</p> <p>Any Intermediary that uses this document must state on its website that it uses this document in accordance with the Company’s consent. Intermediaries are required to provide the terms and conditions of the Intermediaries Offer to any prospective investor who has expressed an interest to such Intermediary in participating in the Intermediaries Offer. Any application made by an investor to any Intermediary is subject to the terms and conditions which apply to the transaction between such investor and such Intermediary.</p>

Section B – Issuer

Element	Disclosure Requirement	
B.1	Legal and commercial name	Revolution Bars Group plc, which trades under the brands <i>Revolution</i> and <i>Revolución de Cuba</i> .
B.2	Domicile, legal form, legislation, country of incorporation	The Company is a public limited company, incorporated in the UK with its registered office situated in England and Wales. The Company operates under the Companies Act.
B.3	Current operations / principal activities and markets	<p>The Group is a leading operator of premium bars, with a strong national presence across the UK.</p> <p>The Group trades from its portfolio of 58 bars, located predominantly in town or city high streets across the UK, which it operates under the <i>Revolution</i> (53 sites) and <i>Revolución de Cuba</i> (five sites) brands. The Group's primary business is the sale of food and drink to customers of its bars, all of which are occupied under leases from third parties.</p> <p>The Group's business operates towards the premium end of the UK's drinking out and casual dining out markets. The Group has recently repositioned itself with a new cocktail, premium drink and food-led strategy, having invested in the refurbishment and upgrade of its bar portfolio and focused its bars on operating from late morning, during the day and into late evening to maximise their trading occasions.</p>
B.4a	Description of most significant recent trends	<p>The UK's dining out market (which was worth £48.2 billion in 2014 (Source: Allegra Foodservice)) is forecast to grow by a CAGR of 2.5 per cent between 2014 and 2017, whilst the UK's drinking out market (which was worth £27.5 billion in 2014 (Source: CGA Brand Index)) is forecast to grow by a CAGR of 0.9 per cent over the same period. The Directors believe that, in particular in light of the increasing overlap between the drinking out and dining out markets (see below), together with recent initiatives under which the Group has sought to focus its trading operations on the premium end of these markets in the UK, the Group is well-positioned to capitalise on this growth.</p> <p>On average, 43 per cent of UK consumers dine out and 33 per cent drink out at least once per week, with 18 to 33 year olds (a key demographic for the Group) visiting pubs and bars more frequently than any other age group range and 25 to 34 year olds visiting restaurants more frequently than any other age group range (Source: CGA Report). In addition, there is a significant degree of overlap between the UK's dining out and drinking out markets: 63 per cent of consumers cite food as an important factor in where they go for drinks and 52 per cent of consumers consider alcohol to be a significant driver in where they choose to eat out (Source: CGA Report). The Directors believe that the Group's recently increased focus on a quality food offering to complement its premium drinks offering allows it to target these customers more effectively. The Group's bars typically serve food from 11.30 a.m. until 10 p.m. and typically operate during both the day and evening, leading to a more balanced trading profile between food and drink and greater trading occasions than would be the case if the Group were over-reliant on the drinking out market or late evening trade.</p> <p>The UK's licensed retail sector is forecast to continue following recent trends towards premium offerings in wet-led outlets, where premium drinks are outperforming standard products in every category (Source: CGA Report). Cocktails, which have the second highest average consumer spend per bar visit (£16.16) after spirits (Source: CGA Report), are experiencing particularly rapid growth in the UK market, with</p>

		consumption having increased 11 per cent between 2012 and 2014 (Source: CGA Data). The Directors believe that the broad range of premium drinks offered in the Group's bars, including quality cocktails (which represent a higher proportion of Group revenue than any other individual drinks category), means the Group is well placed to capitalise on these trends.
B.5	Description of the Group	The Company is the holding company of the Group. The Group is a leading operator of premium bars, with 58 trading sites across the UK operating under the <i>Revolution</i> and <i>Revolución de Cuba</i> brands.
B.6	Major shareholders	<p>Following the completion of those steps of the Management Reinvestment which are expected to take place immediately prior to Admission, and assuming that the Offer Price and Offer Size are set at the mid-point of the Price Range and Offer Size Range, respectively:</p> <ul style="list-style-type: none"> ● immediately prior to Admission, the Selling Shareholder will own approximately 96.3 per cent of the Ordinary Shares; and ● immediately following Admission, the Selling Shareholder will own approximately 10.0 per cent of the Ordinary Shares. <p>The Ordinary Shares comprise the entire issued share capital of the Company. All Ordinary Shares have the same voting rights.</p> <p>Other than the Selling Shareholder, the Company is not aware of any person who, directly or indirectly, jointly or severally, exercises or, immediately following the Offer, could exercise control over the Company.</p> <p>On 27 February 2015, the Company and the Selling Shareholder entered into the Relationship Agreement, which, conditional upon (i) Admission and (ii) the Selling Shareholder owning 10 per cent or more of the Ordinary Shares on or immediately following Admission, will regulate aspects of the ongoing relationship between the Company and the Selling Shareholder. The Directors believe that the terms of the Relationship Agreement will enable the Group to carry on an independent business as its main activity. If the Relationship Agreement becomes effective on Admission, the Selling Shareholder will have a right to appoint a director (or, at its option, an observer) to the Board. If a director (or observer) is appointed by the Selling Shareholder, they will be entitled to attend (but not vote at) meetings of the Remuneration Committee and the Nomination Committee. If, at any time following Admission, the Selling Shareholder holds less than 10 per cent of the Ordinary Shares, the Relationship Agreement will terminate with immediate effect.</p>
B.7	Selected historical key financial information	The tables below set out selected financial information of the Group (comprising either the Ongoing Business and the Exited Business together or the Ongoing Business, as applicable), as at and for the years ended 30 June 2012, 30 June 2013, 30 June 2014 and the six months ended 31 December 2013 and 31 December 2014. This information has been extracted without material adjustment from Part 11 (<i>Historical Financial Information</i>).

Consolidated statement of profit and loss and other comprehensive income: Ongoing Business

For the three year period ended 30 June 2014 and for the six month periods ended 31 December 2013 and 31 December 2014.

	Year ended 30 June 2012 £'000	Year ended 30 June 2013 £'000	Year ended 30 June 2014 £'000	(Unaudited) Six months ended 31 December 2013 £'000	Six months ended 31 December 2014 £'000
Revenue	97,179	104,531	108,722	56,140	57,979
Cost of sales	(23,714)	(26,335)	(27,147)	(13,870)	(13,954)
Gross profit	73,465	78,196	81,575	42,270	44,025
Administrative expenses:					
– administrative expenses, excluding exceptional items	(64,777)	(72,415)	(74,112)	(38,038)	(39,347)
– exceptional items	(740)	(3,157)	(3,503)	(1,250)	(295)
Total administrative expenses	(65,517)	(75,572)	(77,615)	(39,288)	(39,642)
Operating profit	7,948	2,624	3,960	2,982	4,383
Key performance indicators					
Adjusted EBITDA (£'000)	13,696	10,915	13,180	6,936	7,853
Adjusted EBITDA margin (%)	14.1%	10.4%	12.1%	12.4%	13.5%

Consolidated statement of financial position: Ongoing Business and Exited Business

As at 30 June 2012, 30 June 2013, 30 June 2014 and 31 December 2014.

As at	30 June 2012 £'000	30 June 2013 £'000	30 June 2014 £'000	31 December 2014 £'000
Non-current assets	45,776	47,530	47,217	46,420
Current assets	35,798	31,716	14,430	15,902
Total assets	81,574	79,246	61,647	62,322
Liabilities				
Current liabilities	19,212	18,490	18,321	14,698
Non-current liabilities	7,644	7,993	5,122	5,095
Total liabilities	26,856	26,483	23,443	19,793
Net assets	54,718	52,763	38,204	42,529
Total equity	54,718	52,763	38,204	42,529

		Consolidated statement of cash flows: Ongoing Business and Exited Business																														
		<p>For the three year period ended 30 June 2014 and for the six month periods ended 31 December 2013 and 31 December 2014.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="text-align: center;">Year ended 30 June 2012 £'000</th> <th style="text-align: center;">Year ended 30 June 2013 £'000</th> <th style="text-align: center;">Year ended 30 June 2014 £'000</th> <th style="text-align: center;">(Unaudited) Six months ended 31 December 2013 £'000</th> <th style="text-align: center;">Six months ended 31 December 2014 £'000</th> </tr> </thead> <tbody> <tr> <td>Net cash inflows from operating activities</td> <td style="text-align: right;">11,572</td> <td style="text-align: right;">9,475</td> <td style="text-align: right;">5,539</td> <td style="text-align: right;">7,189</td> <td style="text-align: right;">2,779</td> </tr> <tr> <td>Net cash flows used in investing activities</td> <td style="text-align: right;">(8,188)</td> <td style="text-align: right;">(8,744)</td> <td style="text-align: right;">(5,848)</td> <td style="text-align: right;">(5,094)</td> <td style="text-align: right;">(2,378)</td> </tr> <tr> <td>Net cash flows used in financing activities</td> <td style="text-align: right;">(5,961)</td> <td style="text-align: right;">(6,836)</td> <td style="text-align: right;">(104)</td> <td style="text-align: right;">(69)</td> <td style="text-align: right;">(42)</td> </tr> <tr> <td>Net (decrease) / increase in cash and cash equivalents</td> <td style="text-align: right;">(2,577)</td> <td style="text-align: right;">(6,105)</td> <td style="text-align: right;">(413)</td> <td style="text-align: right;">2,026</td> <td style="text-align: right;">359</td> </tr> </tbody> </table> <p>There was no significant change in the Group's operating results or financial condition during the Periods Under Review and, save for a £3.95 million dividend declared by the Company on 26 February 2015, which will be paid to the Selling Shareholder immediately following (and conditional upon) the publication of the Pricing Statement, there has been no significant change in the Group's results of operations or financial condition since 31 December 2014, being the date to which the Group's historical financial information has been prepared.</p>		Year ended 30 June 2012 £'000	Year ended 30 June 2013 £'000	Year ended 30 June 2014 £'000	(Unaudited) Six months ended 31 December 2013 £'000	Six months ended 31 December 2014 £'000	Net cash inflows from operating activities	11,572	9,475	5,539	7,189	2,779	Net cash flows used in investing activities	(8,188)	(8,744)	(5,848)	(5,094)	(2,378)	Net cash flows used in financing activities	(5,961)	(6,836)	(104)	(69)	(42)	Net (decrease) / increase in cash and cash equivalents	(2,577)	(6,105)	(413)	2,026	359
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B.8	Key <i>pro forma</i> financial information	Not applicable. There is no <i>pro forma</i> information.																														
B.9	Profit forecast / estimate	Not applicable. The Company has not made any profit forecasts or estimates.																														
B.10	Audit report – qualifications	Not applicable. There are no qualifications in the accountant's report on the historical financial information.																														
B.11	Working capital – qualifications	Not applicable. The Company is of the opinion that, taking into account existing cash resources and available bank facilities, the Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document.																														
Section C – Securities																																
Element	Disclosure Requirement																															
C.1	Type and class of securities	<p>The Offer Shares comprise between 38,213,764 and 48,124,423 ordinary shares of 0.1 pence each in the capital of the Company. The Offer Size and the Offer Price will be set out in the Pricing Statement, which is expected to be published on 13 March 2015 and will be available on the Company's website at www.revolutionbarsgroup.com.</p> <p>When admitted to trading, the Ordinary Shares will be registered with ISIN GB00BVDPPV41 and SEDOL number BVDPPV4 and will trade under the symbol "RBG".</p>																														

C.2	Currency	The Ordinary Shares are denominated in Pounds Sterling.
C.3	Number of securities in issue and par value	The issued share capital of the Company is £50,000, comprising 50,000,000 ordinary shares of 0.1 pence each, all of which are fully paid or credited as fully paid.
C.4	Description of the rights attached to the securities	The Ordinary Shares rank equally for voting purposes. On a show of hands, each Shareholder has one vote and, on a poll, each Shareholder has one vote per Ordinary Share. Each Ordinary Share ranks equally: (i) for any dividend declared, (ii) for any distributions made on a winding up of the Company and (iii) in the right to receive a relative proportion of shares in the case of a capitalisation of reserves.
C.5	Restrictions on the free transferability of the securities	Not applicable. The Ordinary Shares are freely transferable.
C.6	Admission	Applications will be made for all of the Ordinary Shares, which comprise the entire issued ordinary share capital of the Company, to be admitted to the premium listing segment of the Official List and to trading on the LSE Main Market.
C.7	Dividend policy	The Board intends to adopt a progressive dividend policy which reflects the cash flow generation and long-term earnings potential of the Group, whilst retaining sufficient capital to fund investment to grow the business. The Board intends that the Group will pay the total annual dividend in two tranches, split broadly between one-third as an interim dividend and two-thirds as a final dividend, to be announced at the time of its interim and preliminary results respectively. Subject, amongst other things, to sufficient distributable reserves being available, it is expected that the first dividend to be declared by the Company following Admission will be the final dividend in respect of the year ending 30 June 2015, which, owing to the fact that the Company will only have been listed for three full months, will represent an amount equal to approximately half of the usual final dividend which would have been paid. If declared, it is expected that the 2015 final dividend would be payable in the final quarter of 2015. The Directors may revise the Company's dividend policy from time to time.

Section D – Risks

Element	Disclosure Requirement	
D.1	Key information on key risks specific to the issuer or its industry	<p>The Group is dependent on a limited number of suppliers and distributors, in particular one key service provider, which provides all of the Group's logistics, warehousing and distribution services in respect of drinks products. Whilst a degree of reliance on the Key Service Provider is not uncommon in the Group's industry, any change in the Group's arrangements with the Key Service Provider or any of its other suppliers or distributors, or any interruption in supply, could have a material adverse effect on the Group's business and results of operations.</p> <p>The Group's performance is dependent on a limited number of key sites, with its 25 best-performing bars accounting for approximately 86 per cent of the Site EBITDA of the Group's Ongoing Business in the 2014 Annual Period. Although the Directors expect that the relative importance of</p>

		<p>these sites will be diluted by the Group's expansion, if the Group were to be required to cease operating at any of these key sites (whether temporarily or permanently), the Group's results of operations and financial condition could be materially adversely affected.</p> <p>A failure to implement the Group's business plan, which is centred on a roll-out of new sites coupled with improvements to its existing business, and which relies on the Group's ability to maintain robust managerial, operational and control systems notwithstanding its expansion, could materially adversely affect the Group's business.</p> <p>The Group's bars are all leasehold and are typically subject to periodic upwards-only rent reviews in line with 'open market' rents. If the Group's rental payments were to increase at any of its sites, or if the Group were to fail to renew or extend the terms of any of its leases (in particular if the lease related to a key site), this could have a material adverse effect on its results of operations and financial condition.</p> <p>The Group is subject to laws and regulations which may directly (for example, measures relating to the consumption of alcohol) or indirectly (for example, increases in student tuition fees) be adverse to the Group's operations, or with which it may be found to be non-compliant. Any change to these laws and regulations could have a material adverse effect on the Group's operations and financial results.</p> <p>The Group is exposed to general economic conditions, consumer perceptions relating to drinking alcohol and dining out and general market trends in the industry in which it operates, all of which are beyond its control.</p> <p>The Group operates in a competitive market and competes with a wide variety of bars and restaurants as well as pubs, off-licences, supermarkets, nightclubs and takeaways. The Directors consider any provider of leisure services in the UK, including any provider of food and drinks, to be a potential competitor of the Group. Competitive pressures could have a material adverse effect on the Group's business.</p> <p>Increases in the UK national minimum wage (which the Group pays to approximately 40 per cent of its employees), the availability of minimum wage workers and inflation could increase staff and other costs and may adversely affect the profitability of the Group.</p> <p>The Group's bars are situated in urban areas rather than in out-of-town or edge-of-town areas, meaning that customer attendance is reliant on public transport systems, which in turn may be affected by adverse weather conditions. If public transport failures or adverse weather conditions were to impair the ability or willingness of potential customers to visit the Group's bars, in particular if this occurred in the Christmas period or another of the Group's peak trading times, this could have a material adverse effect on the Group's operating results and financial condition.</p> <p>The Group is dependent on reliable and efficient information technology and other systems (in particular EPoS) and processes, a prolonged failure of which could disrupt the Group's operations and have an adverse effect on its business.</p>
D.3	Key information on key risks specific to the Ordinary Shares	<p>The share price of publicly traded companies can be highly volatile, including for reasons related to differences between expected and actual operating performance, corporate and strategic actions taken by such companies or their competitors, speculation, general market conditions and regulatory changes.</p>

		<p>A liquid market for the Ordinary Shares and a wide shareholder base may fail to develop, which may affect the trading price of the Ordinary Shares.</p> <p>There is no guarantee that dividends, which rely on the Group's profitability and the generation of cash flow and distributable reserves, will be paid by the Company.</p> <p>Future issuances of Ordinary Shares may dilute the holdings of Shareholders and may depress the price of the Ordinary Shares.</p> <p>Substantial sales of Ordinary Shares, or the perception that such sales might occur, could depress the market price of the Ordinary Shares. In particular, the Company is unable to predict whether, following the termination of the lock-up arrangements put in place in connection with the Offer, substantial amounts of Ordinary Shares will be sold in the open market by those subject to such restrictions, including the Reinvesting Managers and the Selling Shareholder.</p>
Section E – Offer		
Element	Disclosure Requirement	
E.1	Net proceeds / estimate of expenses	<p>Through the sale of Offer Shares pursuant to the Offer, the Company expects the Selling Shareholder to receive £95.0 million (if the Offer Price and Offer Size are set at the mid-point of the Price Range and Offer Size Range, respectively) before taking into account costs and expenses associated with the Offer. Assuming the Offer Price and Offer Size are set at the mid-point of the Price Range and Offer Size Range, respectively, the aggregate placing commissions, amounts in respect of stamp duty or SDRT and certain other fees and expenses payable by the Selling Shareholder in connection with the Offer are expected to be approximately £3.4 million (assuming that the full discretionary fee is paid to Numis in its capacity as underwriter).</p> <p>The Company will not receive any proceeds from the Offer. The Company will bear one-off fees and expenses of approximately £3.5 million (including VAT) in connection with Admission and the Offer, which the Company intends to pay out of cash resources available to it (to the extent they have not already been paid prior to Admission).</p> <p>No expenses will be charged by the Company or the Selling Shareholder to any investor who purchases Ordinary Shares pursuant to the Offer.</p>
E.2a	Reasons for the Offer / use of proceeds / estimated net amount of proceeds	<p>The Directors believe that the Offer and Admission will be a positive step in the Company's progression, which will further enhance the Group's profile and brand recognition with both customers and suppliers, provide potential future access to capital to support the growth of the Group's business, enhance the Group's appeal to prospective landlords (and thereby assist with the growth of the Group's estate) and aid in the recruitment, retention and incentivisation of management and employees at all levels of the Group.</p> <p>Additionally, the Offer will provide liquidity for the Selling Shareholder, enabling it to realise all or part of its investment in the Group.</p> <p>No proceeds from the Offer will be received by the Company.</p>

E.3	Terms and conditions of the Offer	<p>The Offer is being made by way of:</p> <ul style="list-style-type: none"> ● an Institutional Offer of Ordinary Shares by the Selling Shareholder to certain institutional and other investors in the UK and elsewhere in offshore transactions outside the United States as defined in, and made in reliance on, Regulation S; and ● an Intermediaries Offer of Ordinary Shares by the Selling Shareholder to Intermediaries for onward distribution to retail investors in the United Kingdom, the Channel Islands and the Isle of Man. <p>If there is more demand for Ordinary Shares than the number of Offer Shares available in the Offer, applications for Ordinary Shares will be scaled back. The allocation of Ordinary Shares between the Institutional Offer and the Intermediaries Offer, and the number of Offer Shares to be allocated to each of the Intermediaries, will be determined by Numis, after consultation (so far as is practicable) with the Company and the Selling Shareholder.</p> <p>The Offer Price is expected to be between 200 pence and 240 pence per Ordinary Share. The Offer Size is expected to be between 38,213,764 Ordinary Shares and 48,124,423 Ordinary Shares.</p> <p>The Price Range and the Offer Size Range have been jointly determined by the Company, the Selling Shareholder and Numis. It is currently expected that the Offer Price and the Offer Size will be set within the Price Range and the Offer Size Range, respectively. All Offer Shares will be sold at the Offer Price, which will be jointly determined by the Company, the Selling Shareholder and Numis, following a bookbuilding process. A number of factors will be considered in determining the Offer Price, the Offer Size and the basis of allocation, including the level and nature of demand for the Offer Shares during the bookbuilding process for the Institutional Offer, the level of demand in the Intermediaries Offer, prevailing market conditions and the objective of establishing an orderly after-market in the Ordinary Shares.</p> <p>The Offer Price and the Offer Size are expected to be announced on 13 March 2015. The Pricing Statement, which will contain, amongst other things, the Offer Price and the Offer Size, will (subject to certain restrictions) be published on the Company's website at www.revolutionbarsgroup.com.</p> <p>The Price Range is indicative only and may change during the course of the Offer, and the Offer Price may be set within, above or below the Price Range. If (i) the Offer Price is set above the Price Range or the Price Range is revised higher; and/or (ii) the Offer Size is set above or below the Offer Size Range, the Company will make an announcement via a Regulatory Information Service and prospective investors would have a statutory right to withdraw their application for Ordinary Shares pursuant to section 87Q of FSMA. In such circumstances, the Pricing Statement would not be published until the period for exercising such withdrawal rights has ended and the expected date of publication of the Pricing Statement would accordingly be changed. The arrangements for withdrawing offers to purchase Ordinary Shares would be made clear in the Company's announcement.</p>
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It is expected that Admission will take place and unconditional dealings in the Ordinary Shares will commence on the LSE Main Market at 8.00 a.m. (London time) on 18 March 2015. The expected timetable of principal events is set out below.

Event	Time and Date⁽¹⁾⁽²⁾
Latest date for submission of applications by Underlying Applicants to their Intermediary (exact time to be determined by each Intermediary)	11 March 2015
Latest time and date for receipt by Numis of applications from Intermediaries	12.00 p.m. on 12 March 2015
Latest date for receipt of indications of interest in the Institutional Offer	12 March 2015
Announcement of the Offer Price and Offer Size, publication of the Pricing Statement and notification of allocations of Ordinary Shares ⁽³⁾	7.00 a.m. on 13 March 2015
Commencement of conditional dealings in Ordinary Shares on the LSE Main Market	8.00 a.m. on 13 March 2015
Admission and commencement of unconditional dealings in Ordinary Shares on the LSE Main Market	8.00 a.m. on 18 March 2015

(1) Times and dates set out in the timetable above and mentioned throughout this document that fall after the date of publication of this document are indicative only and may be subject to change without further notice.

(2) All references to time in this timetable are to London time.

(3) The Offer Price and Offer Size will be set out in the Pricing Statement. The Pricing Statement will not automatically be sent to persons who receive this document, but it will be available free of charge at the Company's registered office at 21 Old Street, Ashton-under-Lyne, Tameside, OL6 6LA (for 14 days after Admission). In addition, the Pricing Statement will (subject to certain restrictions) be published on the Company's website at www.revolutionbarsgroup.com.

As set out in the table above, prior to Admission, it is expected that dealings in the Ordinary Shares will commence on a conditional basis on the LSE Main Market at 8.00 a.m. (London time) on 13 March 2015. The earliest date for settlement of such dealings will be 18 March 2015. All dealings in the Ordinary Shares prior to the commencement of unconditional dealings will be on a "when issued" basis and will be of no effect if Admission does not take place. Such dealings will be at the sole risk of the parties concerned. These dates and times may be changed without further notice.

The Offer is subject to the satisfaction of certain conditions, which are customary for a transaction of this type, contained in the Placing Agreement, including Admission becoming effective by no later than 8.00 a.m. on 18 March 2015 (or such later time and date as may be determined in accordance with such agreement) and the Placing Agreement not having been terminated (in accordance with its terms) prior to Admission.

None of the Ordinary Shares may be offered for sale, purchase or delivery, and neither this document nor any other offering material in relation to the Ordinary Shares may be circulated, in any jurisdiction where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration.

Investors agreeing to purchase Ordinary Shares pursuant to the Offer agree with each of the Company, the Selling Shareholder and Numis to be bound by certain terms and conditions upon which Ordinary Shares

		<p>will be sold in the Offer. Upon being allocated Offer Shares pursuant to the Offer, each investor agrees to become a member of the Company, to acquire the Offer Shares allocated to it at the Offer Price and to pay the Offer Price for the Offer Shares allocated to it. If an investor fails to pay as required, the relevant investor will remain liable to pay such amount and will be deemed to have appointed Numis to sell any or all of the Offer Shares allocated to it at such price as Numis may achieve subsequent to any such failure to pay.</p> <p>Under the terms and conditions of the Institutional Offer, each investor participating in the Institutional Offer makes certain representations, warranties and undertakings to the Company, the Selling Shareholder and Numis customary for an offer of this type, including but not limited to: (i) in relation to certain characteristics of the investor; (ii) the investor's compliance with restrictions contained in the Offer and with specified laws and regulations; (iii) reliance, responsibility and liability in respect of this document, the Offer and information outside of this document; (iv) compliance with laws; (v) jurisdiction; and (vi) liability for duties or taxes.</p> <p>On request, an investor may be required to disclose certain information, including any information about the agreement to purchase Offer Shares, the investor's nationality (if an individual) and the jurisdiction in which the investor's funds are managed or owned (if a discretionary fund manager). The terms and conditions of the Institutional Offer also provide for the following issues: the sending of documents to the investor; the investor being bound by the Articles of Association upon the transfer of Ordinary Shares; the application of English law to the contract to purchase Offer Shares; and joint agreements to purchase Offer Shares.</p> <p>The Offer has been fully underwritten, subject to certain conditions, by Numis, in accordance with the terms of the Placing Agreement.</p>																		
E.4	Interest material to the issue / conflicting interests	There are no interests, including conflicting interests, which are material to the Offer, other than those disclosed in B.6, above.																		
E.5	Selling shareholder	<p>Ordinary Shares held by the Selling Shareholder</p> <p>The expected interest in Ordinary Shares of the Selling Shareholder immediately prior to Admission, together with a corresponding indication of its expected interest in Ordinary Shares immediately following Admission, are set out in the table below (calculated on the basis that those steps of the Management Reinvestment which are expected to take place immediately prior to Admission have occurred, and that the Offer Price and the Offer Size are set at the mid-point of the Price Range and the Offer Size Range, respectively).</p> <table border="1"> <thead> <tr> <th colspan="2">Interest immediately prior to Admission⁽¹⁾⁽²⁾⁽³⁾</th> <th colspan="2">Ordinary Shares to be sold pursuant to the Offer⁽¹⁾⁽²⁾⁽³⁾</th> <th colspan="2">Interest immediately following Admission⁽²⁾⁽³⁾</th> </tr> <tr> <th>Number</th> <th>% of total issued</th> <th>Number</th> <th>% of holding</th> <th>Number</th> <th>% of total issued</th> </tr> </thead> <tbody> <tr> <td>48,163,072</td> <td>96.3%</td> <td>43,163,072</td> <td>89.6%</td> <td>5,000,000</td> <td>10.0%</td> </tr> </tbody> </table> <p>(1) Following the steps of the Management Reinvestment which are expected to take place immediately prior to Admission. (2) Assuming that the Offer Price is set at the mid-point of the Price Range. (3) Assuming that the Offer Size is set at the mid-point of the Offer Size Range.</p>	Interest immediately prior to Admission ⁽¹⁾⁽²⁾⁽³⁾		Ordinary Shares to be sold pursuant to the Offer ⁽¹⁾⁽²⁾⁽³⁾		Interest immediately following Admission ⁽²⁾⁽³⁾		Number	% of total issued	Number	% of holding	Number	% of total issued	48,163,072	96.3%	43,163,072	89.6%	5,000,000	10.0%
Interest immediately prior to Admission ⁽¹⁾⁽²⁾⁽³⁾		Ordinary Shares to be sold pursuant to the Offer ⁽¹⁾⁽²⁾⁽³⁾		Interest immediately following Admission ⁽²⁾⁽³⁾																
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48,163,072	96.3%	43,163,072	89.6%	5,000,000	10.0%															

		<p>Lock-up arrangements</p> <p>For a 180-day lock-up period from the date of Admission, the Company will not, directly or indirectly, offer, issue, lend, sell or contract to sell, issue options in respect of, or otherwise dispose of, any Ordinary Shares (or any interest therein or in respect thereof), or enter into any transaction with the same economic effect as any of the foregoing, subject to certain customary exceptions, without the prior written consent of Numis.</p> <p>For a 365-day lock-up period from the date of Admission, each of the Executive Directors (pursuant to the Placing Agreement) and each of the Reinvesting Managers other than the Executive Directors (pursuant to separate lock-up deeds) has agreed that, subject to certain customary exceptions, he will not offer, sell or contract to sell, or otherwise dispose of, any Ordinary Shares acquired pursuant to the Management Reinvestment (or any interest therein or in respect thereof), or enter into any transaction with the same economic effect as any of the foregoing.</p> <p>If the Selling Shareholder does not sell all of the Ordinary Shares held by it pursuant to the Offer, then for a 180-day lock-up period from the date of Admission, the Selling Shareholder has agreed that, subject to certain customary exceptions, it will not offer, sell or contract to sell, or otherwise dispose of, any Ordinary Shares (or any interest therein or in respect thereof), or enter into any transaction with the same economic effect as any of the foregoing.</p>
E.6	Dilution	Not applicable. As no new Ordinary Shares are to be issued in the Offer, the Selling Shareholder will not experience dilution from the Offer.
E.7	Estimated expenses charged to the investor	Not applicable. There are no commissions, fees or expenses to be charged to investors by the Company or the Selling Shareholder under the Offer.

PART 2

RISK FACTORS

An investment in the Ordinary Shares is subject to a number of risks. Prior to investing in the Ordinary Shares, prospective investors should consider carefully the factors and risks associated with an investment in the Ordinary Shares, the Group's business and the industry in which it operates, together with all other information contained in this document including, in particular, the risk factors described below. Prospective investors should note that the risks relating to the Group, its industry and the Ordinary Shares summarised in Part 1 (Summary) are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in Part 1 (Summary), but also, amongst other things, the risks and uncertainties described below.

The risks and uncertainties described below represent those the Directors consider to be material as at the date of this document. The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Ordinary Shares and should be used as guidance only. Additional risks and uncertainties relating to the Group that are not currently known to the Directors, or that they currently consider to be immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, prospects, results of operations and financial position and, if any such risk should occur, the price of the Ordinary Shares may decline and investors could lose all or part of their investment. An investment in the Ordinary Shares involves complex financial risks and is suitable only for investors who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Prospective investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information in this document and their personal circumstances.

In respect of any period prior to 22 February 2014 (the date on which the Business Reorganisation was completed), the term "Group" is used in this Part 2 (Risk Factors) to refer to the Group's business as carried on at that time.

1 Risks relating to the Group's business and industry

1.1 *The Group relies on a limited number of suppliers and distributors and, if such suppliers or distributors consolidate, face business difficulties, or otherwise change their arrangements with the Group, prices paid by the Group to suppliers or distributors may rise and the Group's operations may be disrupted*

Replacing the Group's suppliers of drinks and related services (such as logistics, warehousing and distribution) could be difficult and disruptive and could lead to significant costs and expenses being incurred by the Group. All of the Group's logistics, warehousing and distribution services in respect of drinks products are provided by the Key Service Provider. All of the Group's drinks suppliers (including Carlsberg, Heineken, Magners, Maxxium, Moët, Pernod Ricard, SAB Miller, Coca-Cola Enterprises and Red Bull) deliver their stock to the Key Service Provider's warehousing facilities, such that all of the Group's drinks stock is sourced through the Key Service Provider (and a relatively small proportion of the Group's drinks stock is purchased from the Key Service Provider's own products).

Whilst the Key Service Provider is the UK market leader in the provision of these services and a high degree of reliance on the Key Service Provider by retail businesses in the UK pub and bar industry is not uncommon, the extent of the Group's reliance on this single service provider gives rise to a risk that it could increase prices paid by the Group for warehousing or delivery of goods (or otherwise seek, for any reason, to vary the terms on which it contracts with the Group), which could have a material adverse effect on the Group's operating results, financial condition and prospects.

The Group's costs could increase and its business could be disrupted if, and to the extent that, the Group's suppliers or distributors, in particular the Key Service Provider, were to face business or financial difficulties due to the current economic environment (in respect of which see paragraph 1.8, below) or to the extent that other factors (such as adverse weather

conditions) cause a delay in scheduled deliveries of goods by the Group's suppliers or distributors. Although the Group's suppliers and distributors have, historically, generally provided the Group with an adequate and timely delivery service, in the future they may no longer be able to do so for reasons beyond the Group's control. Further, although the Group is not aware of any current material breach of contract by any of its suppliers, distributors or other service providers, if the Group were required to replace any of its suppliers, distributors or other service providers on short notice (in particular if the service provider were the Key Service Provider), whether as a result of a breach of contract by the relevant supplier, distributor or service provider, or because the quality of the relevant supplier's, distributor's or service provider's delivery and performance had materially declined, or otherwise, this could be difficult and disruptive and lead to significant costs and expenses being incurred by the Group. In addition, the Group may not be able to obtain replacement services of suitable quality from another supplier, distributor or service provider on commercially acceptable terms in the open market. These risks could result in an increase in the Group's operating costs which could, in turn, have a material adverse effect on the Group's profitability, financial condition and prospects. The detrimental effect of such disruption would be particularly material if the relevant events were to occur in one of the Group's 'peak' periods (identified in paragraph 1.18, below).

1.2 *The Group is dependent on certain key sites*

The Group's performance is dependent on a limited number of key sites. The Group's 25 best-performing bars accounted for approximately 86 per cent of the Site EBITDA of the Group's Ongoing Business in the 2014 Annual Period. Whilst the Group's expansion (see paragraph 1.5, below) continues to dilute the relative significance of these sites, if the Group suffered a loss of licence at any of these sites, or if any other event were to occur which resulted in any of the bars which currently operate at these sites being required to cease operating, this could have a material adverse effect on the Group's operating results, financial condition and prospects.

1.3 *The Group may not, or may not be able to, implement effectively its current business plan*

The Group may not, or may not be able to, implement (or continue to implement) its current business plan effectively. In addition to improvements to the existing business, the current business plan is centred on opening new bars, with a target roll-out of five new sites per annum by the 2017 financial year. Any failure of the Group to execute its business plan effectively could have a material adverse effect on the Group's business, financial condition and operating results.

1.4 *The Group's growth strategy, which is dependent on acquiring and developing new sites, may be influenced by factors beyond the Group's control*

The Group intends to pursue a growth strategy which, to be successful, will depend in large part on its ability to open new bars, to operate those bars on a profitable basis and to introduce the *Revolution* and *Revolución de Cuba* brands into new locations successfully. The Group cannot guarantee that it will be able to achieve its expansion goals or that any new bars will be operated profitably.

The success of the planned expansion will depend on numerous factors, many of which are beyond the Group's control, including the following:

- the ability to identify and secure available and suitable sites (including size and location) on an economically viable basis;
- the ability to secure all necessary operating approvals and licences in a timely manner and in a satisfactory form;
- the extent of the competition for new sites and in markets in new locations generally;
- the ability to conclude leases on acceptable terms and the costs associated with doing so;
- the ability to fit out new sites at an economic cost;
- delays in the timely development of sites; and
- general economic conditions.

In addition, the success of the Group is significantly influenced by the location of its bars and there can be no assurance that the Group will be able to identify sufficient sites in its target locations to implement its growth strategy, or be able to identify and secure additional suitable locations as demographic and economic patterns change, whether on terms which are acceptable to the Group or at all. Further, the Group may develop or acquire new sites in geographic areas in which the Group's management may have little or no operating experience and in which potential customers may not be familiar with the Group's *Revolution* or *Revolución de Cuba* brands. These sites may attract fewer customers than the Group's other operating sites, while at the same time the Group may incur substantial additional costs in connection with opening these new sites. As a result, the Group's results of operations at such new sites may be inferior to those of the Group's other bars. Unanticipated expenses and insufficient demand at a new site could, therefore, adversely affect the Group's business and operating results.

1.5 *The Group's continued growth and expansion may strain the Group's managerial, operational and control systems and the Group may encounter difficulty obtaining personnel and other resources adequately to develop these systems further*

The opening of new bars by the Group may give rise to unanticipated operational or control risks. Management of growth through newly leased properties will require, amongst other things:

- implementation of financial and management controls and information technology systems in newly-established premises;
- 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 Group's business and the responsibilities of the Group's management are likely to increase as a result of this growth, which could place significant strain on the Group's managerial, operational and control systems. In view of the Group's growth strategy, the Group's management team will need to continue to improve the Group's operational and financial systems and managerial controls and procedures in order to keep pace with the Group's expanded operations. The Group's management will also need to maintain close coordination amongst the Group's accounting, finance and asset management personnel.

If the Group fails to manage the impact of growth on the Group's operational and managerial resources and control systems, this could have a material adverse effect on the Group's business, financial condition and results of operations. Moreover, there can be no assurance that the Group will be able to achieve operating results for its existing or future sites comparable to the historical operating results of the Group's existing sites. As the Group's operations expand and additional growth opportunities are sought, the Group's internal controls in particular will need to adapt and respond to the growing demands of the Group's business activities. However, there can be no assurance that any such efforts will not disrupt the control systems the Group currently has in place. Effective internal controls are necessary, amongst other things, to help prevent fraud. As a result, if the Group fails to achieve and maintain effective internal controls as the Group's business grows, this could harm the Group's business, financial condition and results of operations.

1.6 *The Group's operating premises are leased. Increases in rental payments, or the failure to renew or extend the terms of any of the Group's leases, could adversely affect the Group's profitability*

The Group's future operating performance may depend in part on its ability to secure leases in desired locations at rents it considers to be reasonable. The Group currently leases all of its bars for a typical term of around 25 years.

The leases for the Group's bars generally require that their annual rent be reviewed by reference to 'open market' rents every five years, on an 'upwards-only' basis. If an agreement on 'open market' rent cannot be reached between the Group and the relevant landlord, the matter is generally referred to an independent surveyor, who determines the premises' open market rent. The annual rent for the relevant premises then becomes the greater of such

open market rental value and the previous contractually agreed rent. As a result, the Group is unable to predict or control the amount of any future increases in rental costs arising from rent reviews for its operating premises, nor is it able to benefit from any decline in the open market rental value of its operating premises. Any substantial increase in the rent paid by the Group on its operating premises could adversely affect the Group's operating results, financial condition and prospects.

On expiry of a lease at any of its sites, the Group is usually entitled to renew its lease due to security of tenure provisions, subject to certain conditions. If the Group were to fail to effect such renewal, or if the landlord were able to prevent the renewal of the lease (for example, because the landlord wished to carry out development works), this could have an adverse effect on the Group's operating results, financial condition and prospects, in particular if the failure to renew were to occur in respect of a lease at one of the Group's key sites (see paragraph 1.2, above).

If the Group wished to exit one of its sites (whether due to expiry of the lease or otherwise), the Group may have to pay sums of money to the relevant landlord in lieu of carrying out works of repair and/or redecoration of the premises as required under the lease, or could be required to incur costs in commissioning such works itself prior to handing back the site to the landlord. This could adversely affect the Group's operating results, financial condition and prospects.

1.7 *Recent increases in student tuition fees combined with unfavourable economic conditions have had and may continue to have a negative effect on the Group's business*

The Directors believe that changes in recent years to student tuition fees for undergraduates and postgraduates, coupled with the general economic difficulties in the UK (described in paragraph 1.8, below), have contributed to a reduction in student trade for the Group's bars. The Directors believe that, in certain locations, students are a key demographic for the Group, meaning that a downturn in this market (such as the reduced (by 12 per cent) size of the Autumn 2012 student intake) could have a material adverse effect on the Group's business. Any future increases in student tuition fees or other costs of higher education, combined with reductions in levels of consumer confidence or expenditure, could further adversely affect the Group's operating results, financial condition and prospects.

1.8 *Unfavourable economic conditions in the United Kingdom have had and may continue to have a negative effect on the Group's business*

All of the Group's bars are located in the United Kingdom and, therefore, the results of the Group's operations are substantially influenced by general economic conditions in the UK. In particular, the Group's revenues are affected by the level of consumer confidence and expenditure by the UK public on leisure activities.

The state of the UK economy has had, and continues to have, an adverse effect on consumer confidence and expenditure. The Group is unable to predict when economic conditions will improve. In addition, economic factors such as the UK government's austerity measures, possible future rises in interest rates, declining real wages, higher unemployment, tax increases, lack of readily available consumer credit and fluctuating house prices could all adversely affect the level of consumer confidence and expenditure.

1.9 *Consumer perceptions in the United Kingdom towards, and tastes relating to, 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 about 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, and demographic trends over time, have adversely affected, and may continue adversely to affect, the appeal of the Group's bars to consumers, especially if the Group does not (for reasons within or outside its control) anticipate, identify and respond to such changes by evolving its brands, formats, offerings and premises. This, in turn, could have an adverse effect on the 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 Group's operating results, financial condition and prospects.

1.10 *The Group's bars face a high level of competition for consumers*

The Group's bars compete for consumers with a wide variety of bars and restaurants as well as pubs, off-licences, supermarkets, nightclubs and takeaways, some of which may offer higher amenity levels or lower prices or may be backed by greater financial and operational resources than the Group. Any provider of leisure facilities or services which could draw consumers away from the Group's bars is, the Directors believe, potentially a competitor of the Group.

The bar industry in the United Kingdom has recently been affected by the pricing policies of the large supermarket groups (including in reaction to the increasing popularity of discount retailers which sell both food and alcoholic beverages). The Group's bars may not be successful in competing against any or all of these competitor alternatives and a sustained loss of customers to other bars or leisure activities, or a decline in alcohol prices as a result of increased competition or increased consumption of alcohol at home, could have a material adverse effect on the Group's operating results, financial condition and prospects.

1.11 *United Kingdom legislation and government campaigns relating to the consumption of alcohol may reduce demand for the Group's alcoholic drinks*

The United Kingdom government periodically contemplates imposing measures relating to the consumption of alcohol, including the reduction of licensing hours, raising the legal drinking age to 21, the introduction of minimum prices for alcoholic drinks and the introduction of a mandatory code imposing certain obligations on alcohol retailers. Any such measures, together with any measures which indirectly affect the Group's industry such as the smoking ban implemented in the UK in 2006 and 2007, could reduce the Group's flexibility to implement profitable business strategies and have a material adverse effect on the Group's operating results, financial condition and prospects.

The risk of new legislation which is unfavourable to the Group may be increased by the UK general election in May 2015. A new government of any party or parties may seek to capitalise on, for example, increasing public concern over adverse health consequences associated with the misuse of alcohol, by incorporating measures in their policy agenda or election manifesto which could be detrimental to the Group's business. Even if a party which included in its election pledges any measures which portray negatively or would have the effect of further restricting or regulating the consumption of alcohol were to lose the election, a public debate over the merits of their policies could (as noted in paragraph 1.9, above) have a negative effect on the Group's operating results, financial condition and prospects.

1.12 *The bar industry in the United Kingdom is extensively regulated and bar operations require licences, permits and approvals*

The Group's bars are subject to laws and regulations that affect their operations, including in relation to employment, minimum wages, bar licensing, alcoholic drinks control, competition, health and safety, sanitation, data protection and access for the disabled. These laws and regulations impose a significant administrative burden on the Group, as bar managers have to devote significant time to compliance with these requirements and therefore have less time to dedicate to trade. If additional or more stringent requirements were to be imposed in the future, it would increase this burden, which could adversely affect the Group's operating results, financial condition and prospects.

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

Each of the Group's bars is licensed to permit, amongst 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 Group's bars. If any of the Group's bar licences were withdrawn or unfavourably amended, the profitability of the affected bars could be materially adversely affected and this, in turn, may have a material adverse effect on the Group's operating results, financial condition and prospects.

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

1.14 *Increases in the UK national minimum wage could affect the Group's operating costs*

In October 2014, the national minimum wage rose to £6.50 an hour for people aged 21 and over. Because a significant proportion (approximately 40 per cent) of the Group's employees are paid the national minimum wage, any further increase in the minimum wage, or its scope, would increase the Group's operating and employment costs and, in turn, could have a material adverse effect on its operating results, financial condition and prospects.

1.15 *The flexibility of zero hour employment contracts may be reduced in the near future which may adversely affect the Group's operational costs and have an adverse cost effect on its employment of bar staff*

The Group employs the majority of its bar staff under zero hour employment contracts, which do not entitle employees to guaranteed working hours and do not oblige the employer to provide work to the employees. The UK government has announced plans to introduce legislation in respect of zero hours contracts. In addition, the government has announced that sector-specific codes of practice on the fair use of zero hours contracts will be introduced. It is unknown when (or if) the relevant legislation and codes of practice will come into force. The Department of Business, Innovation and Skills has indicated that it is unlikely to be before the general election in May 2015. Any changes are likely to affect the regulatory framework for zero hour contracts and may result in the loss of operational flexibility and increased costs for the Group, which could in turn have a material adverse effect on the Group's operating results, financial condition and prospects.

1.16 *The Group may be at risk of employment related claims including for arrears of holiday pay*

Hourly-paid Group employees receive 'rolled-up' holiday pay. This means that, rather than taking specific periods of paid holiday, employees receive a payment at the same time as their salary which represents the payment due to them in respect of their holiday entitlement. The UK courts have recently expressed disapproval of this practice. The Group has received legal advice on this issue and the Directors intend to continue to monitor the potential impact on the Group's employment arrangements.

A series of recent European and domestic cases suggest that the minimum four weeks' statutory annual leave granted to workers must account for non-guaranteed compulsory overtime and commission payments. Along with many other UK businesses, the Group may have potential historic, unpaid holiday pay liability and the risk of increased costs in the future, although no claims or complaints have been received by the Group in this regard to date.

The UK government has announced that regulations have been laid before Parliament designed to limit the impact of these decisions by limiting claims for holiday pay to two years' arrears of holiday pay for claims brought after 1 July 2015.

1.17 *The taxes and duties to which the Group is subject may increase*

The Group's activities are affected by a number of taxes and duties, such as the duty on alcoholic drinks, VAT and other business taxes. Changes in law and practice that affect all or any of these matters may adversely affect the financial performance of the Group. To the extent that the Group does not, or is not able to, pass on any such duty or any further tax or

duty increases to its customers, this would reduce the Group's margins and could consequently have an adverse effect on the Group's operating results, financial condition and prospects.

On the other hand, to the extent (if any) that the Group does pass on any such tax or duty increases to its customers, this could result in decreased demand and consequently could have an adverse effect on the Group's operating results, financial condition and prospects.

1.18 *The Group's revenues are affected by adverse weather conditions, peak trading times, and by disruption to public transport systems*

Attendance levels at the Group's bars are affected by the weather and by the operation of urban public transport systems. This is largely due to the location of the Group's bars in town and city centres, which gives rise to a higher degree of customer reliance on public transport than may be the case in rural areas. If adverse weather conditions (such as persistent rain or snow) and/or public transport failures prevent or inhibit the ability of customers to travel, or discourage them from travelling, to the Group's bars, this could have a negative effect on the revenue generated by those bars, which in turn could have a material adverse effect on the Group's operating results, financial condition and prospects.

In addition, the Group's 'peak' trading periods are typically December (which the Directors attribute to Christmas trade) and September/October (which the Directors attribute to students starting at or returning to university). If adverse weather conditions and/or public transport failures were to occur during these periods, the negative effects described above could be exacerbated.

1.19 *Computer or information system breakdowns could impair the Group's ability to conduct its business*

The Group's business and the efficiency of its management processes depend on the effective operation of its information technology networks and computer systems (in particular EPoS), each of which is provided, managed and serviced by third parties. The importance of information technology to the Group is increasing as electronic payment methods become more common. If these systems or any of the Group's financial, human resources, communication or other systems were to be disabled or did not operate properly (including as a result of computer viruses, problems with the internet or sabotage), the Group could suffer disruption to its business and supply chains, be unable to serve customers seeking to pay by EPoS, incur liability to retailers or customers or experience loss of data.

Were any of the above risks to materialise, they could have a significant effect on the Group's ability to conduct its business which, in turn, could have a material adverse effect on the Group's operating results, financial condition and prospects.

1.20 *Food or beverage contamination or other health and safety incidents could adversely affect the Group's operations*

The Group is susceptible to major local, national or international food or beverage contamination or other health scares (examples from recent years include salmonella and E.coli, 'swine flu' and other airborne diseases) affecting certain types of food and beverages sold in, and attendance levels at, the Group's bars. Such contamination or scares could affect consumer confidence and preferences, resulting in reduced attendance or expenditure at the Group's bars, or could lead to increased costs for the Group (including in relation to sourcing alternative suppliers or products). In addition, a serious contamination or 'scare' at one of the Group's branded bars (*Revolution* or *Revolución de Cuba*) could negatively affect both the reputation of that brand and, by association, also the reputation of the other brand (see paragraph 1.22, below).

As a result of the nature of its business, the Group is also exposed to the risk of other health and safety incidents, for example, accidents occurring on its premises. Accordingly, the Group is required to adopt and maintain rigorous health and safety policies. However, given the access members of the public have to the Group's premises, the Group's health and safety policies may not be capable of preventing a serious health and safety incident from occurring. The occurrence of a serious health and safety incident at one of the Group's bars (as noted above in relation to contamination issues) could negatively affect both the reputation of that

brand and any other Group brand. A serious food or beverage contamination or other health and safety incident could therefore negatively impact the Group's operating results, financial condition and prospects.

1.21 *Incidents involving the abuse of alcohol, use of illegal drugs and violence are a significant risk to the Group's operations*

Incidents involving the abuse of alcohol, use of illegal drugs and violence on the Group's premises may occur or may increase in frequency. Such activity may directly interrupt the operations of the Group and could result in litigation or regulatory action, together with potentially negative publicity, which could adversely affect the Group's operating results, financial condition and prospects.

1.22 *Negative publicity relating to one of the Group's bars or brands could reduce turnover at some or all of the Group's bars*

The Group may, from time to time, receive negative publicity relating to alcohol consumption (see paragraph 1.21, above) or quality, food quality, bar facilities, health inspection scores, employee relationships, food contamination or other matters at one or more of its bars. Adverse publicity may negatively affect the Group, regardless of whether the allegations are valid, whether they are limited to just a single location or whether the Group is at fault. The negative impact of adverse publicity relating to one of the Group's bars may extend far beyond the bar involved to affect some or all of the Group's other bars (for example, an incident involving a *Revolución de Cuba* bar could have an adverse effect on *Revolution* bars due to their association with one another). The occurrence of such incidents could have a negative impact on the Group's operating results, financial condition and prospects.

1.23 *The Group may not be able to protect its intellectual property adequately, which could harm the value of its brands and adversely affect its operating results, financial condition and prospects*

The Group depends in large part on its brands and believes that they are very important to its business. The Group relies on its trademarks to protect its brands. The success of the Group's business depends, in part, on its continued ability to use its existing trademarks in order to increase brand awareness.

Although the Group has registered the *Revolution* and *Revolución de Cuba* brand names, trademarks and logos that distinguish its bars for trademark protection in the United Kingdom, the actions taken by the Group may be inadequate to prevent imitation of the Group's brands and concepts by others or to prevent others from claiming violations of their trademarks and proprietary rights by the Group. For example, the Group's intellectual property is not currently protected in Europe. If the Group's efforts to protect its intellectual property prove to be inadequate, the value of the Group's brands could be harmed, which could adversely affect the Group's operating results, financial condition and prospects.

1.24 *An increase in global food prices and energy costs may negatively affect the profitability of the Group's bars*

Food purchases account for around 19 per cent of the cost of sales of the Group's operating premises. The Group's bars are also relatively large commercial users of gas and electricity and are subject to fluctuations in energy costs. Volatility in global food prices and/or energy costs may have a negative impact on operating margins for the Group's business. Prices in the UK energy market remain subject to volatility and, if further rises were to occur (including as a result of a depreciation of the Pound Sterling), this could result in a reduction of margins and profits from the Group's operating premises, which in turn could have an adverse effect on the Group's operating results, financial condition and prospects.

The Group may also not be able to increase its prices to offset any future or further increases in such costs without suffering reduced revenue, which could in turn also have an adverse effect on the Group's operating results, financial condition and prospects.

1.25 Further consolidation in the bar industry in the United Kingdom may result in the Group being unable to compete with larger competitors

The pub and bar industry in the United Kingdom has undergone periods of consolidation through joint ventures, mergers and acquisitions. Further consolidation in the pub and bar industry in the UK could lead to the emergence of larger competitors, who may have greater financial and operational resources than the Group. The Group may not be able to respond to the pricing pressures that may result from further consolidation of the pub and bar industry in the UK and may not be able to compete successfully with larger competitors for the acquisition of bars and bar-owning companies. If the Group does not continue to be a major participant in the bar industry in the UK, it may not be able to secure favourable pricing from suppliers or attract, and/or retain, suitable employees to operate the Group's bars, which could have an adverse effect on the Group's operating results, financial condition and prospects.

1.26 The Group is exposed to risk in connection with its public liability insurance policies

The Group has in place standard employer liability and public liability insurance policies. However, the excess under the Group's public liability policies requires the Group to pay the first £25,000 of any successful individual claim, with an annual aggregate claims excess of £630,000. The combined effect of these provisions is that the Group effectively self-insures the first £25,000 of any individual successful claim and £630,000 per year in aggregate for successful claims. Further, the maximum amount recoverable under the insurance policies in respect of a single occurrence is £20,000,000, meaning the Group would be liable for the balance of any successful claim above this amount. The alternative to this approach would be to pay a higher premium. Given the Group's low claims history and low history of successful claims (in each case over the past five years), which the Directors attribute to the health and safety policies operated at the Group's bars, the Group does not view this as a necessary additional cost. Nonetheless, if a series of claims in respect of public incidents (for example, health and safety claims as described in paragraph 1.20, above) at the Group's bars were to be successful, or if a claim or series of claims resulted in one or more awards to claimants of amounts in excess of the £20,000,000 cap under the policies, the cost of paying out the first loss on each such claim, and the costs to the Group of any amounts over the £20,000,000 cap, could have an adverse effect on the Group's operating results, financial condition and prospects.

1.27 The Group is dependent on key executives and personnel for its future success

The Group's future success is substantially dependent on the continuing services and performance of key executives and its ability to continue to attract and retain highly skilled senior management and qualified bar managers. The current Directors, Senior Managers and other members of the management team may not remain with the Group. The failure to retain or recruit suitable replacements for any of the Directors, the management team or significant numbers of other key employees could have an adverse effect on the Group's operating results, financial condition and prospects.

2 Risks relating to the Offer and the Ordinary Shares

2.1 The Selling Shareholder may retain a significant interest in the Company following Admission and its interests may differ from those of other Shareholders

Immediately following Admission, the Selling Shareholder may continue to beneficially own or control between zero and 20.0 per cent of the Ordinary Shares (depending on the Offer Size). As such, depending on the Offer Size, the Selling Shareholder could possess sufficient voting power to have a significant influence over certain matters requiring Shareholder approval.

On 27 February 2015, the Company and the Selling Shareholder entered into the Relationship Agreement, which, conditional upon (i) Admission and (ii) the Selling Shareholder owning 10 per cent or more of the Ordinary Shares on or immediately following Admission, will regulate aspects of the ongoing relationship between the Company and the Selling Shareholder. The Directors believe that the terms of the Relationship Agreement will enable the Group to carry on an independent business as its main activity. However, the interests of the Selling Shareholder may not necessarily be aligned with those of other Shareholders following Admission. In particular, the Selling Shareholder may hold interests in, or may make acquisitions of or investments in, other businesses that may be, or may become, competitors

of the Group. If the Relationship Agreement becomes effective on Admission, the Selling Shareholder will have a right to appoint a director (or, at its option, an observer) to the Board. If, at any time following Admission, the Selling Shareholder holds less than 10 per cent of the Ordinary Shares, the Relationship Agreement will terminate with immediate effect.

2.2 *The price of the Ordinary Shares may fluctuate significantly and investors could lose all or part of their investment*

The share price of quoted companies can be highly volatile, which may prevent Shareholders from being able to sell their Ordinary Shares at or above the price they paid for them. The Offer Price may not be indicative of prices that will prevail in the trading market and investors may be unable to resell the Ordinary Shares at or above the price they paid for them. Further, the market price of the Ordinary Shares may not reflect the underlying value of the Group's assets. The market price of the Ordinary Shares could fluctuate significantly for various reasons, many of which are outside the Group's control. These factors could include large purchases or sales of the Ordinary Shares, legislative changes and general economic, political or regulatory conditions.

2.3 *A liquid market for the Ordinary Shares may fail to develop*

Admission should not be taken as implying that there will be a liquid market for the Ordinary Shares. Prior to Admission, there has been no public market for the Ordinary Shares and there is no guarantee that an active trading market will develop or be sustained after Admission. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares may be materially adversely affected.

2.4 *Future issues of Ordinary Shares or any future sale by the Selling Shareholder or other Shareholders of Ordinary Shares may dilute the holdings of Shareholders or depress the price of the Ordinary Shares*

Other than pursuant to employee share plans or other similar incentive arrangements, the Company has no current plans to issue Ordinary Shares. It is possible, however, that the Company may decide to issue additional Ordinary Shares in the future, which may dilute the holdings of Shareholders or depress the price of the Ordinary Shares. As set out in paragraph 2.1, above, the Selling Shareholder may not sell all of its Ordinary Shares pursuant to the Offer. If the Selling Shareholder still holds Ordinary Shares after Admission, the Selling Shareholder may decide to sell a substantial number of Ordinary Shares in the public market following the expiration of the lock-up undertakings in the Placing Agreement, which, or the expectation of which, could adversely affect the prevailing market price of the Ordinary Shares and/or impair the Group's ability to raise capital through future sales of equity securities. In addition, the Reinvesting Managers who hold Ordinary Shares pursuant to the Management Reinvestment following Admission may elect to sell those Ordinary Shares after the applicable lock-up undertakings in (in respect of the Executive Directors) the Placing Agreement or (in respect of the Reinvesting Managers other than the Executive Directors) separate lock-up deeds (as applicable) expire, which, or the expectation of which, could depress the market price of the Ordinary Shares and/or impair the Group's ability to raise capital through future sales of equity securities.

2.5 *There is no guarantee to Shareholders of the payment of dividends*

Any dividend on the Ordinary Shares will be dependent on the underlying growth in the Group's businesses. As a holding company, the Company's ability to pay dividends in the future is affected by a number of factors, including the receipt of sufficient dividends from its subsidiaries. The Company's direct and indirect subsidiaries may be precluded from paying dividends by various factors, such as their own financial condition, restrictions in existing or future financing documents to which they are party, tax considerations or applicable law. Under English law, a company can pay cash dividends only to the extent that it has distributable reserves and cash available for the purpose. In addition, the Company may not pay dividends if the Directors believe this would cause the Company to be inadequately capitalised or if, for any other reason, the Directors conclude that it would not be in the best interests of the Company. Any of the foregoing could restrict the payment of dividends to Shareholders or, if the Company does pay dividends, reduce the amount of such dividends.

2.6 *Changes in tax legislation or the interpretation of tax legislation could affect the Company's ability to provide returns to Shareholders*

Any change in tax legislation or in the interpretation of tax legislation could affect the Company's ability to provide returns to Shareholders. Statements in this document concerning the tax position of Shareholders are based on current tax law and practice in the UK, which are subject to change. The taxation of an investment in the Company depends on the individual circumstances of the relevant investor.

2.7 *Shareholders outside the UK may not be able to participate in future issues*

Under English law, Shareholders enjoy pre-emption rights on any issue by the Company of equity securities for cash, subject to certain exceptions. However, the securities laws of certain jurisdictions may restrict the Group's ability to allow participation by Shareholders in future equity issues. Any Shareholder who is unable to participate in future equity issues may suffer dilution.

PART 3

OFFER STATISTICS AND EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The Offer statistics and the times and dates in this document that fall after the date of publication of this document are indicative only and may be subject to change without further notice.

OFFER STATISTICS

Price Range (per Ordinary Share) ⁽¹⁾	200 pence to 240 pence
Expected minimum number of Offer Shares	38,213,764
Expected maximum number of Offer Shares	48,124,423
Number of Ordinary Shares in issue	50,000,000
Market capitalisation of the Company at the Offer Price ⁽²⁾	£110 million
Estimated net proceeds of the Offer receivable by the Selling Shareholder ⁽³⁾	£91.6 million

(1) It is currently expected that the Offer Price will be within the Price Range. It is expected that the Pricing Statement containing the Offer Price and the Offer Size will be published on 13 March 2015 and will be available (subject to certain restrictions) on the Company's website at www.revolutionbarsgroup.com. If the Offer Price is set above the Price Range, the Company will make an announcement via a Regulatory Information Service and prospective investors would have a statutory right to withdraw their application for Ordinary Shares pursuant to section 87Q of FSMA.

(2) Assuming the Offer Price is set at the mid-point of the Price Range. The market capitalisation of the Company at any given time will depend on the market price of the Ordinary Shares at that time. There can be no assurance that the market price of an Ordinary Share will be equal to or exceed the Offer Price.

(3) The proceeds receivable by the Selling Shareholder assume that the Offer Price and Offer Size are set at the mid-point of the Price Range and Offer Size Range, respectively, and are stated after deduction of the estimated aggregate placing commissions, amounts in respect of stamp duty or SDRT and certain other fees and expenses payable by the Selling Shareholder in connection with the Offer, which are currently expected to be approximately £3.4 million at the mid-point of the Price Range and Offer Size Range, respectively (assuming that the full discretionary fee is paid to Numis in its capacity as underwriter).

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Event	Time and Date ⁽¹⁾⁽²⁾
Latest date for submission of applications by Underlying Applicants to their Intermediary (exact time to be determined by each Intermediary)	11 March 2015
Latest time and date for receipt by Numis of applications from Intermediaries	12.00 p.m. on 12 March 2015
Latest date for receipt of indications of interest in the Institutional Offer	12 March 2015
Announcement of the Offer Price and Offer Size, publication of the Pricing Statement and notification of allocations of Ordinary Shares ⁽³⁾	7.00 a.m. on 13 March 2015
Commencement of conditional dealings in Ordinary Shares on the LSE Main Market	8.00 a.m. on 13 March 2015
Admission and commencement of unconditional dealings in Ordinary Shares on the LSE Main Market	8.00 a.m. on 18 March 2015

(1) Times and dates set out in the timetable above and mentioned throughout this document that fall after the date of publication of this document are indicative only and may be subject to change without further notice.

(2) All references to time in this timetable are to London time.

(3) The Offer Price and Offer Size will be set out in the Pricing Statement. The Pricing Statement will not automatically be sent to persons who receive this document, but it will be available free of charge at the Company's registered office at 21 Old Street, Ashton-under-Lyne, Tameside, OL6 6LA for 14 days after Admission. In addition, the Pricing Statement will (subject to certain restrictions) be published on the Company's website at www.revolutionbarsgroup.com.

It should be noted that, if Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned.

PART 4

DIRECTORS, REGISTERED OFFICE, SECRETARY AND ADVISERS

Directors

Keith Edelman – Non-executive Chairman
Mark McQuater – Chief Executive Officer
Sean Curran – Chief Financial Officer
Michael Shallow – Independent Non-executive Director

Company secretary

Sean Curran

Registered address and head office

21 Old Street
Ashton-under-Lyne
Tameside, OL6 6LA

Sole Sponsor, Financial Adviser, Bookrunner and Underwriter

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London, EC4M 7LT

Legal advisers to the Company

Macfarlanes LLP
20 Cursitor Street
London, EC4A 1LT

Legal advisers to the Sole Sponsor, Financial Adviser, Bookrunner and Underwriter

Nabarro LLP
125 London Wall
London, EC2Y 5AL

Auditor and Reporting Accountant

KPMG LLP
1 St Peter's Square
Manchester, M2 3AE

Registrars

Capita Registrars Limited
The Registry
34 Beckenham Road
Beckenham
Kent, BR3 4TU

PART 5

IMPORTANT INFORMATION

1 General

Prospective investors must rely only on the information contained in this document and any supplementary prospectus produced to supplement the information contained in this document. No person has been authorised to issue any advertisements or to give any information or to make any representations in connection with the Offer, other than those contained in this document and, if issued, given or made, such advertisement, information or representation may not be relied upon as having been authorised by or on behalf of the Company, the Directors, Numis, the Selling Shareholder or any other person.

This document describes the Company and the Group and provides general information about the Offer. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of FSMA and paragraph 3.4.1 of the Prospectus Rules, neither the delivery of this document at any time nor any purchase or sale made pursuant to the Offer shall, under any circumstances, create any implication that there has not been a change in the business or affairs of the Company or of the Group taken as a whole since the date of this document or that the information contained herein is correct as at any time subsequent to the earlier of its date or any earlier date specified with respect to such information.

The Company will update the information provided in this document by means of a supplementary prospectus if a significant new factor, material mistake or inaccuracy relating to this document occurs or arises prior to Admission that may affect the ability of prospective investors to make an informed assessment of the Offer. Any supplementary prospectus will be subject to approval by the FCA and will be made public in accordance with the Prospectus Rules. If a supplementary prospectus is published prior to Admission, investors will have the right to withdraw their applications for Ordinary Shares made prior to the publication of the supplementary prospectus. Such withdrawal must be made within the time limits and in the manner set out in any such supplementary prospectus (which shall not be shorter than two Business Days after publication of the supplementary prospectus).

Apart from the responsibilities and liabilities, if any, which may be imposed on Numis by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regime would be illegal, void or unenforceable, neither Numis nor any of its affiliates or representatives accepts any responsibility whatsoever for the contents of this document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Offer. Accordingly, Numis and each of its affiliates and representatives disclaims, to the fullest extent permitted by applicable law, all and any liability, whether arising in tort, contract or otherwise (save as referred to above), which they might otherwise have in respect of such document or any such statement. No representation or warranty, express or implied, is made by Numis or any of its affiliates or representatives as to the accuracy or completeness of such information, and nothing contained in this document is, or shall be relied upon as, a promise or representation by Numis as to the past, present or future.

None of the Company, the Directors, Numis or the Selling Shareholder, or any of their respective affiliates or representatives, is making any representation to any prospective investor regarding the legality of an investment in the Offer Shares by any such prospective investor under the laws applicable to any such prospective investor.

The contents of this document are not to be construed as legal, financial, tax, investment or other advice. Each prospective investor should consult their own lawyer, financial adviser or tax adviser for legal, financial, tax, investment or other advice in relation to any purchase or proposed purchase of any Offer Shares. Each prospective investor should consult with such advisers as needed to make its investment decision and to determine whether it is legally permitted to hold Ordinary Shares under applicable securities, investment or similar laws or regulations. Prospective investors should be aware that they may be required to bear the financial risks of any investment in Ordinary Shares for an indefinite period of time.

This document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, Numis, the Selling Shareholder or any of their respective affiliates and representatives that any recipient of this document should purchase the Offer Shares. Prior to making any decision as to whether to purchase the Offer Shares, prospective investors should read this document. Prospective investors should ensure that they read the whole of this document carefully, in particular Part 2 (*Risk Factors*), and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination of the Company and the terms of this document, including the risks involved. Any decision to purchase the Offer Shares should be based solely on this document.

Investors who purchase Offer Shares will be deemed to have acknowledged that: (i) they have not relied on Numis or any of its affiliates or representatives in connection with any investigation of the accuracy of any information contained in this document or their investment decision; (ii) they have relied solely on the information contained in this document; and (iii) no person has been authorised to issue any advertisement, give any information or make any representation concerning the Group or the Ordinary Shares (other than as contained in this document) and, if issued, given or made, any such advertisement, information or representation should not be relied upon as having been authorised by the Company, the Directors, Numis, the Selling Shareholder or any of their respective affiliates or representatives.

In connection with the Offer, Numis and any of its affiliates, acting as an investor for its or their own account(s), may take up Offer Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such Offer Shares and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in this document to the Offer Shares being offered, acquired, placed or otherwise dealt in should be read as including any offer to, or acquisition, dealing or placing by, Numis or any of its affiliates acting as an investor for its or their own account(s). Numis does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Numis is acting exclusively for the Company and no one else in connection with the Offer. Numis will not regard any other person (whether or not a recipient of this document) as its or any of its affiliates' customer(s) in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its customers or for giving advice in relation to the Offer or any transaction or arrangement referred to in this document.

In addition, in connection with the Offer, Numis may enter into financing arrangements with investors, such as share swap arrangements or lending arrangements where Ordinary Shares are used as collateral, which could result in Numis acquiring interests in Ordinary Shares. Numis and its affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services for, the Company, for which they may have received fees. Numis and its affiliates may provide such services to the Company or members of the Group in the future.

2 Interpretation

Certain terms used in this document, including certain capitalised terms and certain technical and other terms, are defined and explained in Part 17 (*Definitions*) and in paragraph 7, below. References to the singular in this document shall include the plural and *vice versa*, where the context requires, and any references to any of the masculine, feminine and neuter genders shall include the other genders.

3 Presentation of financial information

The consolidated financial information presented in this document has been prepared for the Group. The consolidated financial information has been prepared in accordance with the requirements of the Prospectus Directive Regulation, the Listing Rules and Adopted IFRS. For full details of the basis of preparation, please refer to Note 1 ('Accounting policies') to the Group's historical financial information included in Part 11 (*Historical Financial Information*).

The significant Adopted IFRS accounting policies described in Note 1 ('Accounting policies') to the Group's historical financial information included in Part 11 (*Historical Financial Information*) are applied consistently in the preparation of the financial information in this document.

Throughout this document, the Group presents financial information in relation to its results of operations in a format which differs in presentation from the consolidated statement of profit and loss and other comprehensive income presented in the Group's historical financial information included in Part 11 (*Historical Financial Information*).

The Directors believe that the historical financial information which presents the Group's Ongoing Business separately from the Exited Business adequately reports the historical financial performance of the Ongoing Business and is consistent with how the Group intends to report its results of operations in future. Please refer to Part 9 (*Operating and Financial Review*) for further information.

4 Non-IFRS financial measures

4.1 EBITDA, Adjusted EBITDA and related margins

EBITDA represents operating profit before depreciation and amortisation. Adjusted EBITDA represents EBITDA, as defined above, adjusted to exclude those items that the Directors consider to be exceptional items. EBITDA margin is calculated as EBITDA expressed as a percentage of revenue. Adjusted EBITDA margin is calculated as Adjusted EBITDA expressed as a percentage of revenue.

The Directors use EBITDA and Adjusted EBITDA (amongst other things) as key performance indicators of the Group's business. The Group uses EBITDA and Adjusted EBITDA in its business operations, amongst other things, to evaluate the performance of its operations, to develop budgets and to measure its performance against those budgets.

The Directors believe EBITDA and Adjusted EBITDA to be useful supplemental tools to assist in evaluating operating performance because, in the case of EBITDA, it eliminates depreciation and amortisation, and, in the case of Adjusted EBITDA, it eliminates exceptional items. The Directors believe that such measures provide useful supplemental information without regard to such items.

The Directors consider Adjusted EBITDA to be a more accurate reflection of the underlying business performance of the Group and believe that this measure provides additional useful information for prospective investors on the Group's performance, enhances comparability from period to period and with other companies, and is consistent with how business performance is measured internally. EBITDA and EBITDA-related measures are not a measurement of performance under IFRS and should not be considered by prospective investors in isolation or as a substitute for measures of profit, or as an indicator of the Group's operating performance or cash flows from operating activities as determined in accordance with IFRS.

The Directors have presented these supplemental measures because they are used by them in managing the Group's business. In addition, the Directors believe that EBITDA, Adjusted EBITDA and EBITDA-related measures are commonly reported by comparable businesses and used by investors and analysts in comparing the performance of businesses without regard to depreciation and amortisation, which can vary significantly depending upon accounting methods. EBITDA and EBITDA-related measures may not be comparable to similarly-titled measures disclosed by other companies and prospective investors should not use these non-IFRS measures as a substitute for the figures provided in the Group's historical financial information included in Part 11 (*Historical Financial Information*).

4.2 Like-for-like revenue growth

Like-for-like revenue growth is a comparison between two years of the Group's sales of all relevant sites that were open for a minimum of one week in the first relevant year and not closed permanently by the end of the second relevant year. Like-for-like revenue includes all revenue from any such site commencing with the first full week that such site is open in the first relevant year, and all revenue from such site in the corresponding period of the second relevant year. Like-for-like revenue growth is expressed as a percentage.

5 Trade names, logos, trademarks and service marks

The *Revolution* and *Revolución de Cuba* trade names and logos, and other trademarks or service marks of the Group which appear in this document, are the property of the Group. Any trade names, logos, trademarks or service marks of third parties appearing in this document are the property of their respective holders. Use or display by the Group of third parties' trade names, logos, trademarks or service marks is not intended to and does not imply a relationship with, or endorsement or sponsorship by the Group of, such third parties.

6 Market, economic and industry data

This document contains information regarding the Group's business and the market in which it operates and competes, which the Company has obtained from various third party sources. Where information contained in this document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In particular, this document contains information from the following third party sources:

- Allegra Foodservice 'Future Foodservice trends' report, June 2014 ("**Allegra Foodservice**");
- CGA brand index 2014 ("**CGA Brand Index**");
- industry data compiled by CGA ("**CGA Data**");
- CGA outlet index 2014 ("**CGA Outlet Index**");
- CGA report on the licensed retail sector, December 2014 ("**CGA Report**");
- CGA trading index 2014 ("**CGA Trading Index**");
- a survey conducted by Elliotts Agency in 2014 ("**Elliotts Agency Survey**");
- Travel & Leisure: Licensed Retail Sector report prepared by Numis (21 November 2013) ("**LRS Report**");
- M&C Report, October 2014 ("**M&C**");
- the UK Office for National Statistics ("**ONS**"); and
- US Department of Agriculture ("**US DOA**").

Certain information on market sizes, projected growth rates and market, industry and competitive positions set out in this document is not based on published statistical data or data sourced from independent third parties. Rather, it represents the Directors' estimates based on information available to them as at the date of this document, including information obtained from trade and business organisations and other contacts within the Group's industry, as well as information published by competitors and which, in each case, has not been independently verified. The reliance by the Directors on estimates reflects the fact that there is no single, recognised definition of the scope of the industry, the absence of publicly available information for certain participants in the industry and the absence of detailed breakdowns of information for certain participants whose bar or restaurant operations form part of larger enterprises. Trends described as industry trends may not apply across the industry due to the diversity of participants and, as such, may have a greater or lesser impact on the Group than on other participants. Please also refer to Part 2 (*Risk Factors*) and paragraph 10, below, for information on the risks associated with reliance on this document. None of the sources listed above has authorised the contents of, nor any part of, this document and, accordingly, no liability whatsoever is accepted by any of such sources for the accuracy or completeness of any market data or other information attributed to them which is included in this document.

7 Presentation of market and industry data

The following terms have the following specific meanings when used in this document in relation to the retail market in which the Group operates:

- the terms "bar", "site", "outlet", "venue" and similar expressions are used to refer to the Group's operating premises, which serve both food and drinks;

- the expression “wet” refers to the serving of drinks, such that describing sales or revenue as “wet” or “wet-led” means that those sales relate to, or revenue is generated from, the sale of drinks;
- the term “dry” is used to refer to the serving of food, such that describing sales or revenue as “dry” or “dry-led” means that those sales relate to, or revenue is generated from, the sale of food;
- the term “cannibalisation” is used to refer to a reduction in the sales or success of one product or operation caused by the introduction by the same provider of a new product or operation (in this document the term is used in the context of the theoretical risk – which, the Directors believe, is not a material risk for the reasons given in paragraph 2.3 (‘Development of the *Revolución de Cuba* brand’) of Part 6 (*Business Overview*) – of *Revolución de Cuba* bars established near to existing *Revolution* bars having an adverse effect on the continuing success of those *Revolution* bars);
- a “sharer” is a drink which is sold to be shared between two or more people, usually in a jug or pitcher, together with an individual glass or other container for each person sharing the drink;
- the term “on-trade” in the context of the wet-led aspects of the Group’s business refers to alcohol being purchased in licensed premises for consumption on those premises (for example, bars, clubs, pubs and restaurants), whereas the term “off-trade” refers to alcohol being purchased for consumption outside of the premises of the retailer (for example, a supermarket or newsagent which sells alcohol);
- the term “sales mix” is used to refer to the relative amounts purchased of each of the products or services which are sold by a business; and
- the term “day-trade” is used to refer broadly to trading during the day as distinct from trading during, for example, the evening or night.

8 Currency presentation

All references in this document to “Pounds Sterling”, “the Pound Sterling”, “Pounds”, “£”, “pence” or “p” are to the lawful currency of the United Kingdom. Unless otherwise indicated, the financial information in this document has been expressed in Pounds Sterling. The functional currency of all members of the Group is Pounds Sterling and the Group presents its financial statements in Pounds Sterling.

9 Roundings

Certain data in this document, including financial, statistical and operating information, has been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data. In certain tables contained in this document, the sum of the numbers in a column or row may not conform exactly to the total figure given for that column or row. Percentages in tables have been rounded and accordingly may not add up to 100 per cent.

10 Forward-looking statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, such as the terms “believes”, “estimates”, “forecasts”, “plans”, “prepares”, “anticipates”, “expects”, “intends”, “may”, “will”, “could” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all statements about future events, developments and financial results as well as other statements which do not relate to, and all matters which are not, historical facts and events. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Group and the Directors concerning, amongst other things, financing strategies, results of operations, financial condition, the prospects and dividend policy of the Group and the markets in which it operates.

These forward-looking statements are subject to various risks, uncertainties and other factors, including the following:

- continued weakness of the UK economy, including prolonged recession or multiple recessions or weak recoveries, poor general business conditions, decrease in the availability of consumer credit, falling overall or *per capita* gross domestic product, increased unemployment, inflation, deflation or decline in consumer confidence;
- competition in the Group's existing and future lines of business;
- changing consumer preferences;
- the Group's failure to comply with laws, rules, regulations, market codes of conduct and their interpretation, any changes in laws, rules, regulations, market codes of conduct and their interpretation, and any changes in the policies and actions of regulatory authorities;
- changes in interest rates and exchange rates or new types of taxes or increases in taxes in the UK;
- interruption or failure of information technology systems upon which the Group's operations are reliant;
- the cumulative effect of adverse litigation or arbitration awards against the Group;
- interruption of supply or failure to agree income from suppliers;
- the Group's ability to implement its business strategy;
- the Group's ability to attract and retain qualified personnel; and
- data breaches involving customer or employee data.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and no assurance can be or is given that such future results will be achieved. The Group's actual results of operations, financial condition, dividend policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document. In addition, even if the results of operations, financial condition and dividend policy of the Group and the development of its financing strategies are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to, those factors set out in Part 2 (*Risk Factors*).

Prospective investors are advised to read this document in its entirety for a further discussion of the factors that could affect the Group's future performance. In light of these risks, uncertainties and other factors, the events described in the forward-looking statements in this document may not occur.

Consequently, none of the Company, the Directors, Numis nor the Selling Shareholder can give any assurances regarding the accuracy of the opinions set out in this document or the actual occurrence of any predicted developments.

Subject to their legal and regulatory obligations (including under the Listing Rules, Prospectus Rules and Disclosure Rules and Transparency Rules), the Company and Numis expressly disclaim any obligation to update or revise any forward-looking statement contained in this document to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based. All forward-looking statements that can be attributed either to the Company or to individuals acting on its behalf (including the Directors) are expressly qualified in their entirety by this paragraph 10.

11 No incorporation of website

The contents of the Group's websites do not form part of this document and prospective investors should not rely on such information.

12 Information not contained in this document

No person has been authorised to give any information or make any representation other than as set out in this document and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this document nor any purchase or sale made pursuant to the Offer shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct as of any time subsequent to the earlier of the date hereof or any earlier date specified with respect to such information.

13 London time

All references to time in this document are to London time, unless otherwise stated.

14 Advice

Prospective investors should not treat the contents of this document as advice relating to legal, financial, tax, investment or any other matters. Prospective investors should inform themselves as to (i) the legal requirements within their own jurisdictions for the purchase, holding, transfer or other disposal of Ordinary Shares, (ii) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares and (iii) the income and other tax consequences which may apply in their own jurisdictions as a result of the purchase, holding, transfer or other disposal of Ordinary Shares. Prospective investors must rely upon their own representatives, including their own lawyers, financial advisers, tax advisers and investment advisers, as to legal, financial, tax, investment or any other matters concerning the Company and an investment in the Offer Shares. Statements made in this document are based on the law and practice currently in force in England and Wales (and the United States and other jurisdictions whose laws or regulations are referred to in this document) and are subject to changes thereto.

15 Constitution

All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles of Association.

PART 6

BUSINESS OVERVIEW

1 Introduction

The Group is a leading operator of premium bars, with a strong national presence across the UK. The Group trades from its portfolio of 58 bars located predominantly in town or city high streets across the UK, which it operates under the *Revolution* and *Revolución de Cuba* brands.

The Group delivered a strong financial performance in the 2014 Annual Period, with reported revenue of £108.7 million (2013: £104.5 million) and Adjusted EBITDA of £13.2 million (2013: £10.9 million) attributable to the Ongoing Business.

1.1 The Group's bars

The Group's *Revolution* bars have been trading since 1996 and are a destination of choice for customers who value their focus on a premium drinks and food-led offering. Each *Revolution* bar has its own character, individual design and layout, with bar interiors being tailored on a site-by-site basis to utilise the space available and best attributes of the premises. All *Revolution* bars are located in towns or cities, with none in out-of-town or edge-of-town locations, reflecting the Group's focus on a premium offering to urban consumers.

The Group's second brand, *Revolución de Cuba*, was established in June 2011 and has delivered strong returns on investment since inception. The *Revolución de Cuba* bars, which are inspired by Latin American and Cuban themes (and of which five have been opened so far, with further openings planned), focus on a high-end offering to customers, including a rum-led cocktail range, Spanish and Mexican beers, a Spanish and Latin American food menu and live entertainment. The success to date of the *Revolución de Cuba* bars puts them at the heart of the Group's roll-out strategy.

The Group's management believe that the differentiated, yet complementary, proposition offered by the two brands should help facilitate the Group's business plan, which focuses both on rolling out new bars and improving the existing estate.

1.2 The Group's market

The Group is well-positioned across both the drinking out and casual dining out markets in the UK. The UK drinking out market was worth £27.5 billion in 2014 (Source: CGA Brand Index) and is forecast to grow by a CAGR of 0.9 per cent between 2014 and 2017, whilst the UK restaurant market was worth £48.2 billion in 2014 (Source: Allegra Foodservice) and is forecast to grow by a CAGR of 2.5 per cent between 2014 and 2017 (see paragraph 6.1, below). The Group participates in, amongst others, the cocktail, spirit and draught world lager markets. The spirits and draught world lager markets are forecast to grow at a CAGR of (respectively) 1.7 per cent and 16.6 per cent between 2014 and 2017 (Source: CGA Brand Index), whilst cocktail volumes are forecast to grow at a CAGR of 5.1 per cent over the same period (Source: CGA Data).

The Group's target customer base is the UK's young, urban population, in particular aspirational students and young professionals, who value the premium drinking and casual dining out proposition offered by both the *Revolution* and *Revolución de Cuba* bars. The majority of customers at the Group's bars are female (59 per cent at *Revolution* and 61 per cent at *Revolución de Cuba* (Source: Elliotts Agency Survey)). The increasing consumer trends towards premium offerings in the drinking out and dining out markets underpin the Group's approach to providing a high quality offering at its bars, with the Group's retail operation driving high spend per head through premium prices, strong brands and quality service.

The Group has a highly engaged customer database and social media programme, with one of the largest social media presences in the UK bar market.

1.3 The Group's strategy

Following the introduction in 2011 of the *Revolución de Cuba* brand and a strategic review in 2012 and 2013 which considered the strengths and weaknesses of the Group's operating model and trading positions, the Group repositioned itself with a new cocktail, premium drink

and food-led strategy, invested in the refurbishment and upgrade of its bar portfolio and focused its bars on operating from late morning, during the day and into late evening to maximise their trading occasions. These investments have been followed by a significant improvement in the Group's performance, with the Group's average Site EBITDA now being one of the highest for any UK national bar chain (Source: LRS Report).

1.4 The Group's management team

The Group is led by Mark McQuater, who joined as CEO in 2013. Mark is supported by a highly experienced team, including Sean Curran (CFO), who joined the Group in 2003, and Jimmy Del Giudice (Operations Director), who joined the Group in 1991, each of whom has a deep knowledge of the Group's business. This management team has a track record of delivering high returns on investment and, the Directors believe, is well positioned to lead the Group into the next stage of its growth and development based on a roll-out strategy of five new bars per annum by the 2017 financial year (see paragraph 5.3, below). Alongside the core management team, the Senior Managers, in relation to whom further details are set out in Part 7 (*Directors, Senior Managers and Corporate Governance*), provide significant 'bench strength' to the Group's managerial and operating functions.

2 History and development

2.1 Overview

Key milestones in the Group's development include the following:

- 1991** – The Group's forerunner business, Inventive Leisure, was established.
- 1996** – The first *Revolution* bar was opened in Manchester.
- 2000** – Inventive Leisure floated on AIM, operating 22 bars, of which 14 were *Revolution* branded.
- 2003** – Sean Curran joined as Finance Director.
- 2006** – Inventive Leisure was taken private by Alchemy, in a transaction valuing the Group at a level 87 per cent higher than the IPO price from 2000.
- 2011** – The first *Revolución de Cuba* bar was opened in Sheffield.
- 2013** – Mark McQuater joined as Chief Executive Officer.
 - The Group began the £10 million 'Project Evolution' initiative to improve its estate, refurbishing the majority of its bars.
- 2014** – Completion of the strategic review, focusing the Group's business on premium offerings at its *Revolution* and *Revolución de Cuba* bars.
 - The Group's estate reached 58 bars (53 *Revolution*, five *Revolución de Cuba*).

2.2 Revolution Bars Group

The Group previously traded as Inventive Leisure, a name which the Group retains in several dormant companies in its corporate structure (see Part 15 (*Group Reorganisations*)), but does not currently use for trading purposes given the Directors' view of the strength of the *Revolution* and *Revolución de Cuba* brands. The Directors believe that, following the conclusion of the strategic review (see paragraph 2.4, below), the Group is well positioned to proceed with its business plan trading as the Revolution Bars Group with its two distinctive brands. In respect of periods prior to 22 February 2014 (the date on which the Business Reorganisation was completed (see paragraph 2.5, below)), the term "Group" is used in this Part 6 (*Business Overview*) to refer to the Group's business as carried on at that time.

2.3 Development of the *Revolución de Cuba* brand

In 2010-11, the Group's management concluded that a second brand would enable the Group to operate bars in close proximity to already-established *Revolution* bars, which could enhance the roll-out potential of the business by increasing the number of desirable site acquisitions. After consideration of options for a brand which would complement and not conflict with the *Revolution* brand, the *Revolución de Cuba* concept was designed, with the aim of focusing on a premium offering of Cuban and Spanish cocktails, food and live music, with a new style of bar design reflecting this offering. The bar design differs from the *Revolution* concept, with *Revolución de Cuba* bars being characterised by their 1940s Cuban-

inspired style, with dark woods, traditional bar counters, antique tiles, vintage furniture, Havana-style ceiling fans and original Cuban artwork and photographs. Although each site starts from a standardised format, each bar is tailored to give it an individual character.

The Group's management believed that the distinguishing features of the *Revolución de Cuba* bars would allow them to be located near to existing *Revolution* bars whilst limiting cannibalisation. In addition to the distinct offering of the new *Revolución de Cuba* bars compared to the existing *Revolution* sites, the new brand had (and has) a different target audience, with its customers being on average six years older than those of *Revolution* bars. The new brand was therefore intended to appeal to a segment of the UK's working population which has a relatively high disposable income, is less price sensitive than other potential customers and which values quality and atmosphere over discounted prices.

Management's aim was that the combination of these factors would minimise competition and cannibalisation between the two brands, and would also create the opportunity for consumers who feel they have 'outgrown' the mainstream, feel-good, primarily under-35s focus of the *Revolution* bars to enjoy what could be considered the more sophisticated offering of *Revolución de Cuba*. As such, the second brand was designed not to replace or take market share from the first, but rather to enhance and complement its success. The first *Revolución de Cuba* opened in June 2011 and the Group currently operates five bars under this second brand. The Directors believe that the high returns on investment generated by the *Revolución de Cuba* bars which have been opened to date, which have an Average Site ROI of approximately 54 per cent, indicate that this strategy is succeeding.

See paragraph 5.3, below, for details of the Group's roll-out plans for future sites.

2.4 The strategic review

The strategic review in 2012 and 2013 was necessitated by the economic downturn in the UK and a number of other factors which affected the Group's trading performance. External factors included the introduction of higher university tuition fees in the UK (which are widely regarded as the cause of the reduced (by 12 per cent) size of the Autumn 2012 student intake) and the increase in capital investment by many of the Group's competitors at a time when the Group's capital expenditure programme was focused on maintenance. In addition to external factors, the Group's management at the time believed that the Group's product range could be further enlarged to reflect changing consumer trends and demand.

The management team's response to these challenges culminated in the 'Project Evolution' initiative, together with other projects aimed at improving the customer-facing aspects of the business and improving the Group's trading focus.

Capital investment *'Project Evolution'*

- The Group undertook a wide-ranging capital investment programme called 'Project Evolution' over the course of 18 months. The result was the re-design and refurbishment of the majority of the Group's bars to create a more contemporary and competitive trading environment, whilst retaining the key elements of the Group's historically successful trading.

Drinks range review

- The Group's drinks range was re-aligned towards in-growth products and, where appropriate, made more relevant to the student market. At the same time, more structured pricing ladders were put in place to enhance cash profit per sale. This also entailed a re-alignment of procurement policies and suppliers.

Increased yield from food

- The Group's food margins were (at the time) below market norms. This was addressed by a full review of the Group's menus, delivery and sourcing, with the aim of increasing the yield from the Group's food offering whilst maintaining like-for-like revenue growth.

These initiatives were designed to reposition and enhance the Group's brand, by giving its bars a lighter, softer and more contemporary feel and by having a more balanced day trading profile. Whilst retaining the aspects of the Group's business which had historically been

successful, the customer proposition was strategically shifted from a focus on vodka-based drinks and promotion-driven events to a balanced drinks portfolio with a greater emphasis on cocktails, together with a premium (primarily branded) drinks and food-led proposition.

2.5 The Business Reorganisation

Following the strategic review, the final step taken by the Group to focus its activities on outlets with increased trading occasions and a more balanced trading profile between food and drink was the separation of the Ongoing Business from the Exited Business, and the divestment by the Group of the Exited Business in February 2014, through the Business Reorganisation. The operational reasons for (and the corporate steps taken to achieve) the Business Reorganisation are set out in paragraph 2 ('Business Reorganisation') of Part 15 (*Group Reorganisations*).

3 The Group's key strengths

The Directors believe that the business is well-placed to deliver on its strategy as a result of the following key strengths.

3.1 Brands

All of the Group's bars trade under the *Revolution* or *Revolución de Cuba* brands. Each brand is clearly defined and brand operating templates are closely followed. The Directors regard each brand as having distinct unique selling points. *Revolution* is renowned for its cocktails and vodka heritage and has a growing reputation for food. *Revolución de Cuba* specialises in rum and rum-based drinks, Latin American and Cuban themed live entertainment and a Spanish and Latin American food menu. Because they target different demographics, the Directors believe both brands can co-exist in close proximity with minimal cannibalisation.

3.2 Premium target market

The Group's target market is the premium end of the 18-35 year old mainstream market. The designs of the bars, high-quality finishes, quality product ranges, presence of table service and hosting, hand-made cocktails and freshly-prepared food are all intended to attract customers willing to pay a premium. Average customer spend per head in the Group's bars is high compared to other businesses in both the UK restaurant and pub industries.

3.3 Market fundamentals

The UK's dining out market is forecast to grow by a CAGR of 2.5 per cent between 2014 and 2017, whilst the UK's drinking out market is forecast to grow by a CAGR of 0.9 per cent over the same period (see paragraph 6.1, below). Market trends indicate that consumer tastes are trending towards premium products at premium prices (Source: CGA Report). Further, the Directors believe that occasions to go out are more likely to be planned in advance around set-piece events and, therefore, more likely to be pre-booked (including via digital and social media, in respect of which see paragraphs 3.7 and 4.7, below) at attractive destinations.

3.4 Quality estate

The Group's trading estate has national coverage throughout Great Britain, with the Group operating profitably in all regions.



- The Directors believe that the Group's trading formats have appeal in a wide variety of UK locations, but benefit from limited exposure to any one regional market.
- The Group's bars are generally located in city centres or affluent large towns where they can benefit from high footfall and local demand.
- An indication of the spread of the Group's estate across the UK is shown opposite (53 *Revolution* bars and five *Revolución de Cuba* bars).

3.5 Returns

The majority of the bars opened by the Group over the past eight financial years have performed in line with or above management's pre-investment expectations, delivering long-run, high levels (of approximately 40 per cent) of return on investment. The Average Site ROI of the Group's bars opened in this period is 53 per cent for its larger format bars compared to 33 per cent for its standard format bars, and is 54 per cent for *Revolución de Cuba* bars compared to 32 per cent for *Revolution* bars.

3.6 Management team

The management team, led by Mark McQuater (CEO), is highly experienced in the leisure sector and has a track record of delivering operational and financial improvements and of managing growing businesses. Alongside the core management team, the Senior Managers provide significant 'bench strength' to the Group's managerial and operating functions.

3.7 Digital and social media

The business uses digital and social media to engage with its customers. It has a customer database with over one million contacts and a social media fan base of over 420,000 followers on Facebook, which is one of the leading social media fan bases in the industry. The Group's websites had around three million visitors in 2014, with approximately 60 per cent of visitors accessing them from mobile or tablet devices.

3.8 Scalability

The Directors believe that the operational, financial and IT platforms within the Group are capable of serving a bigger business without material additional expenditure.

4 The Group's business

4.1 Introduction

The Group is a leading operator of premium bars located predominantly in town or city high streets across the UK. The Group's 58 bars operate under the *Revolution* (53 sites) and *Revolución de Cuba* (five sites) brands and are generally situated in what the Group considers to be 'prime' locations within their local markets. The Group does not target, and none of its bars is located in, out-of-town or edge-of-town retail or leisure facilities, due to the Group's focus on a premium offering to urban consumers. Following the Group's revised focus on longer trading occasions and combining its food and wet-led offerings, the Group's sites typically trade from late morning, during the day and into late evening, from around 11.30 a.m. to around 1.30 a.m.

The Group's sites typically have large customer areas (over 5,000 square feet on average), meaning that each site also requires a large gross physical space (over 11,000 square feet on average). The Directors believe that there is significant scope for more of the Group's bars to be opened in new UK locations, with a target roll-out of five new sites per annum by the 2017 financial year. Each of the Group's bars is leasehold (the typical term is around 25 years), with rents consistently equating to less than nine per cent of turnover.

4.2 Trading formats

The Directors consider that a useful way to analyse the Group's estate is by comparing sites according to their physical sizes. For all sites opened between 1 July 2006 and 30 June 2013, such analysis reveals that larger format sites (of which eight were opened during this period) have (on average) superior economic returns compared to standard sites (of which 20 were opened during this period). The table below demonstrates this distinction (though it should be noted that these figures are approximate averages and, in reality, the Group's bar templates vary from site to site).

	'Larger' format template	'Standard' format template
<i>Average space for customers</i>	7,754 square feet	4,595 square feet
<i>Average development cost per site</i>	£1.7 million	£0.9 million
<i>Average annual revenue per site</i>	£3.7 million	£1.7 million
<i>Average annual Site EBITDA</i>	£0.8 million	£0.3 million
<i>Average Site ROI</i>	53%	33%

4.3 The Group's estate

4.3.1 Estate management

The Group's estate is well-invested, with approximately 93 per cent of the Group's 58 bars either being new, or having had substantial investment, since the financial year ended 30 June 2011. A large proportion of the bars acquired by the Group in recent years were already licensed premises prior to acquisition. Where the necessary licences are not in place, the Group takes leases subject to the licences being obtained prior to completion and occupation (together with other relevant conditions such as planning permission, where required).

The Group's estate is actively managed and the Directors aim to optimise the performance of the bar portfolio. With no franchises across the Group's portfolio, the Group is able to retain strong central control and retail discipline to maintain consistency of quality between each of its branded bars.

The Group takes a proactive approach to maintenance capital expenditure, resulting in efficient capital deployment by reducing downtime required for major refurbishment programmes. During the 'Project Evolution' initiative the majority of the Group's bars which were refurbished lost only one week's trade.

The Group undertakes regular repairs and site inspections and actively manages its rent reviews (which occur on average every five years at each site and are typically upwards-only), with the aim of ensuring the efficient and consistent operation of its operating site portfolio.

4.3.2 Historical roll-out profile

Between 30 June 2007 and 30 June 2013, the Group rolled out an average of approximately four bars per annum (approximately one larger and three standard format bars per annum). A comparison of the two formats is set out in paragraph 4.2, above.

The Group has a dedicated site finding and development team which undertakes a rigorous due diligence process in carefully selecting each site. The Group seeks landlord support where available on new leases (for example, rent free incentives). Due to the focus on the strategic review and, in particular, the 'Project Evolution'

initiative, the Group did not open any new bars in the 2014 Annual Period, but plans to increase the size of its bar portfolio in the future now that the consolidation of its estate effected by the strategic review process is complete (see paragraph 5.3, below).

4.4 Products and services

The Group's customer proposition focuses on, amongst other things, its premium product ranges, high quality staff, quality service levels (including table service) and music and entertainment (including live acts, DJs and, at *Revolución de Cuba*, dance classes).

As part of providing a premium customer offering, the Group seeks to offer premium drinks, premium branded spirits and both classic and contemporary cocktails. The Group uses branded products across its range rather than using discount brands. The provision of a quality cocktail offering is also key to the Group's premium positioning given, as noted in paragraph 6.2, below, the growing importance of cocktails in the UK market. To ensure the quality of its cocktail offering, the Group offers broad cocktail menus, including premium brands, and requires that its bar staff undertake regular cocktail making and mixing training.

The Group's revenues and EBITDA have historically been split almost evenly over the first and second halves of its financial year (which runs from 1 July to 30 June), with December being the most important month of the year, although the Directors believe that the Group has not been over-reliant on Christmas trade. Within the first half of the Group's financial year, September/October has been significant as students return to university and Halloween trade has also grown. Important trading dates in the second half of the Group's financial year (the Group's year end is 30 June) have included New Year's Eve, Easter and the May Bank Holiday weekends.

The Group's food sales increased by approximately 120 per cent between 2010 and 2014, from £6.1 million to £13.4 million per annum. The growing proportion of revenue derived from food sales indicates the breadth of both *Revolution's* and *Revolución de Cuba's* food offerings in comparison to competitors who may be more reliant on sales from drinks. In the 2014 Annual Period, food represented approximately 25.4 per cent of the pre-10 p.m. sales mix, which demonstrates the Group's increasing success in developing a daytime trade which does not rely on alcoholic drinks. Burgers are amongst the most popular food products sold during the Group's day-trade, with a total of around 450,000 sold in the 2014 Annual Period. Underscoring the Group's strategy, beer and cider represent a lower proportion of sales (approximately 19 per cent in *Revolution* and 20 per cent in *Revolución de Cuba*) than at pubs (approximately 50 per cent on average) (Source: CGA Trading Index), whilst cocktails and sharers (together) represent a higher proportion of the Group's sales than beer and cider combined.

4.5 Suppliers and supply arrangements

The Group's principal supply contracts are with Carlsberg, Heineken, Magners, Matthew Clark Wholesale Limited (the "**Key Service Provider**"), Maxxium, Moët, Pernod Ricard and SAB Miller for the supply of alcoholic drinks and with Coca-Cola Enterprises and Red Bull for the supply of non-alcoholic drinks. The market for the supply of all categories of products is competitive and the Group undertakes regular tender processes to optimise purchasing from both drinks and food suppliers.

All of the Group's drinks suppliers (listed above) deliver their stock to the Key Service Provider's warehousing facilities. The stock is then held in the Key Service Provider's hub locations, or on the Group's premises, which removes the need for the Group to have its own warehousing and distribution network. As such, although the Key Service Provider is not the underlying supplier of the Group's drinks stock, it provides important logistical, warehousing and distribution services in the supply chain. The Group's principal food suppliers and distributors include, amongst others, Chef Direct Limited (a subsidiary of Booker Group plc) and Oliver Kay Limited.

4.6 Operational performance drivers

The Directors consider the following (non-exhaustive) list of factors to be key to the Group's delivery of a strong operational performance.

4.6.1 Cocktails

This is the Group's largest product category by sales. Cocktails are perceived as premium (42 per cent of customers are prepared to pay up to £7 per cocktail (Source: CGA Report)) and are key to reinforcing the premium appeal of both the *Revolution* and *Revolución de Cuba* brands. Further, the amount of investment required to include a premium offering of cocktails as part of a bar's drinks range (including in respect of bar kit and staff training) means that they are not easily replicated on the high street.

4.6.2 Food sales

The Group's food offering has seen three years of double-digit like-for-like revenue growth (between the 2012 Annual Period and the 2014 Annual Period), with improving margins, making food a sizeable contributor to the Group's overall profits. Given the current trend towards overlapping drinking out and dining out occasions (see paragraph 6.1, below), a competitive food offering is key to certain trading occasions, in particular the daytime and after-work (that is, from around 5 p.m. on weekdays) periods.

4.6.3 Pre-booked sales

The Directors believe that pre-booking is growing in prevalence and that the market is increasingly coalescing around key events (for example, 'payday Fridays' and Bank Holiday weekends). The ability to pre-book is important in securing the higher value bookings from large groups and corporates.

4.6.4 Digital marketing and CRM

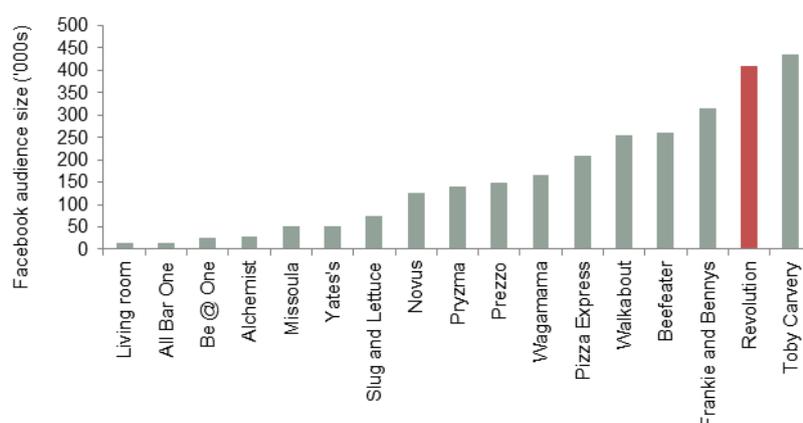
The Directors believe that the Group's digital marketing and CRM capabilities are increasingly important to its success. For further details, see paragraph 4.7, below.

4.6.5 Service initiative 'ACE'

The Directors believe that for a premium offering to be successful, it needs to be accompanied by high levels of service, achieved (amongst other things) through staff training. The Group's service initiative, 'ACE' (Amazing Customer Experience), covers the full suite of training requirements from entry-level to 'master bartender', and is perceived by the Directors as being vital to allowing the Group to offer the levels of staff service required of a premium bar business.

4.7 Marketing and social media

The Group is focused on customer engagement and endeavours to improve its offering continually through regular surveys and focus groups. The Group has a customer database with over one million contacts and has one of the leading social media fan bases in the industry, with over 420,000 followers on Facebook.



(Source: M&C and Company research)

The focus of the Group's social media strategy is on raising brand awareness, targeting new customers and increasing sales by improving conversion rates from (that is, 'monetising') customer enquiries.

4.7.1 Digital marketing and CRM

This area is very important to the Group's success because its customers (including the key demographic of 18-34 year olds) are highly engaged with digital means of communication, principally through mobile phones which support text messaging, email and social media. The Group uses digital marketing to engage with existing customers, attract new customers and to manage feedback. The Group's customer database has grown to over one million contacts, with email and text messaging used to direct these contacts to the Group's websites (see below).

4.7.2 Websites

The Group currently operates two websites in connection with its trading operations: one for *Revolution* bars (www.revolution-bars.co.uk) and one for *Revolución de Cuba* bars (www.revoluciondecuba.com). The purpose of the websites is to recreate the *Revolution* and *Revolución de Cuba* experiences online, whilst also providing a platform through which to acquire and retain new customers. The Group's websites had around three million visitors in 2014, with approximately 60 per cent of visitors accessing them from mobile or tablet devices.

Online marketing is focused on encouraging website visitors to make online reservations, with around 45 per cent of pre-booked parties being arranged online. The 'Revolution Party Pro' reservation system allows customers to make bookings online and a central party team is available to help facilitate reservations. Pre-booked revenue through the Group's websites (across both brands) in the 2014 Annual Period was £4.8 million.

The websites are integrated with social media websites including Facebook, Twitter and YouTube, all of which help customers share information. Facebook is now the main communication channel for the Group and each bar (of both brands) has its own online community of Facebook fans.

4.7.3 Loyalty cards

The Group operates a loyalty card scheme for its *Revolution* bars to drive repeat custom, with students (in particular) being targets for promotions under the scheme.

4.8 Specialised customer proposition

Following the strategic review (described in paragraph 2.4, above), the Group has refined its 'identity' as a leading UK operator of premium bars with widely recognised brands. The Directors believe that the Group's distinctive specialised customer proposition includes the following key aspects:

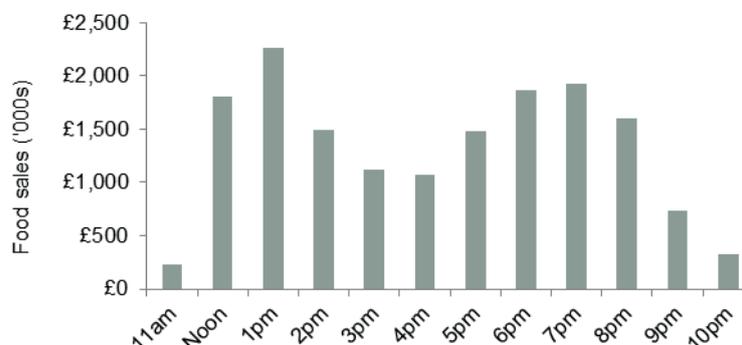
- tight operating and service standards which are closely monitored, with floor service, hosting and substantial training investment, which drive service performance;
- focus on a premium offering and a more balanced trading profile between food and drink, together with the increased trading occasions of the Group's bars (which operate during both the day and evening); and
- two strong brands associated with a market-leading range of cocktails and spirits, together with hand-made cocktails and a customer-engaging cocktail 'masterclass' offering.

The table below sets out what the Directors believe are some of the key features of the *Revolution* and *Revolución de Cuba* brands.

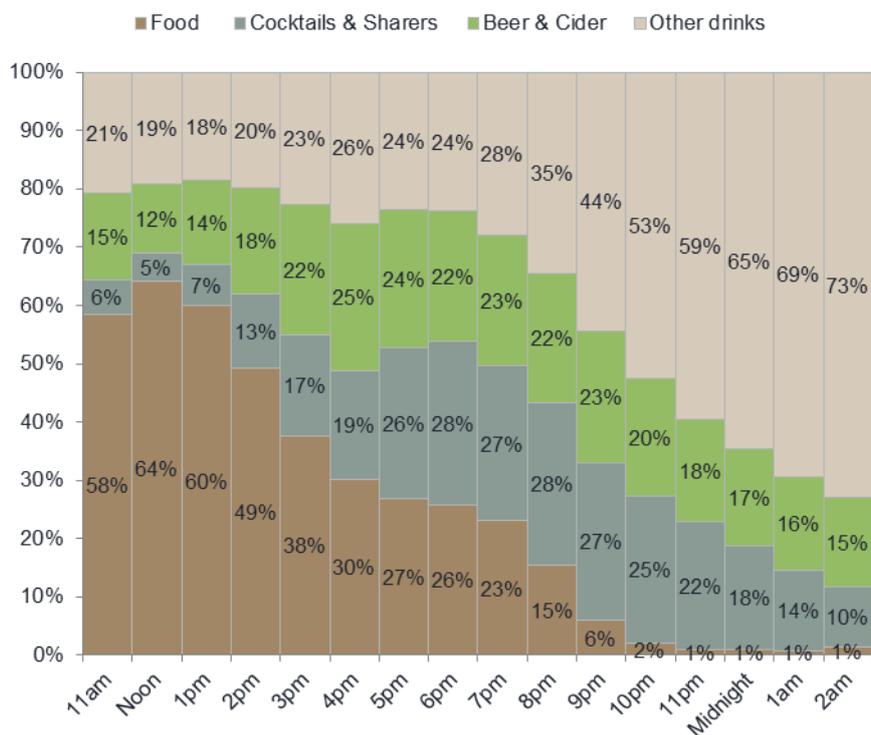
Brand comparison	R9VOLUTION 	<i>Revolución de Cuba</i> 
Brand look	Highly invested, quality contemporary environment	Latin American, Cuban bar inspired environment
Customers	<ul style="list-style-type: none"> ● 76% are aged 34 or under ● 59% female ● High average spend per head (£29.42) 	<ul style="list-style-type: none"> ● Average age six years older than <i>Revolution</i> ● 61% female ● High average spend per head (£32.68)
Content	Mainstream “feel good” music	Live Cuban / Spanish inspired bands
Drinks	Wide premium cocktail and drinks range	Rum-led cocktail range with Spanish and Mexican beers
Food	Fully priced, wide range (for example, gastro burgers)	Spanish / Latin American food menu (for example, tapas, burritos, tacos)

Food sales increased from £6.1 million to £13.4 million between the 2010 and 2014 financial years, an increase of 120 per cent, with food now accounting for approximately 25.4 per cent of the Group’s pre-10 p.m. trading.

The Group’s food sales trading profile between 11 a.m. and 1 p.m. for the 2014 Annual Period is shown below. Whilst the peak times are the lunch and dinner trade, as shown in the chart, the afternoon (3 p.m. to 5 p.m.) is also a significant trading occasion for the Group’s food offering.



The Group's average daily trading profile sales mix for the 2014 Annual Period (between 11 a.m. and 3 a.m.) is shown below. As demonstrated by the chart, food comprises a significant proportion of, in particular, the Group's lunch time sales.



The proportion of total revenue (excluding post-3 a.m. and other revenue which accounts for 0.9% of total revenue) for each time period shown above is (approximately): 11 a.m. to noon: 0.3%; noon to 1 p.m.: 2.2%; 1 p.m. to 2 p.m.: 2.9%; 2 p.m. to 3 p.m.: 2.4%; 3 p.m. to 4 p.m.: 2.3%; 4 p.m. to 5 p.m.: 2.8%; 5 p.m. to 6 p.m.: 4.3%; 6 p.m. to 7 p.m.: 5.6%; 7 p.m. to 8 p.m.: 6.5%; 8 p.m. to 9 p.m.: 8.1%; 9 p.m. to 10 p.m.: 9.6%; 10 p.m. to 11 p.m.: 12.8%; 11 p.m. to midnight: 14.9%; midnight to 1 a.m.: 12.9%; 1 a.m. to 2 a.m.: 8.3%; and 2 a.m. to 3 a.m.: 0.9%.

5 The Group's strategy

5.1 Overview

The Group's strategy is focused on a measured roll-out of new bars under both brands as well as delivering continued growth through enhancing its existing estate. The Directors would consider corporate acquisitions in the event that a suitable opportunity arose. The Directors' view is that the Group's opportunities to grow by bar acquisition, coupled with improvements to its existing bars, are significant.

5.2 The Group's bar formats

The Group seeks to benefit from opportunities arising from economies of scale for 'larger' (as opposed to 'standard') format bars, where development circumstances permit. Please refer to paragraph 4.2, above, for a table comparing the two formats. The Group's larger format bars have, on average, a floor area of approximately 7,800 square feet, making them almost 70 per cent larger than the Group's standard format bars. Larger format bars require more development investment (around £1.7 million per site), but they have historically delivered (on average) more revenue and higher profits and returns than the standard format bars. Compared to standard format bars, the larger format bars have historically delivered on average around 117 per cent more sales per annum (on average, £3.7 million compared to £1.7 million) and on average around 167 per cent more EBITDA (at £0.8 million average Site EBITDA per annum compared to £0.3 million). The returns on investment are also higher for larger format bars, at 53 per cent (compared with 33 per cent for standard format bars). During the financial years ended 30 June 2007 to 30 June 2013, the Group opened, on average, one larger format bar per annum.

5.3 Roll-out

Building from the Group's current trading portfolio of 53 *Revolution* bars and five *Revolución de Cuba* bars, the Directors believe that the Group has significant growth potential within the UK and plan to continue to grow the number of bars under each brand by pursuing a measured roll-out strategy.

Based on the Directors' assessments, there are opportunities within the UK and Ireland for the combined estate to grow to around 140 bars. Within this expanded estate, the Directors are of the view that the *Revolution* estate could grow to around 100 bars, whilst the *Revolución de Cuba* estate could grow to around 40 bars.

The Group is currently targeting a roll-out of five new bars per annum by the 2017 financial year. The initial focus is likely to be on new *Revolución de Cuba* bars, five of which are currently in the final stages of negotiations over legal documentation (subject (amongst other things), as noted in paragraph 4.3, above, to the necessary licences being obtained prior to completion where not in place already). The Directors believe that the leases for two of these five sites could be agreed in the near future. There are currently 15 bars under review by the Group's dedicated site finding and development team, which is led by Godfrey Russell. In addition to the current team, Nicholas Lowery has recently been hired by the Group as Acquisitions Manager, having previously worked at Greene King as its Acquisitions Manager for the North of England. There can, however, be no guarantee that all, or any, of these bars will be acquired by the Group on terms which are acceptable to the Group (or at all).

The Group plans to expand into new areas in the same way as it has done historically, by focusing on central (high street) locations in towns and cities, to accommodate the focus of its urban customer base on location and convenience. The Directors plan to focus the Group's expansion on quality rather than quantity, taking into account all relevant characteristics and demographics of a particular location (including whether it is suitable for the Group's premium food and drink led offering) before proceeding with a site acquisition or bar opening. Given the higher average profitability of the Group's larger format bars, the Group currently plans to target larger sites for its expansion (the optimum size for new sites being, the Directors believe, between 8,000 and 16,000 square feet of gross space). Finally, in keeping with its historical focus on tailoring each of its bars to the characteristics of the building, the Group will look for sites with distinguishing features, including outdoor areas, as the ideal targets of its planned expansion.

5.4 Existing estate growth

The Directors believe that there are growth opportunities within the existing estate. The Directors consider that these opportunities include further benefits which may be derived during the 2015 financial year from the significant capital expenditure and investment made by the Group over an 18 month period during the 2013 Annual Period and 2014 Annual Period, when the Group spent approximately £10 million on its existing estate to, amongst other things, modernise the look of its bars (the 'Project Evolution' initiative). This programme covered around two-thirds of the estate, with an average capital spend of just over £200,000 per bar. The majority of the Group's bars were closed for only one week for the purposes of the refurbishment. Closures of a material portion of the Group's estate have not been required since the programme finished and, consequently, the Directors believe that the Group's bars should benefit from a greater number of trading weeks in future periods than during the 2013 Annual Period and 2014 Annual Period. Please refer to Part 9 (*Operating and Financial Review*) for further details.

5.5 Product range review

The Group continues to review its product range, and to focus on growing the revenue and yields generated by its products. The drinks range has been expanded and the Directors believe it better serves the demand for more premium products, which command a higher sales price and a greater cash profit per drink. The Group's food business has seen three years of double-digit like-for-like revenue growth (between the 2012 Annual Period and the 2014 Annual Period). The Group's focus for its food offering is to achieve and sustain improved margins.

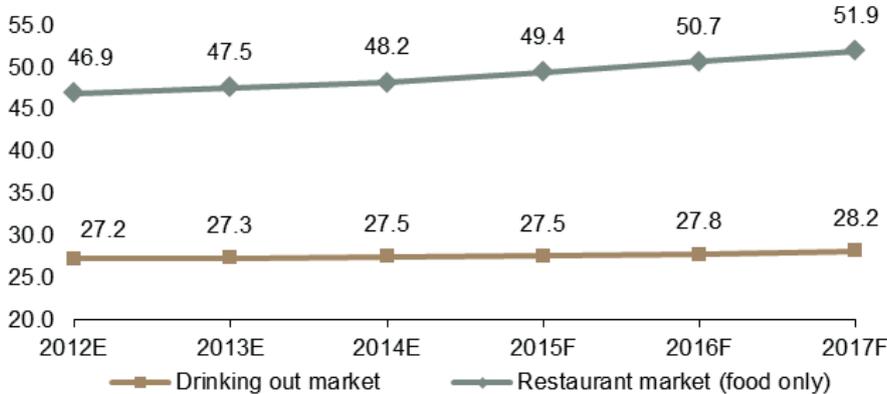
6 Market overview

The Group’s operations target the premium segment of the bars and casual dining markets. The Directors believe that the Group’s strategy of focusing on the premium segment of the market by providing a high-quality drink and food offering is supported by the consumer-led trend towards premium offerings and the overlap between the drinking out and dining out markets.

6.1 UK market overview

UK consumers continue to dine out and drink out regularly, with 81 per cent of all UK consumers eating at restaurants at least once every month (Source: CGA Report). On average, 43 per cent of UK consumers dine out and 33 per cent of UK consumers drink out at least once per week (Source: CGA Report). One of the Group’s key customer demographics is 18 to 34 year olds, with 18 to 33 year olds visiting pubs and bars more frequently than any other age group range and 25 to 34 year olds visiting restaurants more frequently than any other age group range (Source: CGA Report).

Market size (£ billion per annum)

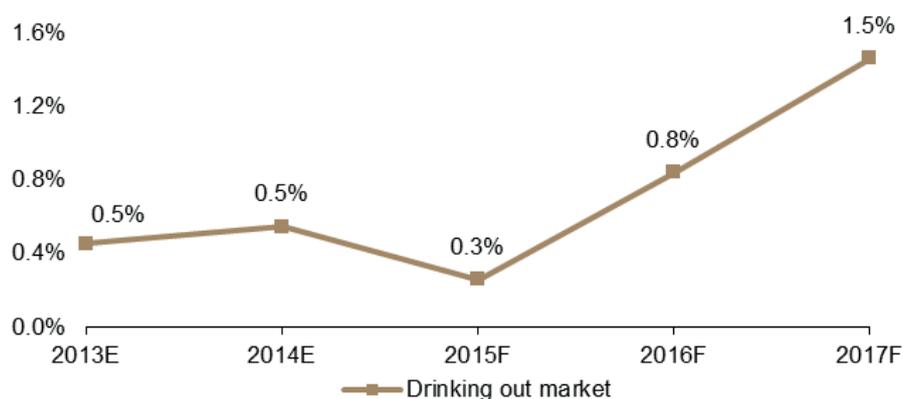


2012, 2013, 2015 and 2016 data for the restaurant market (food only) has been extrapolated on a straight line basis using 2011 (actual), 2014 (estimated) and 2017 (forecast) data. The 2012, 2013 and 2014 drinking out market data is historical data from the CGA Brand Index and the 2015, 2016 and 2017 figures are forecasts from the same source.

(Source: Drinking out: CGA Brand Index. Restaurant: Allegra Foodservice)

The UK’s drinking out market is forecast to grow in value by a CAGR of 0.9 per cent between 2014 and 2017 (see chart above). The UK’s dining out market is forecast to grow in value by a CAGR of 2.5 per cent over the same period (see chart above). The forecast growth in value of the UK’s drinking out market is further illustrated by the chart below. Among wet-led outlets, the premium segment is forecast to continue to grow (see paragraph 6.2, below), whereas the prevalence of more traditional wet-led outlets is expected to decline.

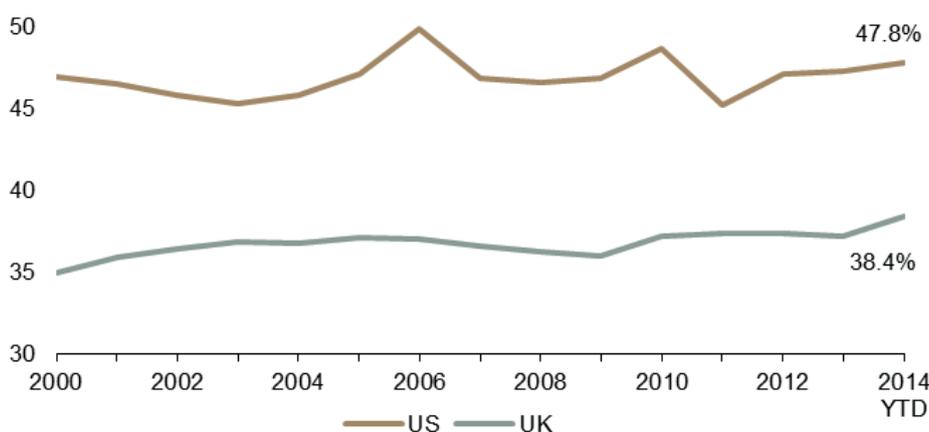
Drinking out market growth (% per annum)



(Source: CGA Brand Index)

The proportion of household food spend in the UK that is spent outside of the home (38.4 per cent) is significantly lower than the equivalent proportion for consumers in the USA (47.8 per cent). Whilst this is influenced by a wide range of factors, it does suggest that there may be scope for further growth in the UK dining out market.

Share of food spend that is out of the home (%)



(Source: ONS, US DOA)

There is significant overlap between the UK's dining out and drinking out markets (Source: CGA Report):

- 63 per cent of consumers cite food as an important factor in where they choose to go out for drinks;
- 52 per cent of consumers consider alcohol a significant choice driver in where they go out to eat; and
- in total 83 per cent of all consumers drink and dine out, whereas only two per cent of those who drink out do not also dine out.

The Group's recently increased focus on a high quality food offering allows it to target these customers, rather than being solely or predominantly reliant on the drinking out market, which was one of the factors addressed by the Group through the initiatives described in paragraph 2.4, above.

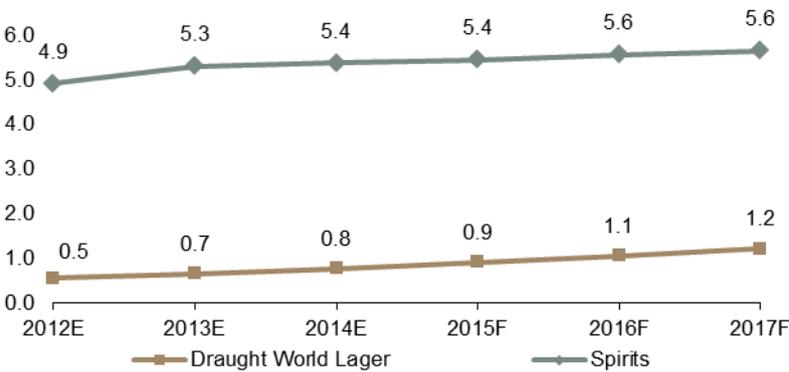
6.2 Trend to premium offerings in the UK drinking out market

The UK’s licensed retail sector continues to see a trend towards premium offerings in wet-led outlets. Premium drinks are outperforming standard products in every category. Drinks categories once considered niche, such as world lager and craft beer, are in growth, whereas standard products, such as standard lager and keg ale, are in decline. Premium spirits now account for a third of all spirit sales and flavoured spirit volumes have also grown 14 per cent year-on-year (2013-2014) (Source: CGA Report). The Directors believe that these trends support the Group’s premium beer, cider and spirits offering, which includes an extensive range of premium and flavoured spirits.

Cocktails are experiencing rapid growth in the UK market. Consumption of cocktails grew by approximately 11 per cent between 2012 and 2014 (Source: CGA Data), with cocktails now estimated to be available in approximately 66 per cent of UK bars (Source: CGA Report). Cocktails can be a key driver of footfall and spend: for example, cocktail drinkers have the second highest average spend per bar visit (£16.16), with only spirit drinkers spending more (Source: CGA Report). The majority (57 per cent) of cocktail drinkers have a cocktail as their first drink of an evening, with 42 per cent of consumers expecting to pay up to £7 per cocktail and 87 per cent of consumers being more likely to visit a venue with a cocktail promotion (Source: CGA Report).

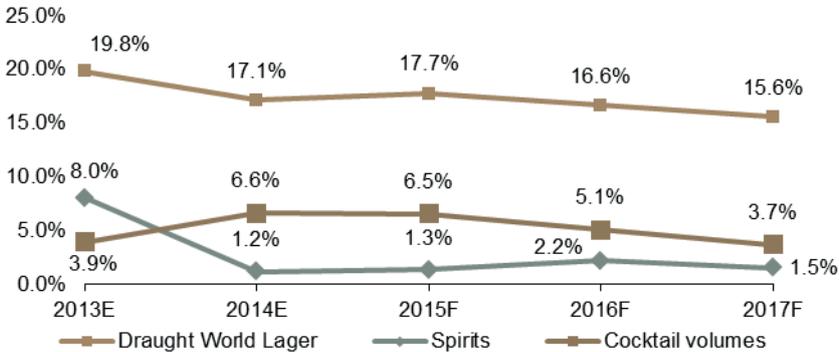
The Directors believe that the Group’s broad range of high quality cocktails enables it to target these higher spending consumers successfully. Cocktail sales represent a higher proportion of Group revenue than any other individual drinks category.

UK drinks category size (£ billion per annum)



(Source: CGA Brand Index)

UK drinks category growth rates



Growth in draught world lager and spirits is by total market value. Growth in cocktails is by market volume.

(Source: CGA Brand Index (Draught World Lager and Spirits); CGA Data (Cocktail volumes))

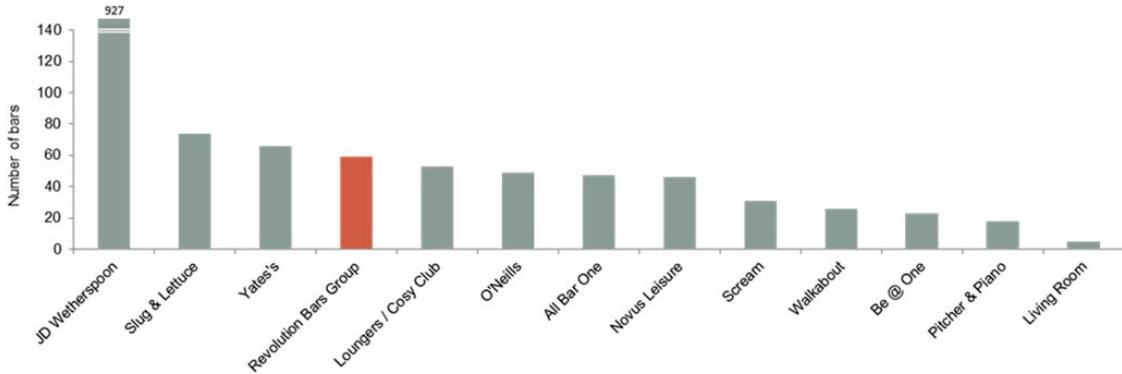
6.3 Importance of high street presence

The presence of licensed outlets on the UK high street continues to increase while suburban and rural bars are in decline. Location and convenience are key drivers for consumers, with location being the most common factor chosen by consumers as determinative of where they are most likely to eat or drink out (Source: CGA Report). The significant majority of the Group’s bars are located in urban high streets or town and city centres. These areas are also the principal focus of the Group’s roll-out programme for new outlets.

There are a number of key growth drivers of the high street bar market, including the expanding key demographic (the increasing trend towards living in large towns and cities), rising disposable income and wages, current low rates of inflation, current low interest rates and the affordability of personal finance, gross domestic product growth, rising consumer confidence, consumer focus on location and convenience (as noted above) and the increasing consumer trend towards premium offerings.

7 Competition

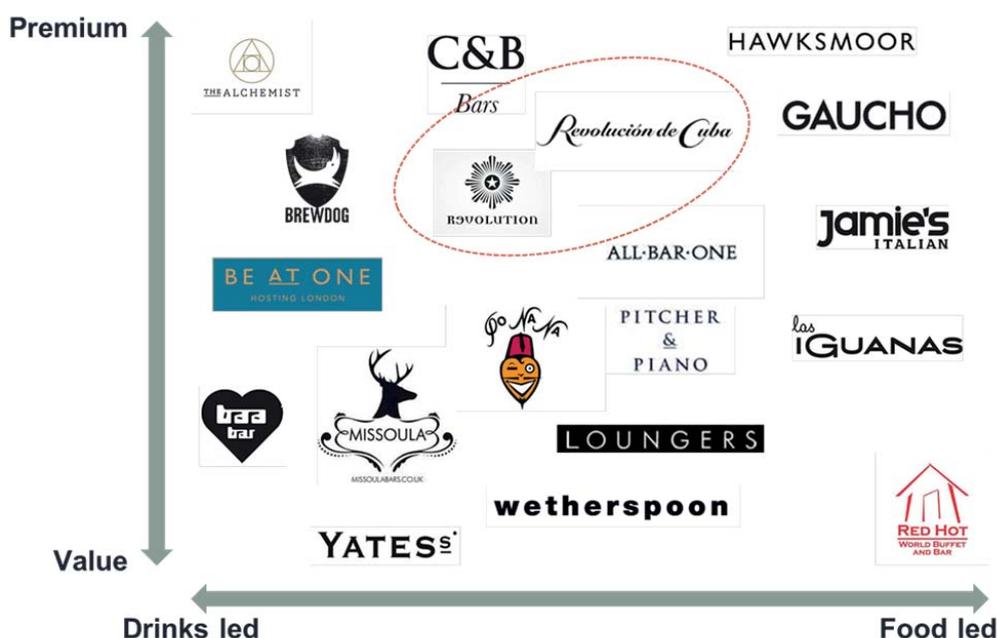
The Group is one of the largest participants in the UK bar sector by number of sites (see chart below).



(Source: Websites of the bar groups)

Whilst there are a limited number of direct competitors with similar operating models to the Group (that is, groups which focus on premium offerings to urban customers), the Group’s bars compete for consumers with a wide variety of bars and restaurants as well as pubs, off-licences, supermarkets, nightclubs and takeaways. The Directors consider any provider of leisure facilities which could draw consumers away from the Group’s bars to be a potential competitor of the Group (see paragraph 1.10 (‘The Group’s bars face a high level of competition for consumers’) of Part 2 (Risk Factors) for further details).

The chart below demonstrates where the *Revolution* and *Revolución de Cuba* brands are considered to be positioned within the UK market, categorised by 'premium' versus 'value' offerings and drinks-led versus food-led offerings.



(Source: CGA Outlet Index)

As shown in the chart above, the Group is positioned towards the premium end of the range, but has a balanced trading profile as between drink and food offerings. The Directors believe that this is indicative of the success to date of the revised focus of the Group following the strategic review described in paragraph 2.4, above.

8 Employees

The Group, which has approximately 2,400 employees, has been ranked in the Sunday Times 'Top 100 Companies to Work For' for each of the last seven years and has a low rate of manager turnover.

The table below shows the average monthly number of employees during each of the Periods Under Review, categorised between administration and operational roles.

	Year ended 30 June 2012	Year ended 30 June 2013	Year ended 30 June 2014	(Unaudited) Six months ended 31 December 2013	Six months ended 31 December 2014
Administration	61	67	64	62	66
Operational	2,366	2,633	2,357	2,187	2,227
	2,427	2,700	2,421	2,249	2,293

The Group offers a wide variety of employee training and mentoring for all employees, including a six week initial training scheme for bar teams, a 'First 90 Day' approach for management and an academy to develop the Group's future bar managers.

9 Dividend policy

The Board intends to adopt a progressive dividend policy which reflects the cash flow generation and long-term earnings potential of the Group, whilst retaining sufficient capital to fund investment to grow the business. The Board intends that the Group will pay the total annual dividend in two tranches, split broadly between one-third as an interim dividend and two-thirds as a final dividend, to be announced at the time of its interim and preliminary results respectively.

Subject, amongst other things, to sufficient distributable reserves being available, it is expected that the first dividend to be declared by the Company following Admission will be the final dividend in respect of the year ending 30 June 2015, which, owing to the fact that the Company will only have been listed for three full months, will represent an amount equal to approximately half of the usual final dividend which would have been paid. If declared, it is expected that the 2015 final dividend would be payable in the final quarter of 2015.

The Directors may revise the Company's dividend policy from time to time.

10 Recent developments and prospects

Please refer to paragraph 12 ('Recent trading and developments') of Part 9 (*Operating and Financial Review*) for details of any recent trading developments which may affect the Group's prospects.

PART 7

DIRECTORS, SENIOR MANAGERS AND CORPORATE GOVERNANCE

1 Directors and Senior Managers

1.1 Directors

The Board currently comprises a non-executive chairman, two executive directors and one other non-executive director. The Directors are as follows:

Name	Position	Appointment Date
Keith Edelman	Non-executive Chairman	16 February 2015
Mark McQuater	Chief Executive Officer	16 February 2015
Sean Curran	Chief Financial Officer	9 January 2014
Michael Shallow	Independent Non-executive Director	16 February 2015

The business address of each Director is 21 Old Street, Ashton-under-Lyne, Tameside, OL6 6LA.

The management expertise and experience of each of the Directors is set out below. In respect of any period prior to 22 February 2014 (the date on which the Business Reorganisation was completed), the term “Group” is used in this Part 7 (*Directors, Senior Managers and Corporate Governance*) to refer to the Group’s business as carried on at that time.

Keith Edelman

Keith was appointed to the Board in February 2015 as non-executive Chairman. Keith has served on the boards of public companies for over 28 years across a wide range of businesses and markets, with extensive experience in (amongst others) the retail sector. He is currently the chairman of Goals Soccer Centres plc (an operator of five-a-side football centres), the senior independent non-executive director of SuperGroup plc (a UK fashion retailer) and a non-executive director of Safestore Holdings plc (the UK’s largest self-storage group). He is also a non-executive director (and chairman of the audit committee) of the London Legacy Development Corporation (the institution tasked with the creation of the Queen Elizabeth Olympic Park on the site of the 2012 Olympic Games). Keith’s previous roles include being managing director of Arsenal Holdings plc from 2000 to 2008 and chief executive officer of Storehouse plc (encompassing BHS and Mothercare) from 1993 to 1999. Keith has a BSc in Management Studies from the University of Manchester (Institute of Science and Technology).

Mark McQuater

Mark joined the Group as Chief Executive Officer in March 2013. He studied economics and accountancy at Edinburgh University before qualifying as a Chartered Accountant with Thomson McLintock (now KPMG) in Edinburgh. Mark’s first industry role was in the corporate development team at Scottish & Newcastle in 1986. In 1989 he joined NatWest Ventures (now Bridgepoint), becoming Local Director in their Scottish office. In 1994, Mark joined the board of pub group JD Wetherspoon plc as its first managing director. In 1996, Mark moved to the Rank Group as managing director of Tom Cobleigh, Rank’s managed pub company, and then to the Greenalls Group as Managing Director of the 850 unit Pub and Restaurant division, where he stayed until its sale to Scottish & Newcastle in 1999. Mark then founded the Barracuda Group in July 2000, with backing from venture capital firm PPM Ventures, the private equity arm of the Prudential. In 2005, Barracuda had an annual turnover of £108.8 million and was the subject of a £262 million management buyout financed by Charterhouse Capital Partners.

Sean Curran

Sean joined the Group as Chief Financial Officer in September 2003 when it was still listed (as Inventive Leisure plc) on AIM. Along with the founders of Inventive Leisure, he was part of the executive team which took the business private in January 2006 when it was acquired by Alchemy. Before joining the Group, Sean held a number of senior finance roles within

Airtours plc (later MyTravel Group plc), including the group Financial Controller and Head of Finance roles for the UK Leisure division and, ultimately, finance director for the Retail and Charter tour operations business in the UK and Ireland. Sean graduated with a first class honours degree in Electrical Engineering and Electronics from the University of Liverpool in 1992 and qualified as a Chartered Accountant with Arthur Andersen in 1995.

Michael Shallow

Michael joined the Board as an independent non-executive director in February 2015. Michael has held a variety of roles in UK public companies, including as finance director of pub group Greene King plc from 1991 to 2005, as non-executive director (and audit committee chairman) of Britvic plc from 2005 to 2014 and as a non-executive director (and audit committee chairman) of Spice plc (now EnServe) from 2006 to 2010. He is currently a non-executive director, member of the remuneration and nomination committees, and chairman of the audit committee, of Domino's Pizza Group plc. Michael has a degree in Natural Sciences and Engineering from Trinity College, Cambridge.

1.2 Senior Managers

In addition to the Executive Directors, the following Senior Managers are considered relevant to establishing that the Group has the appropriate expertise and experience for the management of its business:

Name	Position
Jimmy Del Giudice	Operations Director
Godfrey Russell	Director of Property
Kate Eastwood	Director of Business Development
Myles Doran	Director of Drinks Trading

The business address of each Senior Manager is 21 Old Street, Ashton-under-Lyne, Tameside, OL6 6LA.

The management expertise and experience of each of the Senior Managers is set out below.

Jimmy Del Giudice

Having spent three years in high street retail management, Jimmy joined the Group in 1991. He has worked in a number of operational roles within the Group, including bar management and area management. Jimmy was promoted to be the Group's operations director in 2006.

Godfrey Russell

Godfrey joined the Group in 1997, having graduated from John Moores University in Liverpool where he studied Urban Estate Management (BSC (Hons)). Prior to joining the business, Godfrey worked for Housing Project Ltd and Shapstone Investments Ltd. He has developed and been responsible for all new Group sites since 1999 and more recently completed the 'Project Evolution' programme (see paragraph 2.4 ('The strategic review') of Part 6 (*Business Overview*) for further information).

Kate Eastwood

Kate initially joined the business as a catering consultant in June 2013. In October 2013, she became the Group's director of business development, with a remit including food management alongside managing the Group's advanced sales team and the customer insight programme. Kate started her career at Whitbread plc working within the commercial drinks operations of Beefeater and Brewers Fayre. Following the sale of those operations, she moved to the Laurel Pub Company (which at the time was a startup), creating and heading the food development, supply chain and buying team there. Kate then worked as Roadchef's retail catering director, before moving back into licensed trade and heading the food team and, subsequently, the pre-booked sales team at Barracuda. Kate has a degree in International Management with Hospitality from Brighton University.

Myles Doran

Myles joined the Group as a consultant in June 2013 and became a permanent employee in December 2013. Prior to joining the Group, Myles was Head of Sales and Marketing at Barracuda Group and held a number of roles at First Leisure Corporation, including Marketing Manager and Brand Manager, spending 11 years with each business. Myles is the Group's director of drinks trading, a role which encompasses procurement, drinks retail strategy, reward and recognition programmes and commercial supplier agreements and relationships.

1.3 Remuneration

The amount of remuneration paid (including any contingent or deferred compensation), and benefits in kind granted, by the Group to any of the Directors for the 2014 Annual Period is set out in the table below.

Name	Salary (£)	Benefits (£)	Total (£)
Mark McQuater	300,000	34,500 ⁽¹⁾	334,500
Sean Curran	224,000	22,000 ⁽²⁾	246,000

(1) The benefits include pension, cash alternative to a car, permanent health insurance, life insurance and private medical insurance.

(2) The benefits include cash alternative to a car, permanent health insurance, life insurance, private medical insurance and private fuel use.

No remuneration was paid, during the 2014 Annual Period, to any of the Directors other than those listed above.

The aggregate amount of remuneration paid, including any contingent or deferred compensation and benefits in kind granted, to the Senior Managers for the 2014 Annual Period was £393,312.

The Group does not set aside or accrue any amounts to provide pension, retirement or similar benefits for the Directors or the Senior Managers, other than as noted above.

Details of certain Initial Awards granted to the Executive Directors and the Senior Managers are set out in paragraph 9 ('Share option schemes') of Part 16 (*Additional Information*), and the terms of these awards, and of other incentive schemes which the Company intends to operate following Admission, are set out in paragraph 11 ('Employee incentives') of Part 16 (*Additional Information*). Please refer to paragraph 10 ('Remuneration policy and Directors' service agreements and letters of appointment') of Part 16 (*Additional Information*) for further details of the terms of, and remuneration payable under, the Directors' service agreements and letters of appointment.

2 Corporate governance

2.1 General

The UK Corporate Governance Code sets out standards of good practice in relation to board leadership and effectiveness, accountability, remuneration and relations with shareholders.

The Company was incorporated on 9 January 2014 and was re-registered as a public limited company on 17 February 2015. The UK Corporate Governance Code has not previously applied to the Company. However, with effect from Admission, the Company intends to comply fully with those provisions of the UK Corporate Governance Code applicable to companies of the Company's size, save that the Board does not intend to appoint a senior independent non-executive director as required by provision A.4.1 of the UK Corporate Governance Code.

On Admission, the Company will have one non-executive Director (other than the Chairman) and, as such, will not have a 'senior' independent director to lead annual (and other) meetings of non-executive directors other than the Chairman to appraise the Chairman's performance. Whilst the Board recognises that this is a breach of provisions A.4.1 and A.4.2 of the UK Corporate Governance Code, the Board believes that Michael Shallow will be able to perform many of the functions required of a senior independent director under provision A.4.1, including providing a sounding board for the Chairman and serving as an intermediary

to the other Directors when necessary. Michael Shallow, in his capacity as an independent non-executive director, will also be available to Shareholders if they have concerns which contact through the normal channels of Chairman, Chief Executive or other executive Directors has failed to resolve, or for which such contact is inappropriate. On this basis, the Board does not consider such non-compliance with the UK Corporate Governance Code to be detrimental to the interests of the Group or the Shareholders as a whole. Moreover, the Directors intend to appoint a third non-executive director to the Board during the course of 2016.

The UK Corporate Governance Code recommends that a company outside the FTSE 350 (such as the Company) should have at least two independent non-executive directors, being individuals determined by the board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the director's judgement. It also recommends that a non-FTSE 350 company's remuneration and audit committees should comprise at least two independent non-executive directors, and that its nomination committee should comprise a majority of independent non-executive directors. The Company will comply with both of these recommendations from Admission.

2.2 The Board

The Board is committed to the highest standards of corporate governance. The Board comprises a non-executive chairman, two executive directors and one other non-executive director.

The UK Corporate Governance Code recommends that a chairman meets the independence criteria set out in the UK Corporate Governance Code on appointment. The Company considers that Keith Edelman was independent at the time of his appointment for the purposes of the UK Corporate Governance Code. Further, the Company regards Michael Shallow as independent for the purposes of the UK Corporate Governance Code.

No individual or group of individuals dominates the Board's decision-making process. None of the Directors or Senior Managers has any potential conflict of interest between their duties to the Company and their private interests and/or duties owed to third parties.

2.3 Committees

As envisaged by the UK Corporate Governance Code, the Board has established three committees of the Board: the Audit Committee, the Nomination Committee and the Remuneration Committee (each of which are described in further detail below). If the need should arise, the Board may establish additional committees as appropriate.

2.3.1 Audit Committee

The UK Corporate Governance Code recommends that, for companies outside the FTSE 350, the Audit Committee comprises at least two members who are independent non-executive directors and includes one member with relevant financial experience. The Audit Committee will on Admission comprise two members who will be independent non-executive directors (Keith Edelman and Michael Shallow). Michael Shallow, in the view of the Board, has relevant financial experience for the purposes of the UK Corporate Governance Code. The committee will on Admission be chaired by Michael Shallow. The Company therefore complies with the recommendations of the UK Corporate Governance Code regarding the composition of the Audit Committee.

The Audit Committee has responsibility for, amongst other things, the monitoring of the integrity of the Group's financial statements and the involvement of the Group's auditors in that process. It focuses in particular on compliance with accounting policies and ensuring that an effective system of internal financial controls is maintained. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board. The Audit Committee will normally meet at least three times a year at the appropriate times in the reporting and audit cycle.

The terms of reference of the Audit Committee cover such issues as committee membership, frequency of meetings (as mentioned above), quorum requirements and the right to attend meetings. The responsibilities of the Audit Committee covered in the terms of reference relate to the following: external audit, internal audit, financial reporting, internal controls and risk management. The terms of reference also set out reporting responsibilities and the authority of the committee to carry out its responsibilities.

2.3.2 Remuneration Committee

The UK Corporate Governance Code recommends that, for companies outside the FTSE 350, the Remuneration Committee comprises at least two members who are independent non-executive directors, one of whom may be the chairman (who may not chair the Remuneration Committee) if he was considered independent on appointment. The Remuneration Committee will on Admission comprise two members, who will be independent non-executive directors (Keith Edelman and Michael Shallow). The committee will on Admission be chaired by Michael Shallow. The Company therefore complies with the recommendations of the UK Corporate Governance Code regarding the composition of the Remuneration Committee.

The Remuneration Committee has responsibility for, amongst other things, determination of specific remuneration packages for each of the Executive Directors and certain senior executives of the Group, including pension rights and any compensation payments, recommending and monitoring the level and structure of remuneration for senior management and the implementation of share option schemes and any other performance-related schemes. The Remuneration Committee will meet at least twice a year.

The terms of reference of the Remuneration Committee cover such issues as committee membership, frequency of meetings (as mentioned above), quorum requirements and the right to attend meetings. The responsibilities of the Remuneration Committee covered in its terms of reference relate to the following: determining and monitoring policy on and setting levels of remuneration, early termination, performance-related pay, pension arrangements, authorising claims for expenses from the Chief Executive Officer and Chairman, reporting and disclosure, share schemes and remuneration consultants. The terms of reference also set out reporting responsibilities and the authority of the committee to carry out its responsibilities.

2.3.3 Nomination Committee

The UK Corporate Governance Code recommends that a majority of the members of the Nomination Committee should be independent non-executive directors.

The Nomination Committee is chaired by Keith Edelman and its other members are Michael Shallow and Mark McQuater. The Company therefore complies with the recommendations of the UK Corporate Governance Code regarding the composition of the Nomination Committee.

The Nomination Committee has responsibility for, amongst other things, making recommendations to the Board in respect of appointments to the Board and to the committees of the Board. It is also responsible for keeping the structure, size and composition of the Board under regular review and for making recommendations to the Board with regard to any necessary changes. The Nomination Committee will meet at least once a year.

The terms of reference of the Nomination Committee cover such issues as committee membership, frequency of meetings (as mentioned above), quorum requirements and the right to attend meetings.

2.4 Model Code

The Board will abide by the Model Code and will be responsible for taking all proper and reasonable steps to ensure compliance with the Model Code.

2.5 Relationship Agreement

On 27 February 2015, the Company and the Selling Shareholder entered into the Relationship Agreement, which, conditional upon (i) Admission and (ii) the Selling Shareholder owning 10 per cent or more of the Ordinary Shares on or immediately following Admission, will regulate aspects of the ongoing relationship between the Company and the Selling Shareholder. The Directors believe that the terms of the Relationship Agreement will enable the Group to carry on an independent business as its main activity. If the Relationship Agreement becomes effective on Admission, the Selling Shareholder will have a right to appoint a director (or, at its option, an observer) to the Board. If a director (or observer) is appointed by the Selling Shareholder, they will be entitled to attend (but not vote at) meetings of the Remuneration Committee and Nomination Committee. If, at any time following Admission, the Selling Shareholder holds less than 10 per cent of the Ordinary Shares, the Relationship Agreement will terminate with immediate effect. For further details, please refer to paragraph 13.3 ('Relationship Agreement') of Part 16 (*Additional Information*).

PART 8

SELECTED FINANCIAL INFORMATION

The tables below set out selected financial information of (as applicable) the Group (comprising both the Ongoing Business and the Exited Business) or the Ongoing Business as at and for the years ended 30 June 2012, 30 June 2013, 30 June 2014 and the six months ended 31 December 2013 and 31 December 2014.

The selected financial information set out below has been extracted without material adjustment from, and has been prepared on the basis described in the notes to, the Group's historical financial information included in Part 11 (*Historical Financial Information*).

Consolidated statement of profit and loss and other comprehensive income: Ongoing Business

For the three year period ended 30 June 2014 and for the six month periods ended 31 December 2013 and 31 December 2014.

	Year ended 30 June 2012 £'000	Year ended 30 June 2013 £'000	Year ended 30 June 2014 £'000	(Unaudited) Six months ended 31 December 2013 £'000	Six months ended 31 December 2014 £'000
Revenue	97,179	104,531	108,722	56,140	57,979
Cost of sales	(23,714)	(26,335)	(27,147)	(13,870)	(13,954)
Gross profit	73,465	78,196	81,575	42,270	44,025
Administrative expenses:					
– administrative expenses, excluding exceptional items	(64,777)	(72,415)	(74,112)	(38,038)	(39,347)
– exceptional items	(740)	(3,157)	(3,503)	(1,250)	(295)
Total administrative expenses	(65,517)	(75,572)	(77,615)	(39,288)	(39,642)
Operating profit	7,948	2,624	3,960	2,982	4,383
Key performance indicators					
Adjusted EBITDA (£'000)	13,696	10,915	13,180	6,936	7,853
Adjusted EBITDA margin (%)	14.1%	10.4%	12.1%	12.4%	13.5%

Consolidated statement of financial position: Ongoing Business and Exited Business

As at 30 June 2012, 30 June 2013, 30 June 2014 and 31 December 2014.

As at	30 June 2012 £'000	30 June 2013 £'000	30 June 2014 £'000	31 December 2014 £'000
Non-current assets	45,776	47,530	47,217	46,420
Current assets	35,798	31,716	14,430	15,902
Total assets	81,574	79,246	61,647	62,322
Liabilities				
Current liabilities	19,212	18,490	18,321	14,698
Non-current liabilities	7,644	7,993	5,122	5,095
Total liabilities	26,856	26,483	23,443	19,793
Net assets	54,718	52,763	38,204	42,529
Total equity	54,718	52,763	38,204	42,529

Consolidated statement of cash flows: Ongoing Business and Exited Business

For the three year period ended 30 June 2014 and for the six month periods ended 31 December 2013 and 31 December 2014.

	Year ended 30 June 2012 £'000	Year ended 30 June 2013 £'000	Year ended 30 June 2014 £'000	(Unaudited) Six months ended 31 December 2013 £'000	Six months ended 31 December 2014 £'000
Net cash inflows from operating activities	11,572	9,475	5,539	7,189	2,779
Net cash flows used in investing activities	(8,188)	(8,744)	(5,848)	(5,094)	(2,378)
Net cash flows used in financing activities	(5,961)	(6,836)	(104)	(69)	(42)
Net (decrease) / increase in cash and cash equivalents	(2,577)	(6,105)	(413)	2,026	359

PART 9

OPERATING AND FINANCIAL REVIEW

Please refer to paragraph 2, below, for details of the financial information presented in this Part 9 (Operating and Financial Review).

The following discussion includes forward-looking statements that reflect the Group's plans, and the Directors' estimates and beliefs, and involves risks and uncertainties. The Group's actual results could differ materially from those discussed in these statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this document, particularly in Part 2 (Risk Factors) and paragraph 10 ('Forward-looking statements') of Part 5 (Important Information).

1 Introduction to the Group

The Group is a leading operator of premium bars in the UK, trading under the brands *Revolution* and *Revolución de Cuba*. The Group's primary business is the sale of food and drink to customers of the bars operated by the Group.

The long-established *Revolution* bars, the first of which opened in 1996, are the largest part of the Group's business, with 53 operating sites. Bars operated under the *Revolution* brand focus on premium drink and food-led offerings to customers.

The first of the Group's *Revolución de Cuba* bars, which are inspired by Latin American and Cuban themes, was opened in June 2011. The Group has five sites operating under the *Revolución de Cuba* brand, focusing on a high-end offering to customers, including a rum-led cocktail range, Spanish and Mexican beers and a Spanish and Latin American food menu.

For further information on the Group's operations, please refer to Part 6 (*Business Overview*).

2 Presentation of financial information

2.1 Financial information presented and basis of preparation

For the purposes of the Offer, the Group has prepared historical financial information as at and for the years ended 30 June 2012 (the "**2012 Annual Period**"), 30 June 2013 (the "**2013 Annual Period**"), 30 June 2014 (the "**2014 Annual Period**") and for the six months ended 31 December 2013 (the "**2014 HY Period**") and 31 December 2014 (the "**2015 HY Period**") (the five periods together being the "**Periods Under Review**"). The financial information in respect of the 2012 Annual Period represents a 53-week trading period. The financial information in respect of each of the 2013 and 2014 Annual Periods represents a 52-week trading period.

As noted in paragraph 9 ('Roundings') of Part 5 (*Important Information*), the data in this Part 9 (*Operating and Financial Review*) has been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

2.2 Financial information of the Group

Prior to the Business Reorganisation, the Group's operating segments comprised:

- the Ongoing Business; and
- the Exited Business.

Since the disposal of the Exited Business on 22 February 2014, the Group has operated as a single segment business. For further information, see Note 2 ('Segmental information') to the Group's historical financial information included in Part 11 (*Historical Financial Information*).

Details of the Business Reorganisation and the separation of the Exited Business from the Ongoing Business, which occurred during the 2014 Annual Period, are set out in paragraph 2 ('Business Reorganisation') of Part 15 (*Group Reorganisations*). In summary, on 22 February 2014 the Group sold the Exited Business to a related party. The consolidated financial information of the Group has been presented as a continuation of Inventive Leisure Limited (now named Rift & Co Limited) by applying the principles for reverse acquisition accounting in accordance with IFRS 3: "Business Combinations", as a common control transaction, based on the book value of assets and liabilities in the legal entities. For this reason, the Directors

have chosen to present comparative information in Part 11 (*Historical Financial Information*) on a consolidated basis for the Ongoing Business and the Exited Business. However, this document and the financial information set out in this Part 9 (*Operating and Financial Review*) focus on the Ongoing Business to the extent possible (whilst complying with the Group's obligations under IFRS) because the Ongoing Business comprises the current operations of the Group. The Exited Business ceased to be owned by the Group on 22 February 2014 and is no longer part of the Group's operations.

Details of the reasons for and corporate steps of the Business Reorganisation are (as noted above) set out in Part 15 (*Group Reorganisations*). Following the Business Reorganisation, the Ongoing Business and the Exited Business are operated, managed and branded separately, although they remain (prior to Admission) under the common ownership and control of the Selling Shareholder. Financial information for the Exited Business is presented separately in the Group's income statement in the historical financial information included in Part 11 (*Historical Financial Information*) and is discussed separately from other income statement line items in paragraphs 6.2.4 and 6.3.4, below.

The Company was incorporated on 9 January 2014 as part of the Business Reorganisation. The consolidated financial information has been prepared in accordance with the requirements of Adopted IFRS, the Prospectus Directive Regulation and the Listing Rules in accordance with the basis of preparation described in Note 1 ('Accounting policies') to the Group's historical financial information included in Part 11 (*Historical Financial Information*).

3 The Group's key performance indicators

The Directors use a variety of key indicators to aid their assessment of the Group's performance. The Directors believe that each of these measures provides useful information with respect to the performance of the Group's business and operations. However, certain of these key performance indicators are non-IFRS financial measures and should not be viewed as a substitute for financial measures determined in accordance with IFRS. Furthermore, these measures may be defined or calculated differently by other companies (in the Group's industry or otherwise) and, as a result, the key performance indicators of the Group may not be comparable to similar measures calculated by its peers.

The table below sets out the key performance indicators for the Group's Ongoing Business for each of the Periods Under Review.

	Year ended 30 June 2012	Year ended 30 June 2013	Year ended 30 June 2014	(Unaudited) Six months ended 31 December 2013	Six months ended 31 December 2014
Ongoing Business					
Like-for-like revenue growth – Wet (%)	3.3%	(2.2)%	1.9%	2.0%	2.2%
Like-for-like revenue growth – Food (%)	18.9%	10.5%	11.1%	12.7%	13.9%
Like-for-like revenue growth – Overall (%)	4.7%	(0.9)%	3.0%	3.2%	3.7%
Gross profit margin – Wet (%)	76.5%	76.2%	76.0%	76.4%	76.6%
Gross profit margin – Food (%)	56.7%	55.9%	61.8%	61.9%	65.7%
Gross profit margin – Overall (%)	75.6%	74.8%	75.0%	75.3%	75.9%
EBITDA (£'000)	12,956	7,758	9,677	5,686	7,558
EBITDA margin (%)	13.3%	7.4%	8.9%	10.1%	13.0%
Adjusted EBITDA (£'000)	13,696	10,915	13,180	6,936	7,853
Adjusted EBITDA margin (%)	14.1%	10.4%	12.1%	12.4%	13.5%
Site EBITDA (£'000)	18,959	16,575	19,373	10,497	11,934
Site EBITDA margin (%)	19.5%	15.9%	17.8%	18.7%	20.6%

The key performance indicators in the table above exclude the Exited Business, which no longer forms part of the Group's operations. See Note 2 ('Segmental information') to the Group's historical financial information included in Part 11 (*Historical Financial Information*). An explanation of each key performance indicator is set out below. Please refer to paragraph 4 ('Non-IFRS financial measures') of Part 5 (*Important Information*) for further details.

3.1 Like-for-like revenue growth

Like-for-like revenue growth is a comparison between two years of the Group's sales of all relevant sites that were open for a minimum of one week in the first relevant year and not closed permanently by the end of the second relevant year. Like-for-like revenue includes all revenue from any such site commencing with the first full week that such site is open in the first relevant year, and all revenue from such site in the corresponding period of the second relevant year. Like-for-like revenue growth is expressed as a percentage and is split between wet and food. For further discussion of revenue, please refer to paragraph 5.1, below. For a discussion of the trends in the Group's like-for-like revenue during the Periods Under Review, please refer to paragraphs 6.2.1 and 6.3.1, below.

3.2 Gross profit margins

Gross profit margin represents gross profit (revenue less cost of sales) as a percentage of revenue. As with like-for-like revenue, the Group splits its gross profit margin comparison between wet and food.

3.3 EBITDA

EBITDA represents operating profit before depreciation and amortisation (“**EBITDA**”). EBITDA and EBITDA-related measures are not a measurement of performance under IFRS and should not be considered by prospective investors in isolation or as a substitute for measures of profit, or as an indicator of the Group’s operating performance or cash flows from operating activities as determined in accordance with IFRS. The Directors have presented these supplemental measures because they are used by them in managing the Group’s business. In addition, the Directors believe that EBITDA and EBITDA-related measures are commonly reported by comparable businesses and used by investors and analysts in comparing the performance of businesses without regard to depreciation and amortisation, which can vary significantly depending upon accounting methods. EBITDA and EBITDA-related measures may not be comparable to similarly titled measures disclosed by other companies and prospective investors should not use these non-IFRS measures as a substitute for the figures provided in the Group’s historical financial information included in Part 11 (*Historical Financial Information*).

3.4 EBITDA margin

EBITDA margin is calculated as EBITDA expressed as a percentage of revenue (“**EBITDA margin**”).

3.5 Adjusted EBITDA

Adjusted EBITDA represents EBITDA, as defined above, adjusted to exclude those items that the Directors consider to be exceptional items (“**Adjusted EBITDA**”).

3.6 Adjusted EBITDA margin

Adjusted EBITDA margin is calculated as Adjusted EBITDA expressed as a percentage of revenue (“**Adjusted EBITDA margin**”).

3.7 Site EBITDA

Site EBITDA represents revenue generated by the relevant site less cost of goods sold less controllable costs, rent and rates, bank charges and insurance costs (in each case, attributable to the relevant site) (“**Site EBITDA**”).

3.8 Site EBITDA margin

Site EBITDA margin is calculated as Site EBITDA expressed as a percentage of the revenue generated by the relevant site (“**Site EBITDA margin**”).

The following table provides a reconciliation of EBITDA and Adjusted EBITDA to operating profit in respect of the Ongoing Business.

	Year ended 30 June 2012 £'000	Year ended 30 June 2013 £'000	Year ended 30 June 2014 £'000	(Unaudited) Six months ended 31 December 2013 £'000	Six months ended 31 December 2014 £'000
Ongoing Business					
Operating profit	7,948	2,624	3,960	2,982	4,383
Depreciation and amortisation	5,008	5,134	5,717	2,704	3,175
EBITDA	12,956	7,758	9,677	5,686	7,558
Exceptional items					
Property with onerous lease	—	1,493	—	—	—
Exceptional bar refurbishment costs	—	—	1,178	1,250	—
Loss on disposal of fixed assets	—	—	114	—	—
Professional fees for initial public offering	—	—	—	—	89
Restructuring costs	—	1,464	2,086	—	206
Professional fees for aborted corporate transaction	740	—	—	—	—
Impairment of fixed assets	—	200	125	—	—
Total exceptional items	740	3,157	3,503	1,250	295
Adjusted EBITDA	13,696	10,915	13,180	6,936	7,853

4 Significant factors affecting the Group's results of operations

The Group's results of operations are generally affected by a number of external and internal factors. A description of the principal factors that the Directors believe have had, and are likely to continue to have, a material effect on the Group's results of operations and financial condition is set out in this paragraph 4, which should be read in conjunction with the explanation of other risks and factors which may affect the Group's business set out in Part 2 (*Risk Factors*).

4.1 Site openings

New site openings have, in the past, been a primary driver of the Group's revenue growth and are expected to continue to have a material effect on the Group's results of operations.

During the Periods Under Review, the Group opened eight new sites, as shown in the following table.

	Year ended 30 June 2012	Year ended 30 June 2013	Year ended 30 June 2014	(Unaudited) Six months ended 31 December 2013	Six months ended 31 December 2014
Number of sites at the start of the period	52	56	60	60	59
New sites opened in the period	4	4	—	—	—
Sites sold in the period	—	—	(1)	—	—
Number of sites at the end of the period	56	60	59	60	59

Of the 59 leasehold sites shown above, 58 are the Group's currently operating bars (the other is a closed site).

As shown above, four new sites were opened in both the 2012 Annual Period and the 2013 Annual Period (four of which were *Revolution* bars and four of which were *Revolución de Cuba* bars), with no new sites being opened subsequently (and one sold in 2014 – see paragraph 7.2.2, below). As described in paragraph 6.3.1, below, this was due to the Group's focus on consolidating and improving its existing sites (through the 'Project Evolution' initiative described in Part 6 (*Business Overview*)) in the 2014 Annual Period. However, as noted in paragraph 5.3 ('Roll-out') of Part 6 (*Business Overview*), a key part of the Group's future business plan is a roll-out strategy which will target, by the 2017 financial year, a roll-out of five sites per year. The Group is currently in the final stages of negotiating legal documentation (subject, amongst other things, to necessary licenses being obtained prior to completion) in respect of five *Revolución de Cuba* sites. The Directors believe that the leases for two of these five sites could be agreed in the near future.

The floor size of new sites typically has an impact upon the Group's results. Larger sites (which have, on average, a floor area of approximately 7,800 square feet) generate, on average, a higher revenue and Site EBITDA than comparatively smaller ('standard') sites (which have an average floor area of approximately 4,600 square feet). Please refer to paragraph 5.2 ('The Group's bar formats') of Part 6 (*Business Overview*) for further detail on the Group's recent site openings and the distinction between 'larger' and 'standard' sites.

The Group incurred significant capital expenditure on new site openings during the Periods Under Review. During the three years and six months ended 31 December 2014, the Group incurred £7.5 million of capital expenditure on opening eight new bars (as described above). The Group's new bars are generally opened and fully operational almost immediately following the completion of their (leasehold) acquisition by the Group.

The Directors believe that, due to the Group's centralised operating and management functions, the increasing size of its estate will reduce the average per site operating costs. This is because, the Directors believe, the systems and controls which the Group currently has in place are sufficiently robust to enable the expansion of the Group's estate portfolio without material additional capital expenditure on such systems being required.

4.2 Administrative expenses (excluding exceptional items)

Effective management of the Group's administrative expense base has a positive effect on its operating margins. Staff salaries and wages, together with rental costs, are the Group's most significant administrative expenses.

The administrative expenses of the Ongoing Business for each of the Periods Under Review (excluding exceptional items) are illustrated in the table below. A summary of the relevant figures and trends over the Periods Under Review is set out in paragraphs 6.2.3 and 6.3.3, below.

	Year ended 30 June 2012 £'000	Year ended 30 June 2013 £'000	Year ended 30 June 2014 £'000	(Unaudited) Six months ended 31 December 2013 £'000	Six months ended 31 December 2014 £'000
Ongoing Business					
Staff costs	24,359	27,582	28,144	14,142	15,063
<i>Property costs</i>					
Rent	8,343	8,938	8,968	5,079	4,485
Rates	4,408	4,855	4,919	2,417	2,326
Depreciation and amortisation	5,008	5,134	5,717	2,704	3,175
Other property costs	4,993	5,827	5,858	2,919	3,136
Total property costs	22,752	24,754	25,462	13,119	13,122
Operating costs	15,063	17,347	17,274	9,120	9,485
Other expenses	2,603	2,732	3,232	1,657	1,677
Total administrative expenses, excluding exceptional items	64,777	72,415	74,112	38,038	39,347

4.2.1 Staff costs

Staff costs are a significant element of the Group's administrative expenses. Minimum wage legislation largely fixes the base compensation level for the Group's employees. Increases in staff costs, whether due to market conditions or increases in mandatory minimum wages or benefits, could have a material adverse effect on the Group's results of operations because of the extent of these costs as a proportion of total administrative expenses. Increases in employee turnover can also result in increased recruiting expenses and reduced efficiency through lost management time.

4.2.2 Property costs

The Group's site rent costs for the 2014 Annual Period and for the 2015 HY Period totalled £9.0 million and £4.5 million, respectively. The Directors consider rent as a percentage of revenue, as well as absolute rent levels, when assessing the Group's exposure to rent. During the Periods Under Review, rent has not exceeded nine per cent of revenue. Depreciation costs increased in the 2014 Annual Period because of the higher proportion of the Group's estate which comprised refurbished sites (new fit out costs are typically depreciated over the lease term whereas refurbished sites are depreciated at a faster rate and typically have more spend allocated to items such as furnishings). The Group's other property costs comprise utility costs, repairs and renewals and equipment leasing and hire. The increase in these costs from the 2012 Annual Period to the 2013 Annual Period was due to the increase in the size of the Group's estate over the period.

4.2.3 Operating costs and other expenses

The most significant operating costs and other expenses of the Group in the 2014 Annual Period were security, cleaning and refuse and advertising. As the size of the Group's estate increased during the Periods Under Review (in particular from the 2012 Annual Period to the 2013 Annual Period), the Group's operating costs and other expenses also increased.

4.3 Continued performance of key sites

The Group's results of operations are partly dependent on a limited number of key sites, with its 25 best-performing bars accounting for approximately 86 per cent of the Site EBITDA of the Ongoing Business in the 2014 Annual Period. If the Group's operations at any of these sites were to be adversely affected for any reason, this could have a material adverse effect on the Group's results of operations. Conversely, if the performance of these sites were to improve further, this may have an ongoing positive effect on the Group's results of operations.

4.4 Arrangements with third parties

The Group's results are affected by the availability and cost of supplies purchased from third parties.

4.4.1 Supplier and distributor reliance

The Group is reliant for a large proportion of its supplies on a small number of suppliers and distributors (in particular the Key Service Provider). Whilst a degree of reliance on a small number of suppliers and distributors (including the Key Service Provider) is not uncommon in the Group's industry, any change in the Group's arrangements with the Key Service Provider or any of its other suppliers or distributors, or any interruption in supply, could have a material adverse effect on the Group's business and results of operations.

4.4.2 Cost of supply

Some costs, such as the Group's energy supplies, are linked to market movements outside of the control of the Group. Increased costs of supplies can have a direct (and negative) impact on the Group's results of operations because of the potential resultant reduction in margins. The Group seeks to achieve predictability in relation to its energy prices by entering into advance energy supply contracts with providers up to two years in advance. The Group's energy prices are currently fixed with Npower until March 2016 and with Gazprom until March 2016. The Group is not always able to, or does not always choose to, pass on cost increases to its customers.

4.4.3 Information technology systems

The Group's information technology systems (in particular EPoS systems) are provided, maintained and serviced by third parties. If any of these systems were to fail, the Group's bars may be unable to serve customers seeking to pay in non-cash transactions, which could have a material adverse effect on the Group's operations if the problems were to persist for a prolonged period of time.

4.5 Consumer habits

The Group's financial results are affected by material changes in consumer habits within the United Kingdom, which in turn are affected by (amongst other factors) changes in the UK's economic climate and the UK government's legislative policies.

Examples of changes in consumer habits which the Directors believe have affected the Group's financial performance include:

- the long-term growth in the dining out market and the increasing proportion of sales in the bar and pub industry which derive from dining out occasions, a pattern to which the Group has sought to respond through, amongst other things, the 'Project Evolution' initiative (see paragraph 2.4 ('The strategic review') of Part 6 (*Business Overview*));
- the shift in alcohol consumption from the 'on-trade' to the 'off-trade' and the increasing breadth of choice of leisure amenities in the United Kingdom, for example, the recent increase in the prevalence of consumers buying alcohol from supermarkets rather than in bars and pubs; and
- the increasing emphasis on healthier lifestyles (and any associated reduction in alcohol consumption).

Changes in consumer tastes and demographic trends have, the Directors believe, affected the appeal of the Group's bars to consumers. The Directors believe that these changes in consumer habits may continue to affect the Group's financial results, especially if the Group does not anticipate, identify and respond to such changes by evolving its brands, formats and offerings adequately and sufficiently promptly.

4.6 Economic climate

The Group's business is subject to the economic conditions in the UK. In particular, the revenue and results of the Group are affected by the level of consumer confidence and expenditure on leisure activities. Economic factors such as the UK government's austerity measures, possible future rises in interest rates, potential future declines in wages, higher unemployment, tax increases, lack of consumer credit and fluctuating house prices could all adversely affect the level of consumer confidence in the UK, which can have a significant effect on the level of spending by the customers of the Group's bars.

4.7 Seasonality

Attendance levels at the Group's bars are affected by the weather, in particular, weather-related disruption to the operation of urban public transport systems. Persistent inclement weather or public transport system failures, especially during the start of the September/October university term or the Christmas period, which are typically the Group's peak trading periods, can have a negative effect on revenue generated by the Group's bars and, in turn, could have a negative effect on the results of the Group's operations. The seasonality of the bar industry results in variable demand and, therefore, the Group's revenue and operating results will fluctuate from period to period (though are broadly split evenly between each half of the Group's financial year).

4.8 Competition

The Group operates in a highly competitive market and therefore its financial performance is affected by the behaviour and success of its competitors. The Directors believe that the Group's competition includes any provider of leisure facilities or services, ranging from other bars or pub companies to supermarkets and home entertainment suppliers. Information on the competition the Group faces is set out in paragraph 7 ('Competition') of Part 6 (*Business Overview*).

4.9 Legal and regulatory developments

The Group's operations are directly subject to, and indirectly affected by, extensive regulation, including in relation to employment, minimum wages, bar licensing, alcoholic drinks control, competition, taxation, health and safety, sanitation, the environment, data protection and access for the disabled. These laws and regulations impose a material burden on the Group and necessitate the devotion of significant time and the incurring of significant costs by the Group to ensure compliance with the relevant requirements.

Legislative changes in recent years which the Directors believe have had a significant adverse effect on the Group's operations include the increases in student tuition fees introduced in 2012. Potential future legislative changes which the Directors believe could have a significant effect on the Group's results of operations include any reduction of licensing hours or changes to licensing conditions, raising the legal drinking age to 21, the introduction of minimum prices for alcoholic drinks, the introduction of a mandatory code imposing certain obligations on all alcohol retailers, increases in taxes or duties on alcoholic drinks, increases in the national minimum wage and any further increases in the cost of university tuition.

4.10 Costs as a listed company

Following Admission, the Group will incur additional costs as a public limited company. These costs principally consist of the costs associated with maintaining the Board, the establishment of an investor relations function and the annual cost of communicating with the Company's shareholders. The annual costs are estimated to be approximately £0.4 million.

5 Key income statement line items

5.1 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue for the sale of goods is the total amount receivable by the Group for goods supplied, in the ordinary course of business, excluding VAT. Revenue is recognised at the initial point of sale of goods to customers, when the risk and rewards of the ownership of the goods have been transferred to the buyer and the revenue can be reliably measured.

5.2 Cost of sales

Cost of sales consists of cost of inventories recognised as expenses, supplier discounts and shrinkage.

5.3 Administrative expenses

Administrative expenses principally consist of salaries and wages, social security, property costs (including rent and business rates), marketing costs, training costs and insurance. Administrative expenses are split into two subsets: operational (excluding exceptional items) and exceptional items. The costs associated with the Business Reorganisation are included within exceptional administrative expenses.

5.4 Finance revenue

Finance revenue consists of interest income on bank deposits.

5.5 Finance cost

Finance cost consists of total interest expense on loans and borrowings, together with amortisation charges in respect of capitalised loan costs.

5.6 Income tax expense

Income tax expense consists of current and deferred taxes.

6 Results of operations

6.1 Group results of operations

The Group's results of operations in this paragraph 6 differ in their presentation from the consolidated income statements in the Group's historical financial information included in Part 11 (*Historical Financial Information*). The Directors believe that the financial information below, in which the Group's Ongoing Business is separated from the Exited Business (which is not part of the Group's ongoing operations), better represents the underlying performance of the ongoing operations of the Group and reflects how the Group intends to report its results of operations in the future. See Note 1 ('Accounting policies') to the Group's historical financial information included in Part 11 (*Historical Financial Information*) for further information.

6.2 Comparison of Group results for the 2015 HY Period and 2014 HY Period

The table below presents the Group's results of operations for the 2014 HY Period and the 2015 HY Period. The line items above operating profit are for the Ongoing Business only, whereas the line items below operating profit are for both the Ongoing Business and the Exited Business.

	(Unaudited) Six months ended 31 December 2013 £'000	Six months ended 31 December 2014 £'000
Ongoing Business		
Revenue	56,140	57,979
Cost of sales	(13,870)	(13,954)
Gross profit	42,270	44,025
Administrative expenses		
– administrative expenses, excluding exceptional items	(38,038)	(39,347)
– exceptional items	(1,250)	(295)
Total administrative expenses	(39,288)	(39,642)
Operating profit from Ongoing Business	2,982	4,383
Operating (loss) from Exited Business	(535)	—
Finance revenue	3	1
Finance cost	(72)	(43)
Profit on ordinary activities before taxation	2,378	4,341
Tax on ordinary activities	186	(16)
Profit and total comprehensive income for the period	2,564	4,325

6.2.1 Revenue – Ongoing Business

The revenue of the Group's Ongoing Business was 3.3 per cent higher in the 2015 HY Period than in the 2014 HY Period. The Directors attribute this increase to a positive trading performance throughout the 2015 HY Period, in particular during both of the Group's 'peak' periods in the first half of its financial year, being December (which the Directors attribute to Christmas trade) and September/October (which the Directors attribute to students starting at or returning to university).

In addition, the 'Project Evolution' initiative (see paragraph 2.4 ('The strategic review') of Part 6 (*Business Overview*)), which may have had a negative impact on revenue in the 2014 HY Period due to the required closure of certain of the Group's operating sites (see paragraph 6.3.1, below), was substantially completed prior to the start of the 2015 HY Period and so did not have a discernible effect on revenues in this period.

Like-for-like revenue of the Ongoing Business increased by 3.7 per cent overall between the 2014 HY Period and the 2015 HY Period (comprising an increase of 2.2 per cent in wet-led revenue and an increase of 13.9 per cent in food-led revenue). These increases followed an increase in like-for-like revenue in the 2014 HY Period compared to the six months ended 31 December 2012 of 3.2 per cent (comprising an increase of 2.0 per cent in wet-led revenue and 12.7 per cent in food-led revenue).

These figures are illustrated in the table below.

Ongoing Business	(Unaudited) Six months ended 31 December 2013	Six months ended 31 December 2014
Like-for-like revenue growth – Wet (%)	2.0%	2.2%
Like-for-like revenue growth – Food (%)	12.7%	13.9%
Like-for-like revenue growth – Overall (%)	<u>3.2%</u>	<u>3.7%</u>

The comparatively high increase in like-for-like food revenue between the 2015 HY Period and the 2014 HY Period follows the Group's recent strategic focus on its food offering. Although food sales have a lower margin than drinks sales, and account for a lower proportion of the Group's revenue than drinks, the difference between the margins has been reduced (through an increase in the margin achieved in food sales). This is due in large part to cost, operational and purchasing efficiencies in relation to the food offering which were not available when the volumes were smaller. The increase in the Group's food offering, with a view to achieving a more balanced trading profile between the Group's food and drinks offerings, was a key outcome of the strategic review and of the Group's ongoing strategy, each as described in Part 6 (*Business Overview*).

6.2.2 Cost of sales – Ongoing Business

The cost of sales of the Ongoing Business increased by 0.6 per cent between the 2014 HY Period and the 2015 HY Period. The Directors believe that this increase was driven largely by the Group's continued focus on increasing the proportion of its food offering compared to its drink offering (see paragraph 6.2.1, above).

The Group's gross profit margin increased by 0.6 percentage points from the 2014 HY Period to the 2015 HY Period (comprising an increase in wet-led margin revenue of 0.2 percentage points and food-led margin revenue of 3.8 percentage points). The Directors attribute these revenue increases to, amongst other things (as noted above), strong trading during 'peak' periods in the 2015 HY Period and, in relation to the increase in food margin, to the increased efficiencies which the Group is able to achieve in relation to its food offering with increased volumes.

6.2.3 Administrative Expenses – Ongoing Business

Administrative expenses (excluding exceptional items) – Ongoing Business

The table below presents the operational administrative expenses, excluding exceptional items, of the Ongoing Business for the 2014 HY Period and the 2015 HY Period.

	(Unaudited) Six months ended 31 December 2013 £'000	Six months ended 31 December 2014 £'000
Ongoing Business		
Staff costs	14,142	15,063
<i>Property costs</i>		
Rent	5,079	4,485
Rates	2,417	2,326
Depreciation and amortisation	2,704	3,175
Other property costs	2,919	3,136
Total property costs	13,119	13,122
Operating costs	9,120	9,485
Other expenses	1,657	1,677
Total operating administrative expenses, excluding exceptional items	38,038	39,347

The administrative expenses (excluding exceptional items) of the Group's Ongoing Business increased by 3.4 per cent between the 2014 HY Period and the 2015 HY Period. The Directors attribute this increase primarily to the Group's increased focus on a food offering, because labour costs for a food offering are typically higher than for a drinks offering, with a lower revenue per staff hour being achievable. More staff per site are also necessitated by an increased food offering, and the Group's staff costs in the 2015 HY Period were partly increased by the uplift in the UK national minimum wage in October 2014 (to £6.50 an hour for people aged 21 and over), given the significant proportion (approximately 40 per cent) of the Group's employees who are paid the national minimum wage.

Property costs were flat between the 2014 HY Period and the 2015 HY Period. This is principally the result of two off-setting factors. First, there were reductions in rates, resulting from rebates on rates appeals and rent review settlements that were more favourable than those for which provision had originally been made. Secondly, and off-setting this reduction, was an increase in the depreciation charge. This was attributable to the nature of the capital spend on the various 'Project Evolution' sites from the prior financial year. As noted in paragraph 4.2.2, above, new fit out costs are typically depreciated over the lease term whereas refurbished sites are depreciated at a faster rate and typically have more spend allocated to items such as furnishings. Operating costs and other expenses also increased between the 2014 HY Period and the 2015 HY Period. The key components of the increased costs related to door staff in the Group's bars, entertainment (for example, music) costs and fruit and bar sundries.

Notwithstanding the foregoing, the operating profit of the Group's Ongoing Business was 47.0 per cent higher in the 2015 HY Period than in the 2014 HY Period. The Directors attribute this increase primarily to the Group's strong trading performance over the period (as described in paragraph 6.2.1, above).

Exceptional administrative expenses – Ongoing Business

The table below presents the exceptional administrative expenses of the Ongoing Business for the 2014 HY Period and the 2015 HY Period.

	(Unaudited) Six months ended 31 December 2013 £'000	Six months ended 31 December 2014 £'000
Ongoing Business		
Exceptional bar refurbishment costs	1,250	206
Professional fees for initial public offering	—	89
Total exceptional items	<u>1,250</u>	<u>295</u>

The material exceptional items for each period were as follows:

- 2015 HY Period: professional costs in connection with the initial public offering of the Company (as described in this document) and exceptional bar refurbishment costs; and
- 2014 HY Period: residual professional and refit costs carried into the period from 'Project Evolution'.

6.2.4 Operating loss from Exited Business

The table below presents the results of operations for the Exited Business for the 2014 HY Period.

	(Unaudited) Six months ended 31 December 2013 £'000
Exited Business	
Revenue	2,828
Cost of sales	(931)
Gross profit	<u>1,897</u>
Administrative expenses	(2,432)
Operating loss from Exited Business	<u>(535)</u>

As noted in paragraph 2.2, above, the Exited Business ceased to be owned by the Group on 22 February 2014 and is no longer part of the Group's operations. Expenses in relation to the Business Reorganisation pursuant to which (amongst other things) the Exited Business was divested are reflected as exceptional items in the Group's historical financial information included in Part 11 (*Historical Financial Information*). Certain costs for the Ongoing Business and Exited Business are treated jointly (for example, finance and tax costs) in the financial information presented in this document because they were not separately reported by business segment. As noted in paragraph 2.2, above, since the Business Reorganisation in February 2014, the Group has operated as a single segment business (the Ongoing Business).

6.2.5 Finance revenue – Ongoing Business and Exited Business

The Group's finance revenue comprises bank interest receivable by the Group, which was £3,000 in the 2014 HY Period and £1,000 in the 2015 HY Period. The relatively low amount of (and the decrease in) the Group's finance revenue was due to the reduction in the Group's cash balances which followed its decision to repay any funds drawn under the Senior Facilities Agreement from time to time whenever cash was available for this purpose (and thereby to reduce its finance cost).

6.2.6 Finance cost – Ongoing Business and Exited Business

The Group's finance cost comprises interest payable and similar finance charges. The reduction in this cost from £72,000 in the 2014 HY Period to £43,000 in the 2015 HY Period was (as noted in paragraph 6.2.5, above) due to the Group's decision to repay debt balances drawn under the Senior Facilities Agreement from time to time, using the Group's available cash.

6.2.7 Tax on ordinary activities – Ongoing Business and Exited Business

The Group made chargeable profits in both the 2014 HY Period and the 2015 HY Period. No tax was payable in respect of previous years' chargeable profits because the tax charge was mitigated in full, principally through group relief. See paragraph 6.3.7, below, for further detail on the taxation of the Group during the Periods Under Review.

6.3 Comparison of Group results for the 2012 Annual Period, 2013 Annual Period and 2014 Annual Period

The table below presents the Group's results of operations for the 2012 Annual Period, the 2013 Annual Period and the 2014 Annual Period. The line items above operating profit are for the Ongoing Business only, whereas the line items below operating profit are for both the Ongoing Business and the Exited Business.

	Year ended 30 June 2012 £'000	Year ended 30 June 2013 £'000	Year ended 30 June 2014 £'000
Ongoing Business			
Revenue	97,179	104,531	108,722
Cost of sales	(23,714)	(26,335)	(27,147)
Gross profit	73,465	78,196	81,575
Administrative expenses			
– administrative expenses, excluding exceptional items	(64,777)	(72,415)	(74,112)
– exceptional items	(740)	(3,157)	(3,503)
Total administrative expenses	(65,517)	(75,572)	(77,615)
Operating profit from Ongoing Business	7,948	2,624	3,960
Operating (loss) from Exited Business	(1,864)	(4,528)	(1,215)
Finance revenue	219	43	13
Finance cost	(505)	(279)	(117)
Profit / (loss) on ordinary activities before taxation	5,798	(2,140)	2,641
Tax (charge) / credit on ordinary activities	(26)	185	371
Profit / (loss) and total comprehensive income for the period	5,772	(1,955)	3,012

6.3.1 Revenue – Ongoing Business

The revenue of the Group's Ongoing Business increased in each year of the three year period, by 7.6 per cent in the 2013 Annual Period (compared to the 2012 Annual Period) and 4.0 per cent in the 2014 Annual Period (compared to the 2013 Annual Period). The revenue growth year-on-year was largely due to the effect of new site openings, as each new site had a positive effect on overall revenue.

There were four new site openings in each of the 2012 Annual Period and the 2013 Annual Period. The increased revenue in the 2013 Annual Period was (as noted above) principally attributable to the full year effect of the site openings during the 2012 Annual Period and the part year effect of the site openings during the 2013 Annual Period, though this increase was partly offset by the fact that the 2012 Annual Period comprised 53 trading weeks. The 'Project Evolution' initiative (see paragraph 2.4 ('The strategic review') of Part 6 (*Business Overview*)) may have had a negative impact on revenue in the 2013 Annual Period because it required the closure of 32 of the Group's operating sites for between one and three weeks each (with the majority of sites closing for one week) for refurbishment of the premises.

Because of the Group's ongoing focus on the 'Project Evolution' initiative and the other aspects of the strategic review, the Group's priority in the 2013 Annual Period and the 2014 Annual Period was upgrading and consolidating, rather than expanding, its existing estate. For this reason, no new sites were opened in the 2014 Annual Period, with the result that the revenue increase was proportionately lower than the prior period. The increased revenue for the 2014 Annual Period was largely due to the part year effect of the four sites opened in the 2013 Annual Period and to the increase in like-for-like revenue growth of the business over this period (see below) and a reduction in revenue from promoters due to the Group's strategic decision to reduce the number of events organised by third parties at its bars.

Like-for-like revenue growth between the 2013 Annual Period and the 2014 Annual Period increased by 3.0 per cent overall (comprising an increase of 1.9 per cent in wet-led revenue and an increase of 11.1 per cent in food-led revenue). These results were an improvement on the negative like-for-like revenue growth from the 2012 Annual Period to the 2013 Annual Period (an overall decrease of 0.9 per cent, comprising a decrease of 2.2 per cent in wet-led revenue, offset by an increase in food-led revenue of 10.5 per cent).

These figures are illustrated in the table below.

	Year ended 30 June 2012	Year ended 30 June 2013	Year ended 30 June 2014
Ongoing Business			
Like-for-like revenue growth – Wet (%)	3.3%	(2.2)%	1.9%
Like-for-like revenue growth – Food (%)	18.9%	10.5%	11.1%
Like-for-like revenue growth – Overall (%)	4.7%	(0.9)%	3.0%

The Directors attribute these sales patterns to the proportional increase in the Group's food offering compared to its drinks offering. Food sales have a lower margin than drinks sales, though the difference between the margins has been reduced as the Group has increased its food offering. As set out in paragraph 6.2.1, above, this is due in large part to cost and operational efficiencies in relation to the food offering which were not available when the volumes were smaller.

6.3.2 Cost of sales – Ongoing Business

The cost of sales of the Ongoing Business increased year-on-year between the 2012 Annual Period and the 2014 Annual Period, which the Directors believe was driven largely by the Group's increased focus on food compared to its drinks offering.

As discussed above, one of the effects of the increased proportion of the Group's food offering compared to its drink offering (as reflected in the cost of sales) due to the 'Project Evolution' initiative is the reduction in gross profit margin during the Periods Under Review (from 75.6 per cent overall in the 2012 Annual Period to 75.0 per cent overall in the 2014 Annual Period). However, the increase in the cost of sales of the Ongoing Business was proportionately lower in the 2014 Annual Period (a 3.1 per cent increase from the 2013 Annual Period) compared to the 2013 Annual Period (an 11.1 per cent increase from the 2012 Annual Period), due in part to the efficiencies mentioned in paragraphs 6.2.1 and 6.3.1, above, which contributed towards an increased margin being achievable on food sales compared to previous years.

The cost of sales of the Ongoing Business also increased as a result of the eight new site openings during the three year period (as described above).

6.3.3 Administrative expenses – Ongoing Business

Administrative expenses (excluding exceptional items) – Ongoing Business

The table below presents the operational administrative expenses, excluding exceptional items, of the Ongoing Business for the 2012 Annual Period, the 2013 Annual Period and the 2014 Annual Period.

	Year ended 30 June 2012 £'000	Year ended 30 June 2013 £'000	Year ended 30 June 2014 £'000
Ongoing Business			
Staff costs	24,359	27,582	28,144
<i>Property costs</i>			
Rent	8,343	8,938	8,968
Rates	4,408	4,855	4,919
Depreciation and amortisation	5,008	5,134	5,717
Other property costs	4,993	5,827	5,858
Total property costs	<u>22,752</u>	<u>24,754</u>	<u>25,462</u>
Operating costs	15,063	17,347	17,274
Other expenses	<u>2,603</u>	<u>2,732</u>	<u>3,232</u>
Total administrative expenses, excluding exceptional items	<u><u>64,777</u></u>	<u><u>72,415</u></u>	<u><u>74,112</u></u>

The administrative expenses (excluding exceptional items) of the Group's Ongoing Business increased year-on-year during the annual periods to 30 June 2014, increasing by 11.8 per cent in the 2013 Annual Period compared to the 2012 Annual Period and by 2.3 per cent in the 2014 Annual Period compared to the 2013 Annual Period. The Directors attribute these increases primarily to the increase in size of the Group's estate over the three year period (as described in paragraph 4.1, above, eight new sites were opened, with one site being sold) and the greater focus of the Group on its food offering. In relation to the latter, labour costs for a food offering are typically higher than for a drinks offering, with a lower revenue per staff hour being achievable for food offerings. The effect of this is that, in addition to the lower margins described above, the Directors believe that the Group's increased focus on food resulted in increased administrative expenses. As no new sites were opened in the 2014 Annual Period, the increase in administrative expenses compared to the 2013 Annual Period was comparatively lower. The increase was, in the Directors' view, largely attributable to the part year effect of the four site openings in the 2013 Annual Period, together with the ongoing effect of the Group's increased food offering described above.

The Group's operating profit from its Ongoing Business in the 2013 Annual Period and the 2014 Annual Period was negatively affected by the 'Project Evolution' initiative (see paragraph 2.4 ('The strategic review') of Part 6 (*Business Overview*)), which required the closure of 32 of the Group's operating sites for between one and three weeks for refurbishment (with the majority of these sites closing for one week). Although no sales could occur at the sites during those closure periods, all payroll costs were carried by the Group (as no redundancies or other reduction in employee numbers were made as part of 'Project Evolution') and certain exceptional administrative costs were incurred on staff training. The cumulative effect of this was that the revenues of the 32 sites which had a reduced number of trading weeks in the financial year may have been lower, and the administrative costs of the Ongoing Business were slightly higher, than might have been the case if the 'Project Evolution' initiative had not been undertaken.

Exceptional administrative expenses – Ongoing Business

The exceptional administrative expenses of the Ongoing Business varied between each of the 2012 Annual Period, the 2013 Annual Period and the 2014 Annual Period, as shown in the table below.

	Year ended 30 June 2012 £'000	Year ended 30 June 2013 £'000	Year ended 30 June 2014 £'000
Ongoing Business			
Property with onerous lease	—	1,493	—
Exceptional bar refurbishment costs	—	—	1,178
Loss on disposal of fixed assets	—	—	114
Restructuring costs	—	1,464	2,086
Professional fees for aborted corporate transaction	740	—	—
Impairment of fixed assets	—	200	125
Total exceptional items	<u>740</u>	<u>3,157</u>	<u>3,503</u>

The material exceptional items for each period were as follows:

- 2014 Annual Period: professional and refit costs carried into the 2014 Annual Period from 'Project Evolution' and professional costs and certain redundancy fees incurred in connection with the Business Reorganisation;
- 2013 Annual Period: redundancy and other exit costs (plus professional fees) paid by the Group in connection with the changes to the Group's management which occurred in the 2013 Annual Period (including the departure of the founders of the business), a £1.5 million onerous lease provision relating to the Group's Wolverhampton (*Revolution*) site, which is currently not operational, and certain professional consultancy fees; and
- 2012 Annual Period: professional fees incurred in relation to an abortive corporate sales process.

6.3.4 Operating loss from Exited Business

The table below presents the results of operations for the Exited Business for the 2012 Annual Period, the 2013 Annual Period and the 2014 Annual Period. As noted in paragraph 2.2, above, the Exited Business was divested in February 2014 and did not form part of the Group's operations for any part of the 2015 HY Period.

	Year ended 30 June 2012 £'000	Year ended 30 June 2013 £'000	Year ended 30 June 2014 £'000
Exited Business			
Revenue	8,911	7,088	3,577
Cost of sales	(2,629)	(2,248)	(1,177)
Gross profit	6,282	4,840	2,400
Administrative expenses			
– administrative expenses, excluding exceptional items	(6,875)	(6,403)	(3,615)
– exceptional items	(1,271)	(2,965)	—
Total administrative expenses	(8,146)	(9,368)	(3,615)
Operating loss from Exited Business	(1,864)	(4,528)	(1,215)

6.3.5 Finance revenue – Ongoing Business and Exited Business

The Group's finance revenue comprises bank interest receivable by the Group, which was £219,000 in the 2012 Annual Period, £43,000 in the 2013 Annual Period and £13,000 in the 2014 Annual Period. The year-on-year decrease is largely due to changes in off-setting arrangements within the Group's bank accounts and the reduction in the Group's cash balances held on account following the repayment of debt tranches in the 2012 Annual Period and the 2013 Annual Period.

6.3.6 Finance cost – Ongoing Business and Exited Business

The Group's finance cost comprises interest payable and similar finance charges. In the 2012 Annual Period the Group's finance cost was £505,000, in the 2013 Annual Period it was £279,000 and in the 2014 Annual Period it was £117,000. The reason for the year-on-year reduction in finance cost is the same as the reason for the year-on-year decrease in finance revenue (above): changes in off-setting arrangements within the Group's bank accounts and the reduction in cash balances following repayment of debt tranches.

6.3.7 Tax on ordinary activities – Ongoing Business and Exited Business

The statutory corporate tax rates applicable to the Group's chargeable profits / (losses) in the 2012 Annual Period, the 2013 Annual Period and the 2014 Annual Period were 25.5 per cent, 23.75 per cent and 22.5 per cent, respectively. In the 2012 Annual Period, increased chargeable profits gave rise to an increased current tax charge, having allowed for applicable group relief, although this was substantially mitigated by credits in respect of deferred taxation, deriving from headline rate changes. The Group's resultant tax charge on ordinary activities was £26,000.

The Group's tax on ordinary activities in the 2013 Annual Period was a credit of £185,000. In the 2013 Annual Period, the Group (after exceptional items) made a loss for corporation tax purposes. As such, no current-year tax charge is shown in the income statement. There was a deferred tax credit due to headline rate changes, as in the previous year. As above, the aggregate current year credit was £185,000.

In the 2014 Annual Period, the Group made a chargeable profit but the current tax charge was mitigated in full, principally through group relief. As in the 2013 Annual Period, a deferred tax credit was available due to headline rate changes. The aggregate current year credit was £371,000.

Following Admission, the Directors expect that the Group's effective rate of tax is likely to be broadly similar to the headline rates discussed above, although the UK government does periodically alter the rate of corporation tax, which could affect this assessment. With effect from 1 April 2015, the United Kingdom corporation tax rate will be reduced from 21 per cent (the rate since 1 April 2014) to 20 per cent, pursuant to the Finance Act 2013. See Note 9 ('Taxation') to the Group's historical financial information included in Part 11 (*Historical Financial Information*) for further detail on the tax rates applicable to the Group.

7 Liquidity and capital resources

7.1 Introduction

The Group has historically generated positive cash flows from its operations. The rate of net cash flows during the Periods Under Review was affected by, amongst other things:

- increased discretionary expenditure in connection with the expansion of the Group's estate (the acquisition of eight sites during the 2012 Annual Period and the 2013 Annual Period);
- the 'Project Evolution' programme, which required significant expenditure to be incurred in refurbishing the Group's existing sites; and
- the cost of the Business Reorganisation, which culminated in the divestment of the Exited Business.

The cash flows and other information presented in this paragraph 7 include both the Ongoing Business and the Exited Business because the Directors believe that it is not feasible to seek to disaggregate the historical cash flows of the Group.

As at 31 December 2014, the Group had no long or short term borrowings other than trade credit in the ordinary course of its business. Subject to the repayment of sums borrowed by the Selling Shareholder under the Senior Facilities Agreement (see paragraph 13.2.1 ('Pre-Admission financing arrangements') of Part 16 (*Additional Information*)), under which certain Group companies are guarantors, the Directors expect the Group to have no financial indebtedness outstanding as at the date of Admission. The Company recently entered into the RCF, pursuant to which (subject to the satisfaction of certain conditions) a committed £5,000,000 revolving credit facility is to be made available to the Group for general business purposes. The Directors expect to make a temporary draw down on the RCF in March 2015 and thereafter to utilise the RCF for cash flow management and general business purposes as required from time to time. For further information, see paragraph 13.2.2 ('Post-Admission financing arrangements') of Part 16 (*Additional Information*).

7.2 Cash flows – Ongoing Business and Exited Business

The Group's primary sources of cash consist of net cash inflows from three sources: operating activities, investing activities and financing activities.

The table below presents a summary of the Group's cash flows for the Periods Under Review.

	Year ended 30 June 2012 £'000	Year ended 30 June 2013 £'000	Year ended 30 June 2014 £'000	(Unaudited) Six months ended 31 December 2013 £'000	Six months ended 31 December 2014 £'000
Net cash inflows from operating activities	11,572	9,475	5,539	7,189	2,779
Net cash flows used in investing activities	(8,188)	(8,744)	(5,848)	(5,094)	(2,378)
Net cash flows used in financing activities	(5,961)	(6,836)	(104)	(69)	(42)
Net (decrease) / increase in cash and cash equivalents	(2,577)	(6,105)	(413)	2,026	359

Each of these components is discussed below.

7.2.1 Net cash generated from operating activities – Ongoing Business and Exited Business

	Year ended 30 June 2012 £'000	Year ended 30 June 2013 £'000	Year ended 30 June 2014 £'000	(Unaudited) Six months ended 31 December 2013 £'000	Six months ended 31 December 2014 £'000
Profit / (loss) before taxation from operations	5,798	(2,140)	2,641	2,378	4,341
Net finance expense	286	236	104	69	42
Depreciation and impairment of property, plant and equipment	5,583	6,990	6,046	2,887	3,175
Loss on disposal of property, plant and equipment	—	—	114	—	—
(Increase) / decrease in inventories	(364)	(471)	2	(611)	(285)
(Increase) / decrease in trade and other receivables	(1,107)	(1,551)	(701)	3,800	(828)
Increase / (decrease) in trade and other payables	2,299	6,411	(1,997)	(644)	(3,666)
Tax paid	(923)	—	(670)	(670)	—
Net cash flows generated from operating activities	11,572	9,475	5,539	7,189	2,779

Cash flows from operating activities consist primarily of profit or loss for the period, depreciation and impairment of property, plant and equipment, increases or decreases in inventories, trade and other receivables, trade and other payables and tax paid.

Net cash inflows from the Group's operating activities fell from £7,189,000 in the 2014 HY Period to £2,779,000 in the 2015 HY Period. The Directors attribute this variation to an exceptional movement in related party balances in the 2015 HY Period. As at 30 June 2014, the Group owed £2,028,000 to a related party (the Selling Shareholder) but, by 31 December 2014, this balance had moved such that £2,286,000 was owed to the Group. This movement is equivalent to a net cash outflow of £4,314,000, which accounts for almost all of the overall cash inflow reduction of £4,410,000 in the 2015 HY Period compared to the 2015 HY Period. For further information in relation to this related party balance, see Note 24 ('Related party transactions') to the Group's historical financial information included in Part 11 (*Historical Financial Information*).

Net cash inflows decreased year-on-year by 18.1 per cent between the 2012 Annual Period and the 2013 Annual Period and by 41.5 per cent between the 2013 Annual Period and the 2014 Annual Period. The reduction in net cash inflows between the 2012 Annual Period and the 2013 Annual Period was largely due to a loss being made on the Group's operations for the latter period, which was mitigated by an increase in the Group's trade and other payables. The Directors believe that the operating loss was partly due to, amongst other things, the trading conditions experienced by the Group during the 2013 Annual Period (see, for example, paragraph 4.9, above, in relation to the adverse impact of the increase in student tuition fees in 2012) and the 'Project Evolution' initiative which (as noted in paragraphs 6.2 and 6.3, above) caused certain of the Group's sites to cease trading (for refurbishment) for one or more weeks during the year.

The reduction in net cash inflows between the 2013 Annual Period and the 2014 Annual Period was largely due to a decrease in trade and other payables and the payment of a tax liability. The Directors attribute the decrease in trade and other payables to the timing of supplier invoices received and payment of exceptional expenses relating to the founders of the business. The tax payment in the 2012 Annual Period relates to the previous year's tax liability. The tax payment in the 2014 Annual Period was made (late) in respect of the 2012 Annual Period.

7.2.2 Net cash used in investing activities – Ongoing Business and Exited Business

	Year ended 30 June 2012 £'000	Year ended 30 June 2013 £'000	Year ended 30 June 2014 £'000	(Unaudited) Six months ended 31 December 2013 £'000	Six months ended 31 December 2014 £'000
Purchase of property, plant and equipment	(8,188)	(8,744)	(9,347)	(5,094)	(2,378)
Proceeds from disposal of property, plant and equipment	—	—	3,499	—	—
Net cash flow used in investing activities	(8,188)	(8,744)	(5,848)	(5,094)	(2,378)

Cash flows used in investing activities consist primarily of payments and disbursements in connection with the acquisition and sale of property, plant and equipment.

The net cash used in investing activities decreased between the 2014 HY Period and the 2015 HY Period. The Directors attribute this decrease to the lower level of capital expenditure required in the 2015 HY Period due to the 'Project Evolution' initiative having been completed prior to the start of the period. The Group made no disposals in either the 2014 HY Period or the 2015 HY Period.

The net cash used in investing activities increased year-on-year between the 2012 Annual Period and the 2013 Annual Period and also between the 2013 Annual Period and the 2014 Annual Period, largely due to the eight further sites which were added to the Group's portfolio and to the refurbishment and other capital expenditure on plant and equipment in connection with 'Project Evolution'. The figures shown in the table above include new site expenditure of £3.4 million for the 2012 Annual Period and £4.1 million for the 2013 Annual Period. The majority of the 2014 Annual Period increase is due to costs incurred in connection with the 'Project Evolution' initiative.

There were no disposals of properties in either the 2012 Annual Period or the 2013 Annual Period. In the 2014 Annual Period, the Group disposed of its lease of a *Revolution* bar in Soho, London, giving rise to £355,000 of proceeds from disposals, and £3.1 million of property, plant and equipment sold as part of the Business Reorganisation.

7.2.3 Net cash used in financing activities – Ongoing Business and Exited Business

	(Unaudited)				
	Year ended 30 June 2012 £'000	Year ended 30 June 2013 £'000	Year ended 30 June 2014 £'000	Six months ended 31 December 2013 £'000	Six months ended 31 December 2014 £'000
Interest received	219	43	13	3	1
Interest paid	(505)	(279)	(117)	(72)	(43)
Repayment of borrowings	(5,675)	(6,600)	—	—	—
Net cash flows used in financing activities	(5,961)	(6,836)	(104)	(69)	(42)

The Group received a relatively low level of interest in both the 2014 HY Period and the 2015 HY Period. This was due, as noted in paragraphs 6.2.5, above, to the Group's decision to repay any funds drawn under the Senior Facilities Agreement from time to time when cash was available for this purpose. This led to reduced interest being payable to the Group on cash balances and to reduced finance cost being incurred by the Group.

The Group made repayments of secured bank loans of £5.7 million and £6.6 million in the 2012 Annual Period and the 2013 Annual Period, respectively. The loans were fully repaid by 30 June 2013. The reductions in the interest paid and interest received reflect the reductions in borrowings.

7.3 Capital resources

The Group's principal liquidity requirements are to fund its capital expenditure and operating expenses and, going forward, to make dividend payments and any necessary interest payments required under the RCF. Cash and cash flows are the main source of the Group's liquidity. As at 31 December 2014, the Group had cash and cash equivalents of £3.8 million. See paragraph 12.3, below, for details of recent transactions which affect, or will affect, the Group's cash and cash equivalents.

During the Periods Under Review, the Group reduced its outstanding debt balance year-on-year and, as at 31 December 2014, the Group had no long or short term borrowings other than trade credit in the ordinary course of its business. As noted in paragraph 7.1, above, the

Group recently entered into the RCF, pursuant to which (subject to the satisfaction of certain conditions) a committed £5,000,000 revolving credit facility is to be made available to the Company by the RCF Lender. For further information, see paragraph 13.2.2 ('Post-Admission financing arrangements') of Part 16 (*Additional Information*). In addition, members of the Group have given security in favour of the Lenders under the Senior Facilities Agreement described in paragraph 13.2.1 ('Pre-Admission financing arrangements') of Part 16 (*Additional Information*), in respect of which the Selling Shareholder is the borrower. As set out in that paragraph, the security over the Ordinary Shares will be released immediately upon the release of the Pricing Statement and all security over assets of the Group will be released when funds are received by the SFA Agent.

If the Directors consider it desirable, following Admission, to seek further third party funding to finance the Group's expansion, as described in paragraph 5 ('The Group's strategy') of Part 6 (*Business Overview*), the Board may seek to do so in line with the Group's business plan. At present, however, the Directors do not believe that external finance (other than the RCF) is necessary for the implementation of the Group's business plan.

The Company is a holding company with no direct source of operating income. It is therefore dependent on its ability to raise capital and dividend payments from its subsidiaries. The ability of its subsidiaries to distribute cash to the Company to allow it to pay dividends to Shareholders is limited by, amongst other things, the extent of their distributable reserves.

8 Contractual obligations and commitments

The table below presents a summary of the Group's contractual obligations as at 31 December 2014.

	Within one year £'000	In two to five years £'000	In over five years £'000	Total £'000
Operating leases which expire				
Land and buildings	—	346	136,908	137,254
Other assets	44	171	—	215
	<u>44</u>	<u>517</u>	<u>136,908</u>	<u>137,469</u>

The Group's contractual obligations in relation to land and buildings (above), which represent the significant majority (by value) of the Group's contractual obligations, relate primarily to rent obligations under the leases of the Group's bars.

The Group has no other indirect or contingent liabilities, nor any contingent commitments, save that members of the Group are guarantors, and have granted security over their assets, under the Senior Facilities Agreement. As described in paragraph 13.2 ('Financing arrangements') of Part 16 (*Additional Information*), the Lenders have agreed a mechanism with the Company for the release of the security granted in connection with the Senior Facilities Agreement. The release of security will be effective in part prior to, and in part shortly following, Admission. The Company, together with other members of the Group, will grant certain security in favour of the RCF Lender in connection with the RCF.

9 Off balance sheet arrangements

As at 31 December 2014, the Group had no off balance sheet arrangements.

10 Qualitative and quantitative disclosures about market risks

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The Group does not issue or use financial instruments.

The Group is exposed to the following financial risks:

- credit risk;
- liquidity risk;
- market risk; and

- capital risk.

Trade and other receivables are measured at fair value and amortised cost. Book values and expected cash flows are reviewed by the Board and any impairment charged to the consolidated statement of comprehensive income in the relevant period.

Cash and cash equivalents are held in Pounds Sterling. Trade and other payables are measured at fair value and amortised cost.

10.1 Credit risk

Credit risk arises from the Group's cash balances held with counterparties and trade receivables. Credit risk is the risk of financial loss to the Group if a third party which owes amounts to the Group fails to meet its contractual obligations.

All cash balances are held with reputable banks and the Board monitors its exposure to counterparty risk on an ongoing basis. The Group attempts to mitigate credit risk by assessing financial counterparties.

The Directors are not aware of any factors affecting the recoverability of outstanding balances as at 31 December 2014. Given the nature of the Group's operations, the Directors do not consider the Group's credit risk, which arises mainly from cash held with banks, to be significant. Credit risk also arises from trade and other receivables, which include rebates due from suppliers.

10.2 Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its future obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, the Group seeks to maintain cash balances to meet its expected cash requirements.

The Group performs regular cash flow projections to ensure that it has sufficient cash to meet expected operational expenses. The Group has no committed lines of credit other than the RCF (as described in paragraph 13.2.2 ('Post-Admission financing arrangements') of Part 16 (*Additional Information*)).

10.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates or foreign exchange rates, will affect the Group's costs. The objective of market risk management is to manage and control market risk exposures within acceptable parameters. Market interest rate risk arises from the Group's holding of cash and cash equivalent balances. The Board makes *ad hoc* decisions at its regular meetings as to whether to hold funds in instant access accounts or longer term deposits. All accounts are held with reputable UK banks. These policies, which the Directors consider to be appropriate for the current stage of development of the Group's business, will be kept under review by the Board in future years. If interest rates at the end of each financial year in the Periods Under Review had moved by five per cent, the impact on the Group's results would not have been significant.

As at 31 December 2014, the Group's interest-bearing financial assets consisted solely of cash and cash equivalents. The Group had no interest-bearing financial liabilities as at 31 December 2014.

10.4 Capital risk

The Group's capital is made up of share capital and retained earnings.

The objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of shareholders' equity as set out in the consolidated statement of changes in equity. All working capital requirements are financed from existing cash resources and available bank facilities. There are no externally imposed capital requirements. Financing decisions are made by the Board based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans.

11 Guarantees

The Company and other members of the Group are guarantors, and have granted security over their assets, under the Senior Facilities Agreement, as described in paragraph 13.2 ('Financing arrangements') of Part 16 (*Additional Information*). The Lenders have agreed with the Company a mechanism for the release of the security granted in connection with the Senior Facilities Agreement. The release of security will be effective in part prior to, and in part shortly following, Admission. The Company, together with other members of the Group, will grant certain security in favour of the RCF Lender in connection with the RCF.

12 Recent trading and developments

12.1 Recent trading

The Group's like-for-like revenue for the six weeks to 3 January 2015 was approximately six per cent higher than for the same period in the previous year and was the highest for this period recorded in the Group's history. The Group's revenue for the period from 7 December 2014 to 13 December 2014 (inclusive, in each case) was the highest recorded for any one-week period in the Group's history. This record was broken the following week, the period from 14 December 2014 to 20 December 2014 (inclusive, in each case). Between 1 January 2015 and the date of this document, the Group has traded broadly in line with the Directors' expectations based on historical trends.

12.2 Recent trends

The Directors believe that the trends described in paragraph 4, above, have continued to affect, or be considerations relevant to, the Group between 30 June 2014 and the date of this document. The Directors also believe that these trends are reasonably likely to continue to have a potentially material effect on the Company's prospects for the current financial year.

12.3 Recent developments

12.3.1 RCF

The Company recently entered into the RCF, pursuant to which (subject to the satisfaction of certain conditions) a committed £5,000,000 revolving credit facility is to be made available to the Group for general business purposes. The Directors expect to make a temporary draw down on the RCF in March 2015 and thereafter to utilise the RCF for cash flow management and general business purposes as required from time to time. The Company, together with other members of the Group, will grant certain security in favour of the RCF Lender in connection with the RCF. For further information, see paragraph 13.2.2 ('Post-Admission financing arrangements') of Part 16 (*Additional Information*).

12.3.2 Dividends

On 26 February 2015, as part of the Corporate Reorganisation, the Company declared a dividend of £3,950,000 to the Selling Shareholder, which will be paid immediately following (and conditional upon) the publication of the Pricing Statement. Further details of the Corporate Reorganisation are set out in paragraph 3 ('Corporate Reorganisation') of Part 15 (*Group Reorganisations*).

13 Related party transactions

Please refer to Note 24 ('Related party transactions') to the Group's historical financial information included in Part 11 (*Historical Financial Information*) for details of related party transactions involving the Group during the Periods Under Review. On the date of this document, the loan balance (described therein) owed by the Selling Shareholder to the Group is estimated to be less than £100,000.

PART 10

CAPITALISATION AND INDEBTEDNESS

The tables below set out the Group's capitalisation and indebtedness as at 31 December 2014. The capitalisation and indebtedness figures have been extracted without material adjustment from the Company's accounting records and are unaudited.

The table below sets out the total capitalisation and indebtedness of the Group as at 31 December 2014.

	As at 31 December 2014 £'000
Indebtedness	
Guaranteed	—
Secured	—
Unguaranteed / unsecured	—
Total current debt	—
Guaranteed	—
Secured	—
Unguaranteed / unsecured	—
Total non-current debt	—
Capitalisation	
Share capital	—
Legal reserve	11,645
Other reserves	30,884
Total capitalisation	42,529
Total capitalisation and indebtedness	42,529

The table below sets out the net current financial indebtedness and non-current financial indebtedness of the Group as at 31 December 2014.

	As at 31 December 2014 £'000
Cash	3,824
Cash equivalents	—
Trading securities	—
Liquidity	3,824
Current bank debt	—
Current portion of non-current debt	—
Other current financial debt	—
Current financial debt	—
Net current cash	3,824
Non-current bank loans	—
Bonds issued	—
Other non-current loans	—
Non-current financial indebtedness	—
Net cash	3,824

The Group has no other indirect or contingent liabilities, nor any contingent commitments, save that members of the Group are guarantors, and have granted security over their assets, under the Senior Facilities Agreement and that the Company, together with other members of the Group, will grant certain security in favour of the RCF Lender in connection with the RCF. As described in paragraph 13.2.1 ('Pre-Admission financing arrangements') of Part 16 (*Additional Information*), the Lenders have agreed a mechanism with the Company for the release of the security granted in connection with the Senior Facilities Agreement. The release of security will be effective in part prior to, and in part shortly following, Admission.

PART 11
HISTORICAL FINANCIAL INFORMATION
SECTION A – ACCOUNTANT’S REPORT



KPMG LLP
1 St Peter’s Square
Manchester, M2 3AE

The Directors
Revolution Bars Group plc
21 Old Street
Ashton-under-Lyne
Tameside, OL6 6LA

27 February 2015

Ladies and Gentlemen

Revolution Bars Group plc (the “Company”)

We report on the financial information set out on pages 94 to 119 for the years ended 30 June 2012, 30 June 2013, 30 June 2014 and six months ended 31 December 2014. This financial information has been prepared for inclusion in the prospectus dated 27 February 2015 of the Company (the “**Prospectus**”) on the basis of the accounting policies set out in Note 1 (‘Accounting policies’) to the Group’s historical financial information included in Part 11 (*Historical Financial Information*) of the Prospectus. This report is required by paragraph 20.1 of Annex I of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose. We have not audited or reviewed the financial information for the six months ended 31 December 2013, which has been included for comparative purposes only, and accordingly do not express an opinion thereon.

Responsibilities

The directors of the Company are responsible for preparing the financial information on the basis of preparation set out in Note 1 (‘Accounting policies’) to the Group’s historical financial information included in Part 11 (*Historical Financial Information*) and in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) 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 23.1 of Annex I of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

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 financial information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the 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 financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Company as at 30 June 2012, 30 June 2013, 30 June 2014 and 31 December 2014 and of its profits / losses, cash flows and changes in equity for the years ended 30 June 2012, 30 June 2013, 30 June 2014 and six months ended 31 December 2014 in accordance with the basis of preparation set out in Note 1 ('Accounting policies') to the Group's historical financial information included in Part 11 (*Historical Financial Information*) and in accordance with International Financial Reporting Standards as adopted by the European Union as described in Note 1 (as described above).

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f), we are responsible for this report as part of the Prospectus 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 Prospectus in compliance with paragraph 1.2 of Annex I of the Prospectus Directive Regulation.

Yours faithfully

KPMG LLP

SECTION B – HISTORICAL FINANCIAL INFORMATION

Consolidated statement of profit and loss and other comprehensive income

For the years ended 30 June 2012, 2013 and 2014

Note	Year ended 30 June 2012		Year ended 30 June 2013		Year ended 30 June 2014	
	Ongoing Business £'000	Exited Business £'000	Ongoing Business £'000	Exited Business £'000	Ongoing Business £'000	Exited Business £'000
Revenue	97,179	8,911	104,531	7,088	108,722	3,577
Cost of sales	(23,714)	(2,629)	(26,335)	(2,248)	(27,147)	(1,177)
Gross profit	73,465	6,282	78,196	4,840	81,575	2,400
Administrative expenses						
– administrative expenses, excluding exceptional items	(64,777)	(6,875)	(72,415)	(6,403)	(74,112)	(3,615)
– exceptional items	(740)	(1,271)	(3,157)	(2,965)	(3,503)	—
Total administrative expenses	(65,517)	(8,146)	(75,572)	(9,368)	(77,615)	(3,615)
Operating profit / (loss)	7,948	(1,864)	2,624	(4,528)	3,960	(1,215)
Finance income	219					
Finance expense	(505)					
Profit / (loss) on ordinary activities before taxation	5,798	(26)	(2,140)	185	2,641	371
Tax on ordinary activities						
Profit / (loss) and total comprehensive income / (expense) for the year	5,772	5,772	(1,955)	(1,955)	3,012	3,012
Attributable to:						
– Equity holders of the Company	5,772	5,772	(1,955)	(1,955)	3,012	3,012
Earnings / (loss) per share – basic and diluted	£5.772	£5.772	£(1,955)	£(1,955)	£2,216	£2,216

The Ongoing Business and the Exited Business were the Group's operating segments until 22 February 2014 (see Notes 1 and 2, below).

Consolidated statement of profit and loss and other comprehensive income

For the six months ended 31 December 2013 and 2014

	<i>Note</i>	Six months ended 31 December 2013 (Unaudited)		Six months ended 31 December 2014	
		Ongoing Business £'000	Exited Business £'000	Total £'000	Ongoing Business and Total £'000
Revenue		56,140	2,828	58,968	57,979
Cost of sales		(13,870)	(931)	(14,801)	(13,954)
Gross profit		42,270	1,897	44,167	44,025
Administrative expenses					
– administrative expenses, excluding exceptional items		(38,038)	(2,432)	(40,470)	(39,347)
– exceptional items	3	(1,250)	—	(1,250)	(295)
Total administrative expenses		(39,288)	(2,432)	(41,720)	(39,642)
Operating profit / (loss)	4	2,982	(535)	2,447	4,383
Finance income	7			3	1
Finance expense	8			(72)	(43)
Profit on ordinary activities before taxation				2,378	4,341
Tax on ordinary activities	9			186	(16)
Profit and total comprehensive income for the period				2,564	4,325
Attributable to:					
– Equity holders of the Company				2,564	4,325
Earnings / (loss) per share – basic and diluted	10			£2,564	£2,163

The Ongoing Business and the Exited Business were the Group's operating segments until 22 February 2014 (see Notes 1 and 2, below).

Consolidated statement of financial position

As at 1 July 2011, 30 June 2012, 30 June 2013, 30 June 2014 and 31 December 2014

	<i>Note</i>	1 July 2011 £'000	30 June 2012 £'000	30 June 2013 £'000	30 June 2014 £'000	31 December 2014 £'000
Assets						
Non-current assets						
Property, plant and equipment	12	43,170	45,776	47,530	47,217	46,420
Current assets						
Inventories	13	2,473	2,837	3,309	3,306	3,591
Trade and other receivables	14	21,871	22,978	24,529	7,659	8,487
Cash and cash equivalents	15	12,560	9,983	3,878	3,465	3,824
		36,904	35,798	31,716	14,430	15,902
Total assets		80,074	81,574	79,246	61,647	62,322
Liabilities						
Current liabilities						
Financial liabilities	16	—	4,350	—	—	—
Trade and other payables	17	13,177	14,143	17,771	18,271	14,649
Tax payable		806	719	719	50	49
		13,983	19,212	18,490	18,321	14,698
Non-current liabilities						
Deferred tax liability	19	4,826	4,011	3,826	3,277	3,293
Financial liabilities	16	12,261	2,250	—	—	—
Other liabilities	18	58	1,383	4,167	1,845	1,802
		17,145	7,644	7,993	5,122	5,095
Total liabilities		31,128	26,856	26,483	23,443	19,793
Net assets		48,946	54,718	52,763	38,204	42,529
Equity attributable to equity holders of the parent						
Share capital	20	—	—	—	—	—
Merger reserve		11,645	11,645	11,645	11,645	11,645
Reserves		37,301	43,073	41,118	26,559	30,884
Total equity		48,946	54,718	52,763	38,204	42,529

Consolidated statement of changes in equity

As at 1 July 2011, 30 June 2012, 30 June 2013, 30 June 2014 and 31 December 2014

	Issued Share Capital £'000	Reserves		Total shareholders' equity £'000
		Merger reserve £'000	Retained earnings £'000	
At 1 July 2011	—	11,645	37,301	48,946
Total comprehensive income for the year	—	—	5,772	5,772
At 30 June 2012	—	11,645	43,073	54,718
Total comprehensive loss for the year	—	—	(1,955)	(1,955)
At 30 June 2013	—	11,645	41,118	52,763
Issue of ordinary shares (2 shares at £1)	—	—	—	—
Amount arising on Business Reorganisation	—	—	(17,571)	(17,571)
Transactions with owners	—	—	(17,571)	(17,571)
Total comprehensive income for the year	—	—	3,012	3,012
At 30 June 2014	—	11,645	26,559	38,204
Total comprehensive income for the period	—	—	4,325	4,325
At 31 December 2014	—	11,645	30,884	42,529

The amount of £17.6 million arising on the Business Reorganisation is the net impact of the Business Reorganisation (see Note 23, below).

Consolidated statement of cash flow

For the years ended 30 June 2012, 2013 and 2014 and the six months ended 31 December 2013 and 2014.

		Year ended 30 June 2012	Year ended 30 June 2013	Year ended 30 June 2014	(Unaudited) Six months ended 31 December 2013	Six months ended 31 December 2014
<i>Note</i>	£'000	£'000	£'000	£'000	£'000	£'000
Cash flows from operating activities						
Adjustments for:						
		5,798	(2,140)	2,641	2,378	4,341
		286	236	104	69	42
7, 8						
		5,583	6,990	6,046	2,887	3,175
12						
		—	—	114	—	—
		(364)	(471)	2	(611)	(285)
		(1,107)	(1,551)	(701)	3,800	(828)
		2,299	6,411	(1,997)	(664)	(3,666)
		(923)	—	(670)	(670)	—
		<u>11,572</u>	<u>9,475</u>	<u>5,539</u>	<u>7,189</u>	<u>2,779</u>
Net cash flows generated from operating activities						
Cash flows from investing activities						
		(8,188)	(8,744)	(9,347)	(5,094)	(2,378)
12						
		—	—	3,499	—	—
12						
		<u>(8,188)</u>	<u>(8,744)</u>	<u>(5,848)</u>	<u>(5,094)</u>	<u>(2,378)</u>
Net cash flows used in investing activities						
Cash flow from financing activities						
		219	43	13	3	1
7						
		(505)	(279)	(117)	(72)	(43)
8						
		(5,675)	(6,600)	—	—	—
		<u>(5,961)</u>	<u>(6,836)</u>	<u>(104)</u>	<u>(69)</u>	<u>(42)</u>
Net cash flows used in financing activities						
		(2,577)	(6,105)	(413)	2,026	359
		12,560	9,983	3,878	3,878	3,465
		<u>12,560</u>	<u>9,983</u>	<u>3,878</u>	<u>3,878</u>	<u>3,465</u>
Cash and cash equivalents at year / period end date						
15		<u>9,983</u>	<u>3,878</u>	<u>3,465</u>	<u>5,904</u>	<u>3,824</u>

The Business Reorganisation was implemented through a series of non-cash transactions, as described in Note 23, below, and included distributions to its parent company through the net waiver of intercompany payable and receivable balances. These are not cash flows and have not been included in the consolidated statement of cash flow.

Notes to the consolidated financial information

1 Accounting policies

General information

Revolution Bars Group plc (registered number 08838504) whose registered office is at 21 Old Street, Ashton-under-Lyne, Tameside, OL6 6LA (the “**Company**”) is a company incorporated on 9 January 2014 and is domiciled in the United Kingdom.

The group financial information consolidates the financial information of the Company and its subsidiaries (the “**Group**”).

The Group financial information has been prepared and approved by the Directors in accordance with International Financial Reporting Standards (“**IFRS**”) as adopted by the European Commission for use in the European Union (“**Adopted IFRS**”) and applied in accordance with the requirements of the Companies Act 2006 and Article 4 of the international accounting standard established by the International Accounting Standards Board (IAS) regulations, as if those requirements were to apply, except that consolidated figures only have been presented.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements and in preparing an opening IFRS balance sheet as at 1 July 2011 (the date of transition to IFRS) for the purposes of the transition to Adopted IFRS.

Judgements made by the Directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 1.16, below.

The functional currency of the Company is Sterling and amounts are rounded to the nearest thousand, unless otherwise stated.

The consolidated financial information has been prepared for inclusion in the prospectus of the Company dated 27 February 2015.

1.1 Transition to Adopted IFRS

The Group is preparing its financial statements in accordance with Adopted IFRS for the first time and consequently has applied IFRS 1.

On 22 February 2014, a subsidiary of the Company acquired Inventive Leisure Limited (now named Rift & Co Limited), which included 71 bars comprising the *Revolution*, *Revolución de Cuba* and *Rift & Co* businesses as part of a business reorganisation. The Ongoing Business was transferred through trade and asset transfers to subsidiaries of the Company. On the same day, the Exited Business (comprising the 12 bars operated by the *Rift & Co* group, including Rift & Co Limited) was sold to the Company’s holding company, Caspian Bidco Limited (the Selling Shareholder) (see Note 23, below).

The consolidated financial information of the Group has been presented as a continuation of Inventive Leisure Limited (now named Rift & Co Limited) by applying the principles for reverse acquisition accounting, in accordance with IFRS 3 Business Combinations, as a common control transaction, based on the book value of assets and liabilities in the legal entities. As explained further below, and as permitted by IFRS 3, the Directors have chosen to present comparative information of the consolidated Group based on the assets, liabilities, income and expenses of those legal entities.

Accordingly, the first set of IFRS financial information for the Group has been presented as a continuation of Rift & Co Limited (formerly named Inventive Leisure Limited) and its subsidiary, Rift & Co (Services) Limited (formerly named Inventive Leisure Services Limited), with the disposal of the Exited Business on 22 February 2014 presented as a sale. Whilst Rift & Co Limited and Rift & Co (Services) Limited prepared statutory accounts under UK GAAP, they have not previously prepared or reported any equivalent consolidated financial information. Consequently, it is not possible to provide IFRS 1 reconciliations between financial information prepared under any previous GAAP and the financial information prepared in accordance with IFRS included in this consolidated financial information, as required by IFRS 1 on transition to IFRS.

In applying the principles of reverse acquisition accounting, the Company's comparative information includes the following:

- *Year ended 30 June 2012*

The consolidated financial information of Inventive Leisure Limited (now named Rift & Co Limited) and Inventive Leisure Services Limited (now named Rift & Co (Services) Limited).

- *Year ended 30 June 2013*

The consolidated financial information of Rift & Co Limited and Rift & Co (Services) Limited (as above).

- *Year ended 30 June 2014*

The consolidated financial information of the Company for the period from incorporation (9 January 2014) to 30 June 2014 and the consolidated financial information of Rift & Co Limited and Rift & Co (Services) Limited (as above) for the period from 1 July 2013 to the date of the disposal of the Exited Business on 22 February 2014.

1.2 Basis of preparation

The Group has adopted IFRS effective for its annual consolidated financial statements beginning 1 July 2011. This consolidated financial information is the Company's first annual consolidated financial information prepared in accordance with Adopted IFRS. For all periods up to and including the year ended 30 June 2014, the Company prepared financial information in accordance with applicable law and UK GAAP.

The financial information is prepared under the historical cost convention.

Prior to 22 February 2014, the revenue and costs of the Ongoing Business and the Exited Business have been recorded and allocated by cost centre. The Group also incurs certain costs centrally which have been, up to 22 February 2014, allocated on an appropriate basis to the Ongoing Business and the Exited Business, depending upon the nature of the cost.

1.3 Going concern

The Directors have reviewed the Group's trading forecasts for the next twelve months and formed a judgement at the time of approving the financial information that there is a reasonable expectation that the Group has adequate resources, including its three year £5 million committed revolving credit facility ("**RCF**"), to continue in operational existence for the foreseeable future. The Directors also expect to make a temporary draw down on the RCF in March 2015 and thereafter to utilise the RCF for cash flow management and general business purposes as required from time to time. For this reason, the Directors continue to adopt the going concern basis in preparing the consolidated financial information.

1.4 Basis of aggregation and consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to direct the relevant activities of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial results of subsidiaries are included in the consolidated financial information from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Transactions eliminated on consolidation

The consolidated financial information presents the results of the companies under common control as if they formed a single group. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial information. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

1.6 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

1.7 Property, plant and equipment

Property, plant and equipment are stated at historical purchase cost less accumulated depreciation and any accumulated impairment losses. 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.

Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on the following basis:

Freehold buildings	—	25 years to 50 years on cost on a straight line basis
Short term leaseholds	—	over the term of the lease on a straight line basis
IT equipment	—	3.33 years to 5 years on cost on a straight line basis
Office furniture	—	6.66 years on cost on a straight line basis
Fixtures and fittings in licensed premises	—	5 years to 10 years on cost on a straight line basis

1.8 Inventories

Inventories are stated at the lower of cost and net realisable value, with due allowance being made for obsolete or slow moving items. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and other costs in bringing them to their existing location and condition.

Net realisable value is the estimated selling price less further costs expected to be incurred prior to disposal.

1.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.10 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, which can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.11 Revenue recognition

Revenue, which excludes value added tax and trade discounts, represents the sales value of goods and services supplied, recognised at the point of sale.

1.12 Expenses

Cost of sales

Cost of sales principally comprises the purchase cost of drinks and food sold.

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Financing income and expenses

- Financing income comprises interest receivable on funds invested.
- Financing expenses comprise interest payable on borrowings and other finance charges.
- Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

1.13 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.14 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

Segment information is based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker ("CODM") in order to assess each segment's performance and to allocate resources to them. The CODM is the Board (see Note 2, below).

1.15 Exceptional items

Items that are material in size or unusual or infrequent in nature are included within operating profit and disclosed separately in the income statement.

The separate reporting of these items, which are disclosed within the relevant category in the income statement, helps provide a more accurate indication of the Group's underlying business performance.

1.16 Judgements and key sources of estimation and uncertainty

The preparation of consolidated financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following Notes:

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation and uncertainty at the statement of financial position date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Note 18 ('Other non-current liabilities') – Onerous lease commitments

- Provisions are made in respect of amounts expected to be payable over the remaining lease term for bars that have been closed. The onerous lease provision has been calculated at the full cost, net of any estimated rental income from sub-letting the properties. The net payments have been discounted at a risk free rate of 3.2 per cent.

Notes 17 ('Trade and other payables') and 18 ('Other non-current liabilities') – Accounting for accruals

- The calculation of accruals contains an inherent level of subjectivity. Management considers that the current level of accruals represents management's best estimate of the likely exposure.

Judgements

Note 12 ('Tangible fixed assets') – Impairment of property, plant and equipment

- Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its estimated recoverable amount.
- The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.
- The key assumptions in the value in use calculation are the discount rate (11.7 per cent) and expected EBITDA.

Note 19 ('Deferred income tax') – Measurement of tax assets and liabilities

- The Group's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the current tax charge involves a degree of estimation and judgement. The final outcome may give rise to an income statement, balance sheet and/or cash flow variance.

2 Segmental information

The Group's continuing operating businesses are organised and managed as reportable business segments according to the information used by the Group's CODM in making decisions about reporting matters.

Prior to 22 February 2014, the Group had two operating segments. These segments were:

- the Ongoing Business; and
- the Exited Business.

The Ongoing Business consists of bars which open during both the day and evening and serve food and drink under the *Revolution* and *Revolución de Cuba* brands. The Exited Business consists of the evening and late night, predominantly weekend, drinks-focused activities of the *Rift & Co* business. For further information on the operational differences between the two segments, see paragraph 2 ('Business Reorganisation') of Part 15 (*Group Reorganisations*).

Since the disposal of the Exited Business on 22 February 2014, the Group has operated as a single segment business, being the Ongoing Business.

The Ongoing Business and Exited Business meet the quantitative thresholds required by IFRS 8 as reportable segments.

The Group focuses its internal management reporting predominantly on revenue and operating profit, as the products' potential to generate revenue and operating profit is the chief driver of the Group's business and the allocation of resources. Assets and liabilities cannot be allocated to individual operating segments and are not used by the CODM for making operating and resource allocation decisions.

The Group performs all of its activities in the United Kingdom. All of the Group's non-current assets are located in the United Kingdom.

Segmental information for the years/periods ended 30 June 2012, 30 June 2013, 30 June 2014, 31 December 2013 and 31 December 2014 is disclosed on the face of the income statement. Depreciation, by segment, is disclosed in Note 4, below.

3 Administrative expenses – exceptional items

	Year	Year	(Unaudited)		
	ended 30 June 2012	ended 30 June 2013	ended 30 June 2014	Six months ended 31 December 2013	Six months ended 31 December 2014
Administrative expenses – exceptional items	£'000	£'000	£'000	£'000	£'000
Property with onerous lease	1,271	3,308	—	—	—
Professional fees for aborted corporate transaction	740	—	—	—	—
Impairment of fixed assets	—	1,350	125	—	—
Professional fees for initial public offering	—	—	—	—	89
Restructuring costs	—	1,464	2,086	—	206
Loss on disposal of fixed assets	—	—	114	—	—
Exceptional bar refurbishment costs	—	—	1,178	1,250	—
	<u>2,011</u>	<u>6,122</u>	<u>3,503</u>	<u>1,250</u>	<u>295</u>

Exceptional items included:

- The properties with onerous leases are in Wolverhampton, Chiswick, Coventry and Bradford. The residual lease obligations in respect of Chiswick, Coventry and Bradford were transferred with the disposal of the Exited Business (see Note 23, below).
- Of the impairment charge in respect of fixed assets, £1.15 million relates to a property which was transferred with the disposal of the Exited Business.
- Restructuring costs incurred by the Ongoing Business represent professional fees, consultancy fees and redundancy costs in relation to the reorganisation of the Group's structure amounting to £0.2 million for the six months ended 31 December 2014 (£2.1 million for the year ended 30 June 2014; £1.5 million for the year ended 30 June 2013).
- Bar refurbishment costs of £1.2 million incurred by the Ongoing Business in the year ended 30 June 2014 for work undertaken in a number of bars for the 'Project Evolution' initiative (see paragraph 2.4 ('The strategic review') of Part 6 (*Business Overview*) for further information).

In the year ended 30 June 2013, exceptional items attributable to the Ongoing Business amounted to £1,493,000 in respect of property with onerous lease, £1,464,000 in respect of restructuring costs, and £200,000 in respect of fixed asset impairment charges.

4 Operating profits

	(Unaudited)				
	Year ended 30 June 2012 £'000	Year ended 30 June 2013 £'000	Year ended 30 June 2014 £'000	Six months ended 31 December 2013 £'000	Six months ended 31 December 2014 £'000
Operating profit					
Operating profit / (loss) is stated after charging:					
<i>Depreciation of property, plant and equipment:</i>					
Ongoing Business	5,583	5,640	5,954	2,887	3,175
Exited Business	5,008	5,134	5,717	2,704	3,175
	575	506	237	183	—
Impairment of property, plant and equipment	—	1,350	125	—	—
<i>Rentals payable under operating leases:</i>					
– Leasehold premises	9,359	9,746	10,599	5,224	4,369
– Other	333	362	406	204	219
<i>Auditors remuneration:</i>					
– Audit fees payable to the Company's auditor for the audit of official financial statements	34	34	40	20	30
– Fees payable to the Company's auditor for other services:					
Tax services	22	22	22	11	11
Transaction services	300	—	347	—	—

5 Staff costs

The average monthly number of employees during each year/period, analysed by category, was as follows:

	(Unaudited)				
	Year ended 30 June 2012	Year ended 30 June 2013	Year ended 30 June 2014	Six months ended 31 December 2013	Six months ended 31 December 2014
Administration	61	67	64	62	66
Operational	2,366	2,633	2,357	2,187	2,227
	2,427	2,700	2,421	2,249	2,293

The aggregate payroll costs during each year/period were as follows.

	(Unaudited)				
	Year ended 30 June 2012 £'000	Year ended 30 June 2013 £'000	Year ended 30 June 2014 £'000	Six months ended 31 December 2013 £'000	Six months ended 31 December 2014 £'000
Wages and salaries	24,725	27,593	26,814	13,836	13,968
Social security costs	1,791	1,961	1,970	1,012	1,024
Other pension costs	14	11	77	30	71
	<u>26,530</u>	<u>29,565</u>	<u>28,861</u>	<u>14,878</u>	<u>15,063</u>

6 Directors' remuneration

	(Unaudited)				
	Year ended 30 June 2012 £'000	Year ended 30 June 2013 £'000	Year ended 30 June 2014 £'000	Six months ended 31 December 2013 £'000	Six months ended 31 December 2014 £'000
Directors' remuneration					
Aggregate emoluments	818	762	970	485	365
Pension contributions to money purchase scheme	8	4	6	3	1
Amounts paid to third parties for Directors' services	78	81	84	42	42
	<u>904</u>	<u>847</u>	<u>1,060</u>	<u>530</u>	<u>408</u>
Emoluments in respect of the highest paid director					
Aggregate emoluments	<u>288</u>	<u>237</u>	<u>330</u>	<u>165</u>	<u>176</u>

Aggregate emoluments includes payments made to individuals who are no longer directors.

An amount of £4,500 of pension benefits was paid to one director during the year ended 30 June 2014.

7 Finance income

	(Unaudited)				
	Year ended 30 June 2012 £'000	Year ended 30 June 2013 £'000	Year ended 30 June 2014 £'000	Six months ended 31 December 2013 £'000	Six months ended 31 December 2014 £'000
Finance income					
On deposits and liquid funds	219	43	13	3	1

8 Finance expenses

	(Unaudited)				
	Year ended 30 June 2012 £'000	Year ended 30 June 2013 £'000	Year ended 30 June 2014 £'000	Six months ended 31 December 2013 £'000	Six months ended 31 December 2014 £'000
Finance expenses					
Interest payable on bank loans and overdrafts	505	279	117	72	43

9 Taxation

	(Unaudited)				
	Year ended 30 June 2012 £'000	Year ended 30 June 2013 £'000	Year ended 30 June 2014 £'000	Six months ended 31 December 2013 £'000	Six months ended 31 December 2014 £'000
Taxation					

The major components of income tax for each period are:

Analysis of charge in the year / period

Current tax

UK corporation tax on the profit for the period	837	—	—	—	—
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Deferred tax

Origination and reversal of timing differences	(45)	2	25	12	16
Change in standard rate of tax	(766)	(187)	(396)	(198)	—
Total tax expense / (credit)	26	(185)	(371)	(186)	16

Reconciliation of effective tax rate

Profit / (loss) on ordinary activities before taxation	5,798	(2,140)	2,641	2,378	4,341
Profit / (loss) on ordinary activities at standard rate of UK corporation tax rate (30 June 2012 – 25.5%, 30 June 2013 – 23.75%, 31 December 2013 and 30 June 2014 – 22.5%, 31 December 2014 – 21.0%)	1,478	(508)	594	535	912
Effects of:					
Adjustment in respect of prior periods	117	—	—	—	—
Group relief	(1,403)	(255)	(1,052)	(526)	(1,161)
Expenses not deductible for tax	626	803	491	8	263
Capital allowances in excess of depreciation	(26)	(38)	(8)	(5)	2
Change in standard rate of tax	(766)	(187)	(396)	(198)	—
Tax charge / (credit) on ordinary activities	26	(185)	(371)	(186)	16

Changes in tax rates and factors affecting the future tax charge

The Company expects the tax rate in the future to be affected by changes announced to the United Kingdom corporation tax rate and a restriction in the ability to offset tax expense through group relief, which will cease at Admission.

The Finance Act 2013 introduced legislation reducing the United Kingdom corporation tax rate from 23 per cent to 21 per cent from 1 April 2014 and then again from 21 per cent to 20 per cent from 1 April 2015.

The deferred tax liability at 31 December 2014 has been calculated based on the rate of 20 per cent substantially enacted at that date.

10 Earnings per share

On 16 February 2015 a share sub-division took place whereby each ordinary share of £1 each was sub-divided into 1,000 Ordinary Shares of 0.1 pence each.

Basic and diluted earnings per share is calculated by dividing the result attributable to equity holders by the weighted average number of shares in issue during the period, as adjusted to reflect the share sub-division which took place on 16 February 2015.

The calculation of illustrative earnings per Ordinary Share is based on the results for the period, as set out below.

	Year ended 30 June 2012	Year ended 30 June 2013	Year ended 30 June 2014	(Unaudited) Six months ended 31 December 2013	Six months ended 31 December 2014
Profit / (loss) for the period (£'000)	5,772	(1,955)	3,012	2,564	4,325
Weighted average number of shares (as adjusted for share sub-division)	1,000	1,000	1,359	1,000	2,000
Basic and diluted earnings per Ordinary Share (£)	<u>£5,772</u>	<u>£(1,955)</u>	<u>£2,216</u>	<u>£2,564</u>	<u>£2,163</u>

The shares issued on 16 February 2015 (see Note 27, below) are not reflected in the calculation of earnings per Ordinary Share.

11 Investments

As at 31 December 2014, the Company owned 100 per cent of the ordinary share capital of the following UK companies.

Company name	Class of shares	Holding	Status
Inventive GuaranteeCo Limited	Ordinary	100%	Holding company
Revolution Bars Limited	Ordinary	100%	Trading
Revolucion de Cuba Limited	Ordinary	100%	Trading
Inventive Service Company Limited	Ordinary	100%	Trading
Inventive Leisure Limited	Ordinary	100%	Dormant
Rev Bars Limited	Ordinary	100%	Dormant
Inventive Leisure (Services) Limited	Ordinary	100%	Dormant
New Inventive Bar Company Limited	Ordinary	100%	Dormant

12 Tangible fixed assets

Group	Freehold land and buildings £'000	Leasehold improvements £'000	Fixtures and fittings £'000	IT equipment and office furniture £'000	Total £'000
Cost					
At 1 July 2011	1,426	41,379	33,710	3,399	79,914
Additions	—	3,850	3,931	407	8,188
At 30 June 2012	1,426	45,229	37,641	3,806	88,102
Additions	—	4,153	4,100	491	8,744
At 30 June 2013	1,426	49,382	41,741	4,297	96,846
Additions	—	4,066	4,567	714	9,347
Disposals	—	(7,113)	(6,734)	(352)	(14,199)
At 30 June 2014	1,426	46,335	39,574	4,659	91,994
Additions	—	638	1,488	252	2,378
At 31 December 2014	1,426	46,973	41,062	4,911	94,372
Depreciation					
At 1 July 2011	(361)	(9,780)	(24,403)	(2,199)	(36,743)
Provided in the year	—	(1,800)	(3,403)	(380)	(5,583)
At 30 June 2012	(361)	(11,580)	(27,806)	(2,579)	(42,326)
Impaired in the year	—	(1,171)	(138)	(41)	(1,350)
Provided in the year	—	(1,817)	(3,379)	(444)	(5,640)
At 30 June 2013	(361)	(14,568)	(31,323)	(3,064)	(49,316)
Impaired in the year	—	(58)	(64)	(3)	(125)
Provided in the year	—	(1,875)	(3,498)	(581)	(5,954)
Disposals	—	4,296	6,030	292	10,618
At 30 June 2014	(361)	(12,205)	(28,855)	(3,356)	(44,777)
Provided in the period	—	(917)	(1,938)	(320)	(3,175)
At 31 December 2014	(361)	(13,122)	(30,793)	(3,676)	(47,952)
Net book value					
At 30 June 2012	1,065	33,649	9,835	1,227	45,776
At 30 June 2013	1,065	34,814	10,418	1,233	47,530
At 30 June 2014	1,065	34,130	10,719	1,303	47,217
At 31 December 2014	1,065	33,851	10,269	1,235	46,420

In the year ended 30 June 2014, the Group disposed of assets totalling £12.8 million (net book value: £3.1 million) to a related party, Caspian Bidco Limited. Impairment charges relate to the Exited Business, save for £200,000 incurred in the year ended 30 June 2013 and £125,000 incurred in the year ended 30 June 2014.

The Group has determined that, for the purposes of impairment testing, each bar is a cash generating unit (“CGU”). The bars are tested for impairment in accordance with IAS 36 (‘Impairment of Assets’) when a triggering event is identified. The recoverable amounts for the CGUs are predominantly based on value in use, which is calculated on the cash flows expected to be generated by the bars using the latest projected data available over a 25 year period. The key assumptions in the value in use calculation are the discount rate (11.7 per cent) and expected EBITDA. The discount rate is based on the Group’s pre-tax cost of capital, which is comparable with other discount rates in the sector.

In the year ended 30 June 2014 and the year ended 30 June 2013, the Group impaired the value in use of one and four CGUs respectively, based on the discounted cash flow projections being lower than the net book value.

13 Inventories

	30 June 2012 £’000	30 June 2013 £’000	30 June 2014 £’000	31 December 2014 £’000
Goods held for resale	2,837	3,309	3,306	3,591

The cost of inventories recognised as an expense in cost of sales is as follows:

Year ended 30 June 2012 £’000	Year ended 30 June 2013 £’000	Year ended 30 June 2014 £’000	(Unaudited)	
			Six months ended 31 December 2013 £’000	Six months ended 31 December 2014 £’000
26,343	28,583	28,324	14,801	13,954

There were no expenses in cost of sales in respect of write-down of inventories.

14 Trade and other receivables

	30 June 2012 £’000	30 June 2013 £’000	30 June 2014 £’000	31 December 2014 £’000
Amounts falling due within one year				
Receivable from related party	15,626	16,163	—	2,286
Prepayments and accrued income	7,352	8,366	7,659	6,201
	22,978	24,529	7,659	8,487

Prepayments and accrued income do not contain impaired assets. There is no difference between the carrying value and fair value of all trade and other receivables.

15 Cash and cash equivalents

	30 June 2012 £'000	30 June 2013 £'000	30 June 2014 £'000	31 December 2014 £'000
Cash and cash equivalents	9,983	3,878	3,465	3,824

Cash and cash equivalents consists entirely of cash at bank and on hand. Balances are denominated in Sterling. The Directors consider that the carrying value of cash and cash equivalents approximates to their fair value.

16 Financial liabilities

	30 June 2012 £'000	30 June 2013 £'000	30 June 2014 £'000	31 December 2014 £'000
Current:				
Bank loans	4,350	—	—	—
Non-current:				
Bank loans	2,250	—	—	—

Bank loans comprised a transferable secured loan, a capital expenditure facility and a committed revolving credit facility. The bank loans were repaid in full during the year ended 30 June 2013.

Bank loans as at 30 June 2012 are stated net of unamortised issue costs of £2,000.

The fair value of financial liabilities is equal to the carrying value.

17 Trade and other payables

	30 June 2012 £'000	30 June 2013 £'000	30 June 2014 £'000	31 December 2014 £'000
Trade payables	7,108	9,629	9,604	6,663
Other payables	75	51	169	149
Accruals	3,933	4,882	3,654	3,909
Onerous lease provision	98	675	153	150
Other taxes and social security costs	2,929	2,534	2,663	3,778
Payable to related party	—	—	2,028	—
	14,143	17,771	18,271	14,649

Trade and other payables are non-interest bearing and are normally settled 30 days after the month of invoice. Trade payables are denominated in Sterling. The Directors consider that the carrying value of trade and other payables approximates to their fair value.

18 Other non-current liabilities

	30 June 2012 £'000	30 June 2013 £'000	30 June 2014 £'000	31 December 2014 £'000
Onerous lease provision	1,173	3,576	1,101	1,028
Accruals and deferred income	210	591	744	774
	<u>1,383</u>	<u>4,167</u>	<u>1,845</u>	<u>1,802</u>

Onerous lease provision

	30 June 2012 £'000	30 June 2013 £'000	30 June 2014 £'000	31 December 2014 £'000
Opening balance	—	1,271	4,251	1,254
Utilised	—	(328)	(670)	(76)
Charge to income	1,271	3,308	—	—
Disposal	—	—	(2,327)	—
	<u>1,271</u>	<u>4,251</u>	<u>1,254</u>	<u>1,178</u>

The onerous lease provision is expected to be payable over the remaining lease terms, and has been discounted at a risk free rate of 3.2 per cent. After 10 years, the provision is net of an estimated rental income from sub-letting the properties.

19 Deferred income tax

Deferred income tax liabilities relate to the following:

	30 June 2012 £'000	30 June 2013 £'000	30 June 2014 £'000	31 December 2014 £'000
Accelerated depreciation for tax purposes	4,011	3,826	3,277	3,293
	<u>4,011</u>	<u>3,826</u>	<u>3,277</u>	<u>3,293</u>
Reconciliation of net deferred tax liabilities				
Balance at the beginning of the period	4,822	4,011	3,826	3,277
Tax expense / (credit) during the period	(811)	(185)	(371)	16
Disposal	—	—	(178)	—
	<u>4,011</u>	<u>3,826</u>	<u>3,277</u>	<u>3,293</u>

20 Equity – share capital

	30 June 2012 £'000	30 June 2013 £'000	30 June 2014 £'000	31 December 2014 £'000
Authorised				
2 £1 ordinary shares	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Allotted, called up and fully paid				
2 £1 ordinary shares	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

On 9 January 2014, the Company issued one ordinary share. A second ordinary share was issued on 19 February 2014 at a premium of £48.6 million. The share premium was eliminated as part of the Business Reorganisation and allocated to distributable reserves.

21 Financial instruments

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

The Group is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Market risk
- Capital risk

Trade and other receivables are measured at fair value and amortised cost. Book values and expected cash flows are reviewed by the Board and any impairment charged to the consolidated statement of comprehensive income in the relevant period.

Cash and cash equivalents are held in Pounds Sterling. Trade and other payables are measured at fair value and amortised cost.

Credit risk

Credit risk arises from the Group's cash balances held with counterparties and trade and other receivables. Credit risk is the risk of financial loss to the Group if a third party which owes amounts to the Group fails to meet its contractual obligations.

All cash balances are held with reputable banks and the Board monitors its exposure to counterparty risk on an ongoing basis. The Group attempts to mitigate credit risk by assessing financial counterparties.

The Directors are not aware of any factors affecting the recoverability of outstanding balances as at 31 December 2014.

Given the nature of the Group's operations, the Directors do not consider the Group's credit risk, which arises mainly from cash held with banks, to be significant. Credit risk also arises from trade and other receivables which include rebates due from suppliers.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its future obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, the Group seeks to maintain cash balances to meet its expected cash requirements.

The Group performs regular cash flow projections to ensure that it has sufficient cash to meet expected operational expenses. The Group has no committed lines of credit other than the RCF (see Note 1.3, above).

The Group's financial liabilities are as follows:

	30 June 2012 £'000	30 June 2013 £'000	30 June 2014 £'000	31 December 2014 £'000
Trade payables	7,108	9,629	9,604	6,663
Other payables	75	51	169	149
Payable to related parties	—	—	2,028	—
	<u>7,183</u>	<u>9,680</u>	<u>11,801</u>	<u>6,812</u>

The maturity analysis of the financial liabilities is as follows:

As at 31 December 2014	0-30 days £'000	31-60 days £'000	61-90 days £'000	> 90 days £'000	Total £'000
Trade and other payables	5,068	680	671	244	6,663
As at 30 June 2014	0-30 days £'000	31-60 days £'000	61-90 days £'000	> 90 days £'000	Total £'000
Trade and other payables	4,146	1,511	365	3,582	9,604
Payable owed to related parties and other payables	—	—	—	2,028	2,028
As at 30 June 2013	0-30 days £'000	31-60 days £'000	61-90 days £'000	> 90 days £'000	Total £'000
Trade and other payables	4,680	964	632	3,353	9,629
As at 30 June 2012	0-30 days £'000	31-60 days £'000	61-90 days £'000	> 90 days £'000	Total £'000
Trade and other payables	52	3,467	226	3,363	7,108

Market risk

Market risk is the risk that changes in market prices, such as interest rates or foreign exchange rates will affect the Group's costs. The objective of market risk management is to manage and control market risk exposures within acceptable parameters. Market interest rate risk arises from the Group's holding of cash and cash equivalent balances (see Note 15, above). The Board makes *ad hoc* decisions at its regular meetings as to whether to hold funds in instant access accounts or longer term deposits. All accounts are held with reputable UK banks. These policies, which the Directors consider to be appropriate for the current stage of development of the Group's business, will be kept under review by the Board in future years. If interest rates at each period end reporting date had moved by five per cent, the impact on results would not have been significant.

At 31 December 2014, the Group's interest-bearing financial assets consisted solely of cash and cash equivalents (see Note 15, above). The Group has no interest-bearing financial liabilities as at 31 December 2014.

Capital risk

The Group's capital is made up of share capital and retained earnings.

The objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of shareholders' equity as set out in the consolidated statement of changes in equity. All working capital requirements are financed from existing cash resources and the RCF (see Note 1.3, above). There are no externally imposed capital requirements. Financing decisions are made by the Board based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans.

22 Commitments and contingencies

	30 June 2012 £'000	30 June 2013 £'000	30 June 2014 £'000	31 December 2014 £'000
<i>Land and buildings</i>				
Operating leases which expire:				
In two to five years	837	641	443	346
In over five years	142,933	149,034	140,913	136,908
	<u>143,770</u>	<u>149,675</u>	<u>141,356</u>	<u>137,254</u>
<i>Other assets</i>				
Within one year	46	44	18	44
In two to five years	219	278	280	171
	<u>265</u>	<u>322</u>	<u>298</u>	<u>215</u>

23 Disposal

On 22 February 2014, a subsidiary of the Company sold the Exited Business (which represented an operating segment) to a related party (Caspian Bidco Limited), for a consideration equal to the net book amount of the assets and liabilities of the Exited Business (see Note 1.1, above), as follows:

	<u>£'000</u>
Fixed assets	
Property, plant and equipment	3,145
	<u>3,145</u>
Current assets	
Inventories	566
Trade and other receivables	365
Cash and cash equivalents	—
	<u>931</u>
Total assets	<u>4,076</u>
Liabilities	
Current liabilities	
Trade and other payables	832
	<u>832</u>
Non-current liabilities	
Deferred tax liability	244
Other liabilities	2,553
	<u>2,797</u>
Total liabilities	<u>3,629</u>
Net assets	<u>447</u>

No gain or loss arose on the transaction. The transaction was settled through inter-company balances.

In order to sell the Exited Business to Caspian Bidco Limited, a series of transactions were undertaken within the Group as follows.

- On 9 January 2014, Revolution Bars Group Limited, Inventive GuaranteeCo Limited, Revolucion de Cuba Limited, Revolution Bars Limited and Inventive Service Company Limited were newly incorporated and, on 19 February 2014, the entire share capital of Inventive Leisure Limited was transferred by Caspian Bidco Limited to Revolution Bars Group Limited, at a carrying value of £48.6 million, for 25,216,906 shares of par value 0.02 pence each.
- By way of share for share exchanges, the entire share capital of Inventive Leisure Limited was then transferred from Revolution Bars Group Limited to Inventive GuaranteeCo Limited, and from Inventive GuaranteeCo Limited to Revolution Bars Limited.
- Inventive Leisure Services Limited issued one share at a premium of £16.9 million to Inventive Leisure Limited in consideration for Inventive Leisure Limited assuming Inventive Leisure Services Limited's trading liabilities.
- Inventive Leisure Services Limited distributed its intercompany receivable, cash and operational business assets to Inventive Leisure Limited for £35.8 million.
- Inventive Leisure Limited distributed the operational business assets of the business carried on under the name *Revolution* and head office functions associated with the business of the operation of bars under the names *Revolution*, *Revolución de Cuba* and *Rift & Co* to Revolution Bars Limited at a book value of £52.2 million.
- Inventive Leisure Limited issued one share to Revolution Bars Limited at a premium of £15.8 million in consideration for Revolution Bars Limited in turn assuming from Inventive Leisure Limited those trading liabilities originally assumed by Inventive Leisure Limited from Inventive Leisure Services Limited. A capital reduction was also completed in Inventive Leisure Limited to increase distributable reserves.
- Revolution Bars Limited sold Inventive Leisure Limited to Revolucion de Cuba Limited at market value of £22.1 million.
- Inventive Leisure Limited distributed the rum business and leases to Revolucion de Cuba Limited at book value of £3.8 million. Trading assets and liabilities relating to Revolucion de Cuba Limited reduced Revolucion de Cuba Limited's intercompany payable to Revolution Bars Limited by £1.1 million.
- Revolucion de Cuba Limited sold Inventive Leisure Limited to Caspian Bidco Limited at market value of £4.5 million.
- Revolucion de Cuba Limited assigned intercompany receivables of £19 million owed by Caspian Bidco Limited to Revolution Bars Limited and the benefit of those receivables were then distributed to Caspian Bidco Limited.
- Revolution Bars Limited sold certain leases and two freehold sites to Inventive Service Company Limited at market value of £2.2 million. Netting of sums owed between these two companies resulted in a final intercompany payable by Inventive Service Company Limited to Revolution Bars Limited of £0.5 million.

24 Related party transactions

2012 Annual Period

The Group paid Alchemy Partners LLP £78,422 for the services of John Gavin Loughrey, a non-executive director of the Company's ultimate parent company, Caspian Topco Limited, during that year.

The Group paid £4,826 to Macleod Ellis Macdonald Partnership, a partnership operated by Neil Macleod and Roy Ellis, former directors of Inventive Leisure Services Limited (now renamed Rift & Co (Services) Limited), representing the cost of the rental of a residential dwelling.

The Group paid £10,000 to Macleod Ellis Macdonald Partnership, a partnership operated by Neil Macleod and Roy Ellis, former directors of Inventive Leisure Services Limited (now renamed Rift & Co (Services) Limited), representing the cost of the rental of a storage facility.

2013 Annual Period

The Group paid Alchemy Partners LLP £81,232 for the services of John Gavin Loughrey, a non-executive director of the Company's ultimate parent company, Caspian Topco Limited, during that year.

The Group paid £10,000 to Macleod Ellis Macdonald Partnership, a partnership operated by Neil Macleod and Roy Ellis, former directors of Inventive Leisure Services Limited (now renamed Rift & Co (Services) Limited), representing the cost of the rental of a storage facility.

2014 Annual Period

The Group paid Alchemy Partners LLP £83,700 for the services of John Gavin Loughrey, a non-executive director of the Company's ultimate parent company, Caspian Topco Limited, during that year.

The Group paid £10,000 to Macleod Ellis Macdonald Partnership, a partnership operated by Neil Macleod and Roy Ellis, former directors of Inventive Leisure Services Limited (now renamed Rift & Co (Services) Limited), representing the cost of the rental of a storage facility.

On 22 February 2014, the Group sold the Exited Business to Caspian Bidco Limited, a related party. Further details of this transaction are provided in Notes 1.1 and 23, above.

Six months ended 31 December 2014

The Group paid Alchemy Partners LLP £42,438 (six months ended 31 December 2013: £41,850) for the services of John Gavin Loughrey, a non-executive director of Company's ultimate parent company, Caspian Topco Limited, during that year.

The Group paid £5,000 (six months ended 31 December 2013: £5,000) to Macleod Ellis Macdonald Partnership, a partnership operated by Neil Macleod and Roy Ellis, former directors of Inventive Leisure Services Limited (now renamed Rift & Co (Services) Limited), representing the cost of the rental of a storage facility.

Transactions with key management personnel

Details of transactions with key management personnel are set out in Note 6, above.

Transactions with Caspian Bidco Limited on behalf of Rift & Co Limited

In view of the disposal of the Exited Business and the purpose of this financial information, transactions with Group entities are provided below. Up until the disposal of the Exited Business on 22 February 2014, related party transactions were eliminated on consolidation.

During the year ended 30 June 2014, the Group recharged operating costs amounting to £174,000 (year ended 30 June 2013: £338,000; year ended 30 June 2012: £449,000).

During the six month ended 31 December 2014, the Group recharged operating costs amounting to £nil (six months 31 December 2013: £132,000).

The outstanding balance as at 31 December 2014 due from Caspian Bidco Limited was £2,286,490. At 30 June 2014 the Group owed £2,027,764 to Caspian Bidco Limited (30 June 2013: £16,162,734, 30 June 2012: £15,625,767).

Balances between the Group and Caspian Bidco Limited do not bear interest.

25 Guarantees

The Company has provided a guarantee, and has granted security over its assets, in support of loans borrowed by Caspian Bidco Limited under a £18,000,000 term and revolving facilities agreement. This guarantee will be released in part prior to, and in part shortly following, Admission. The Company will grant certain security in connection with the RCF, when funds are drawn from this facility.

26 Ultimate controlling party

The ultimate controlling party of all entities included in the consolidated financial information was Caspian Topco Limited.

27 Post-balance sheet events

On 16 February 2015, the Company paid a dividend of £49,998.

On 16 February 2015, 49,998 ordinary shares of £1 each in the capital of the Company were allotted and issued fully paid to Caspian Bidco Limited, and the 50,000 ordinary shares of £1 each then in issue were then sub-divided into 50,000,000 Ordinary Shares, in each case in connection with the re-registration of the Company as a public limited company.

On 19 February 2015, the Company entered into a three year £5,000,000 committed revolving credit facility agreement (effective from 25 February 2015).

On 26 February 2015, the Company declared a dividend of £3,950,000.

PART 12

DETAILS OF THE OFFER

1 Offer Shares

The Selling Shareholder is expected to offer for sale between 38,213,764 and 48,124,423 Ordinary Shares so as to raise expected gross proceeds for the Selling Shareholder of up to £95.0 million (if the Offer Price and Offer Size are set at the mid-point of the Price Range and Offer Size Range, respectively) before taking into account costs and expenses associated with the Offer. The Company will not receive any of the proceeds from the Offer, all of which will be paid to the Selling Shareholder. As no new Ordinary Shares are to be issued in the Offer, the Selling Shareholder will not experience dilution from the Offer.

The Offer is being made by way of:

- an Institutional Offer of Ordinary Shares by the Selling Shareholder to certain institutional and other investors in the UK and elsewhere in offshore transactions outside the United States as defined in, and made in reliance on, Regulation S; and
- an Intermediaries Offer of Ordinary Shares by the Selling Shareholder to Intermediaries for onward distribution to retail investors in the United Kingdom, the Channel Islands and the Isle of Man.

Certain restrictions that apply to the distribution of this document and the Offer Shares being sold under the Offer in jurisdictions outside the United Kingdom are described below.

When admitted to trading, the Ordinary Shares will be registered with ISIN GB00BVDPPV41 and SEDOL number BVDPPV4 and will trade under the symbol “RBG”.

Dependent on the Offer Size, it is expected that, immediately following Admission:

- between 76.4 and 96.2 per cent of the Ordinary Shares will be in public hands (within the meaning of paragraph 6.1.19 of the Listing Rules); and
- the Selling Shareholder will own between 20.0 and zero per cent of the issued Ordinary Shares.

The Company, the Selling Shareholder and Numis are not bound to proceed with the Offer. Completion of the Offer will be subject, amongst other things, to the determination of the Offer Price and the Offer Size and each of the Company's, the Selling Shareholder's and Numis' decisions to proceed with the Offer. It will also be subject to the satisfaction of conditions contained in the Placing Agreement, including Admission occurring and the Placing Agreement not having been terminated (in accordance with its terms) prior to Admission. The Offer cannot be terminated once unconditional dealings in the Ordinary Shares have commenced. Further details of the Placing Agreement are set out in paragraph 13.1 ('Placing Agreement and lock-up arrangements') of Part 16 (*Additional Information*).

The Offer Shares rank *pari passu* in all respects with the other issued Ordinary Shares and each Ordinary Share carries the same rights (including voting and dividend rights and rights to a return of capital) and restrictions as each other Ordinary Share, as set out in the Articles of Association. The Ordinary Shares form a single class for all purposes and will, immediately following Admission, be freely transferable in accordance with the Articles of Association and will be credited as fully paid and free from all liens, equities, charges, encumbrances and other interests. Further details of the rights attached to the Ordinary Shares are set out in paragraph 7 ('Summary of the Articles of Association') in Part 16 (*Additional Information*).

The Reinvesting Managers intend to purchase Ordinary Shares at the Offer Price immediately prior to, but conditional upon, Admission. Further details are set out in paragraph 13.4 ('Reinvestment Agreement') of Part 16 (*Additional Information*). Such purchases will not be made as part of the Offer.

2 Reasons for the Offer and use of proceeds

The Directors believe that the Offer and Admission will be a positive step in the Company's progression, which will further enhance the Group's profile and brand recognition with both customers and suppliers, provide potential future access to capital to support the growth of

the Group's business, enhance the Group's appeal to prospective landlords (and thereby assist with the growth of the Group's estate) and aid in the recruitment, retention and incentivisation of management and employees at all levels of the Group.

Additionally, the Offer will provide liquidity for the Selling Shareholder, enabling it to realise all or part of its investment in the Group.

The Company will not receive any proceeds from the Offer. The Company will bear one-off fees and expenses of approximately £3.5 million (including VAT) in connection with Admission and the Offer, which the Company intends to pay (to the extent they have not already been paid prior to Admission) out of cash resources available to it. As noted in paragraph 1, above, the Company will not receive any Offer proceeds.

Through the sale of Offer Shares pursuant to the Offer, the Company expects the Selling Shareholder to raise £95.0 million (if the Offer Price and Offer Size are set at the mid-point of the Price Range and Offer Size Range, respectively) before taking into account costs and expenses associated with the Offer. Assuming the Offer Price and Offer Size are set at the mid-point of the Price Range and Offer Size Range, respectively, the aggregate placing commissions, amounts in respect of stamp duty or SDRT and certain other fees and expenses payable by the Selling Shareholder in connection with the Offer are estimated to be approximately £3.4 million (assuming that the full discretionary fee is paid to Numis in its capacity as underwriter).

No expenses will be charged by the Company or the Selling Shareholder to any investor who purchases Offer Shares pursuant to the Offer.

3 Offer Size, Offer Price, bookbuilding and allocations

This paragraph should be read in conjunction with Part 3 (*Offer Statistics and Expected Timetable of Principal Events*).

The Offer comprises an offer for sale by the Selling Shareholder of between 38,213,764 and 48,124,423 Ordinary Shares.

The Price Range and the Offer Size Range have been jointly determined by the Company, the Selling Shareholder and Numis. It is currently expected that the Offer Price and the Offer Size will be set within the Price Range and the Offer Size Range, respectively. However, the number of Offer Shares to be sold may fall outside the Offer Size Range. See paragraph 11, below, for the steps the Company will take should the Offer Size be set above or below the Offer Size Range. The actual number of Ordinary Shares to be sold by the Selling Shareholder in the Offer will only be determined at the time the Offer Price is determined.

All Offer Shares will be sold at the Offer Price. It is currently expected that the Offer Price will be in the price range of between 200 pence and 240 pence per Ordinary Share, but the Offer Price may be set within, above or below the Price Range. See paragraph 11, below, for the steps the Company will take should the Offer Price be set above the Price Range or the Price Range is revised higher.

A number of factors will be considered in determining the Offer Price and the Offer Size, including the level and nature of demand for the Offer Shares (pursuant to the Institutional Offer and the Intermediaries Offer), prevailing market conditions and the objective of establishing an orderly after-market in the Ordinary Shares, as well as the Company's historical performance, estimates of its business potential and earnings prospects, an assessment of the Company's management, and consideration of these factors in relation to the market valuation of companies in related businesses. The Offer Price and the Offer Size will be established at a level determined in accordance with these arrangements, taking into account indications of interest received. Accordingly, the Offer Price will not necessarily be the highest price at which all of the Offer Shares could be sold.

Numis will solicit from prospective institutional investors indications of interest in acquiring Offer Shares pursuant to the Institutional Offer. Prospective institutional investors will be required to specify the number of Offer Shares which they would be prepared to acquire either at specified prices or at the Offer Price (as finally determined). There is no minimum or maximum number of Offer Shares which can be applied for in the Institutional Offer, and multiple applications under the Institutional Offer are permitted. In addition, applications for Offer Shares are expected to be sought by the Intermediaries in the Intermediaries Offer (on

the basis that the number of Offer Shares which may be allocated to each of the Institutional Offer and Intermediaries Offer will vary depending on the Offer Size and Offer Price). Applications will then be aggregated and submitted by each Intermediary on behalf of its clients and this demand will be taken into account by the Company, the Selling Shareholder and Numis alongside indications of interest in the Institutional Offer in establishing the Offer Price and Offer Size, as described above, in respect of the Offer.

The allocation of Ordinary Shares between the Institutional Offer and the Intermediaries Offer, and the number of Offer Shares to be allocated to each of the Intermediaries, will be determined by Numis, after consultation (so far as is practicable) with the Company and the Selling Shareholder. The identity of investors who are allocated Offer Shares pursuant to the Institutional Offer, and the levels of such allocations, will be jointly determined by the Company, the Selling Shareholder and Numis. There is no obligation to allocate Offer Shares proportionately to applications received.

If demand for the Offer Shares exceeds the number of Offer Shares made available in the Offer, allocations may be scaled down in any manner jointly determined by the Company, the Selling Shareholder and Numis, and applicants may be allocated Offer Shares having an aggregate value which is less than the sum for which they have applied.

The Offer Price and the Offer Size will be jointly determined by the Company, the Selling Shareholder and Numis. The Offer Price and the Offer Size are expected to be announced on 13 March 2015. The Offer Price and Offer Size will be set out in the Pricing Statement. The Pricing Statement will not automatically be sent to persons who receive this document, but it will be published in printed form and made available free of charge at the Company's registered office until 14 days after Admission. In addition, the Pricing Statement will be published in electronic form and will be available (subject to certain restrictions) on the Company's website at www.revolutionbarsgroup.com. The Company, the Selling Shareholder and Numis reserve the right to increase or decrease the aggregate number of Offer Shares.

The Price Range is indicative only and may change during the course of the Offer, and the Offer Price may be set within, above or below the Price Range. If (i) the Offer Price is set above the Price Range or the Price Range is revised higher; and/or (ii) the Offer Size is set above or below the Offer Size Range (subject to the minimum free float requirements under the Listing Rules, or as agreed between the Company and the FCA), the Company will make an announcement via a Regulatory Information Service and prospective investors would have a statutory right to withdraw their application for Ordinary Shares pursuant to section 87Q of FSMA. In such circumstances, the Pricing Statement would not be published until the period for exercising such withdrawal rights has ended and the expected date of publication of the Pricing Statement would accordingly be changed. The arrangements for withdrawing offers to purchase Ordinary Shares would be made clear in the Company's announcement. Full details of the statutory right to withdraw an offer to purchase Offer Shares pursuant to section 87Q of FSMA are set out in paragraph 11, below.

The Selling Shareholder has agreed to pay the stamp duty chargeable on a transfer of Ordinary Shares and/or SDRT chargeable on agreements to transfer Ordinary Shares arising in the UK (currently at a rate of 0.5 per cent) on the sale of Ordinary Shares under the Offer. Each investor which acquires Ordinary Shares in the Offer will be deemed to undertake that such investor shall not submit any claim to HMRC in respect of any stamp duty or SDRT so paid or accounted for by the Selling Shareholder in respect of the Offer.

4 The Institutional Offer

Under the Institutional Offer, Ordinary Shares are being offered only to institutional investors in the United Kingdom and elsewhere in offshore transactions outside the United States made in reliance on Regulation S. A description of certain restrictions on offers, sales and transfers of the Ordinary Shares, and on the distribution of this document, is set out in paragraph 12, below. Further information in this regard is also set out in Part 13 (*Terms and Conditions*).

The latest date for indications of interest in acquiring Offer Shares under the Institutional Offer is set out in Part 3 (*Offer Statistics and Expected Timetable of Principal Events*), but that time may be extended at the joint discretion of the Company, the Selling Shareholder and Numis.

Each investor in the Institutional Offer will be required to undertake to pay the Offer Price for the Offer Shares allocated to such investor in such manner as shall be directed by Numis, which is the same price at which all Offer Shares are to be sold in the Offer.

Participants in the Institutional Offer will be notified of the number of Offer Shares that they have been allocated as soon as practicable following pricing and allocation. Each prospective investor in the Institutional Offer will be contractually committed to acquire the number of Offer Shares allocated to it at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed that it will not be entitled to exercise any rights to rescind or terminate or, subject to any statutory withdrawal rights, otherwise withdraw from, such commitment.

5 The Intermediaries Offer

Members of the general public in the United Kingdom, the Channel Islands and the Isle of Man may be eligible to apply for Offer Shares through the Intermediaries, by following their relevant application procedures, by no later than 11 March 2015. Underlying Applicants are responsible for ensuring that they do not make more than one application under the Intermediaries Offer (whether on their own behalf or through other means, including, but without limitation, through a trust or pension plan).

The Intermediaries Offer is being made to retail investors in the United Kingdom, the Channel Islands and the Isle of Man only. Individuals who are aged 18 or over, companies and other bodies corporate, partnerships, trusts, associations and other unincorporated organisations are permitted to apply to purchase Offer Shares in the Intermediaries Offer.

No Offer Shares allocated in the Intermediaries Offer will be registered in the name of any person whose registered address is outside the United Kingdom, the Channel Islands and the Isle of Man, except in certain limited circumstances and with the consent of Numis, after consultation (so far as is practicable) with the Company and the Selling Shareholder. Applications under the Intermediaries Offer must be by reference to the total monetary amount the applicant wishes to invest and not by reference to a number of Offer Shares or the Offer Price.

An application for Offer Shares in the Intermediaries Offer means that the applicant agrees to acquire the Offer Shares at the Offer Price. Each applicant must comply with the appropriate money laundering checks required by the relevant Intermediary. Where an application is not accepted or there are insufficient Offer Shares available to satisfy an application in full, the relevant Intermediary will be obliged to refund the applicant as required and all such refunds will be in accordance with the terms provided by the Intermediary to the applicant. The Company, the Selling Shareholder and Numis accept no responsibility with respect to the obligations of the Intermediaries to refund monies in such circumstances.

Intermediaries may charge retail investors a fee for buying or holding the allocated Offer Shares for them (including any fees relating to the opening of an individual savings account or a self-invested personal pension for that purpose) provided that the Intermediary has disclosed the fees and terms and conditions of providing those services to the retail investor prior to the underlying application being made.

Each Intermediary has agreed, or will on appointment agree, to the Intermediaries Terms and Conditions (further details of which are set out in paragraph 3 ('Intermediaries Terms and Conditions') of Part 13 (*Terms and Conditions*)) which regulate, amongst other things, the conduct of the Intermediaries Offer on market standard terms and provide for the payment of commission to any Intermediary that elects to receive commission from the Selling Shareholder.

In making an application, each Intermediary will also be required to represent and warrant, amongst other things, that they are not located in the United States and are not acting on behalf of anyone located in the United States. Under the Intermediaries Offer, the Offer Shares will be offered in the United Kingdom and elsewhere in offshore transactions outside the United States made in reliance on Regulation S.

The Intermediaries may prepare certain materials for distribution or may otherwise provide information or advice to retail investors in the United Kingdom, the Channel Islands and the Isle of Man, subject to the terms of the Intermediaries Terms and Conditions. Any such

materials, information or advice are solely the responsibility of the Intermediaries and will not be reviewed or approved by any of the Company, the Selling Shareholder or Numis. Any liability relating to such documents will be for the Intermediaries only.

If an Intermediary makes an offer to a retail investor pursuant to the Intermediaries Offer, that Intermediary shall provide to such retail investor at the time the offer is made (i) a copy of this document or a hyperlink from which access to this document may be obtained and (ii) the terms and conditions of the relevant offer made by the Intermediary to the retail investor.

Each Intermediary will be informed by Numis by approximately 7.00 a.m. on 13 March 2015 by fax or email of the number of Offer Shares allocated, in aggregate, to their underlying clients (or to the Intermediaries themselves) and the total amount payable in respect thereof. The allocation of Offer Shares between the Institutional Offer and the Intermediaries Offer, and the allocation policy for the Intermediaries Offer, will be determined by Numis, after consultation (so far as is practicable) with the Company and the Selling Shareholder. Each Intermediary will be required to apply the allocation policy to each of its underlying applications from retail investors.

Pursuant to the Intermediaries Terms and Conditions, the Intermediaries have undertaken to make payment of the consideration for the Offer Shares allocated to them, at the Offer Price, to Numis, in accordance with details to be communicated on or after the time of allocation, by means of CREST against the delivery of the Offer Shares at the time and/or date set out in Part 3 (*Offer Statistics and Expected Timetable of Principal Events*) or at such other time and/or date after the day of publication of the Offer Price as may be agreed by the Company, the Selling Shareholder and Numis, and notified to the Intermediaries.

The publication of this document and/or any supplementary prospectus and any other actions of the Company, the Selling Shareholder, Numis, the Intermediaries or other persons in connection with the Offer should not be taken as any representation or assurance by any such person as to the basis on which the number of Offer Shares to be offered under the Intermediaries Offer, or allocations within the Intermediaries Offer, will be determined, and all liabilities for such action or statement are hereby disclaimed by the Company, the Selling Shareholder and Numis.

Each investor who applies for Offer Shares in the Intermediaries Offer through an Intermediary shall, by submitting an application to such Intermediary, be deemed to acknowledge and agree that such investor is not relying on any information or representation other than as is contained in this document, the Pricing Statement or any supplementary prospectus.

6 NISAs

The Offer Shares will, on Admission, be “qualifying investments” for the stocks and shares component of a NISA. Save where an account manager is acquiring Offer Shares using available funds in an existing NISA, an investment in Offer Shares by means of a NISA is subject to the usual annual subscription limits applicable to new investments into a NISA.

Sums received by a Shareholder on a disposal of Ordinary Shares from a NISA will not count towards that Shareholder’s annual NISA limit, but a disposal of Ordinary Shares held in a NISA will not serve to make available again any part of the annual subscription limit that has already been used by the Shareholder in that tax year. Individuals wishing to invest in Offer Shares through a NISA should contact their professional advisers regarding their eligibility.

7 Listing, dealing and settlement arrangements

The Offer is subject to the satisfaction of certain conditions, which are customary for a transaction of this type, contained in the Placing Agreement, including Admission becoming effective by no later than 8.00 a.m. on 18 March 2015 (or such later date as may be determined in accordance with such agreement) and the Placing Agreement not having been terminated (in accordance with its terms) prior to Admission. Certain conditions relate to matters which are outside of the control of the Company, the Directors, the Selling Shareholder and Numis. Further details of the Placing Agreement are set out in paragraph 13.1 (‘Placing Agreement and lock-up arrangements’) of Part 16 (*Additional Information*).

Application will be made to the FCA for all of the Ordinary Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for all of the Ordinary Shares to be admitted to trading on the LSE Main Market. Listing of the Ordinary Shares is not being sought on any stock exchange other than the London Stock Exchange.

It is expected that dealings in the Ordinary Shares will commence on a conditional basis on the LSE Main Market at 8.00 a.m. on 13 March 2015. The earliest date for settlement of such dealings will be 18 March 2015. All dealings in the Ordinary Shares prior to the commencement of unconditional dealings will be on a “when issued” basis and will be of no effect if Admission does not take place, and such dealings will be at the sole risk of the parties concerned. These dates and times may be changed without further notice.

Subject to approval by the FCA and the London Stock Exchange, it is expected that Admission will become effective and that unconditional dealings in the Ordinary Shares will commence on the LSE Main Market at 8.00 a.m. on 18 March 2015 and that the earliest date for settlement of such dealings will be on that date.

The Ordinary Shares are in registered form and can be held in certificated or uncertificated form. Title to certificated Ordinary Shares (if any) will be evidenced in the register of members of the Company and title to uncertificated Ordinary Shares will be evidenced by entry into the operator register maintained by the Registrars (which will form part of the register of members of the Company). It is intended that allocations of Offer Shares to investors who wish to hold Offer Shares in uncertificated form will take place through CREST on Admission. It is intended that, where applicable, definitive share certificates in respect of the Offer Shares will be posted by first class post in the week commencing 30 March 2015 or as soon thereafter as is practicable. Dealings in advance of the crediting of the relevant CREST stock account shall be at the risk of the person concerned. Prior to the despatch of definitive share certificates in respect of any Offer Shares which are not settled in CREST, transfers of those Offer Shares will be certified against the register of members of the Company. No temporary documents of title will be issued.

In connection with the Offer, Numis and any of its affiliates, acting as an investor for its or their own account(s), may take up Offer Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such Offer Shares and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in this document to the Offer Shares being offered, acquired, placed or otherwise dealt in should be read as including any offer to, or acquisition, dealing or placing by, Numis or any of its affiliates acting as an investor for its or their own account(s). Numis does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

8 CREST

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred, from one person’s CREST account to another’s, otherwise than by a written instrument. The Articles of Association permit the holding of Ordinary Shares in CREST.

The Company will apply for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within CREST if any Shareholder so wishes. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

9 Placing arrangements

The Company, the Directors, the Selling Shareholder and Numis have entered into the Placing Agreement, pursuant to which (subject to the execution by the Company, the Selling Shareholder and Numis of the Pricing Agreement) Numis has agreed, subject to certain conditions, to use its reasonable endeavours to procure purchasers for or otherwise itself to purchase the Ordinary Shares made available pursuant to the Offer, in each case at the Offer Price.

The Placing Agreement contains provisions entitling Numis to terminate the Offer (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right is exercised, the Offer and these arrangements will lapse and any monies received in respect of the Offer will be returned to applicants without interest. The Placing Agreement provides for Numis to be paid a commission in respect of the Offer Shares sold. Any commissions received by Numis may be retained, and any Offer Shares acquired by them may be retained or dealt in, by it, for its own benefit.

Further details of the terms of the Placing Agreement are set out in paragraph 13.1 ('Placing Agreement and lock-up arrangements') of Part 16 (*Additional Information*).

The Company, the Selling Shareholder and Numis expressly reserve the right to determine, at any time prior to Admission, not to proceed with the Offer. If this right is exercised, the Offer will lapse and any monies received in respect of the Offer will be returned to applicants without interest.

10 Lock-up arrangements

Each of the Company, the Selling Shareholder and the Directors has agreed to certain lock-up arrangements with Numis.

For a 180-day lock-up period from the date of Admission, the Company will not, directly or indirectly, offer, issue, lend, sell or contract to sell, issue options in respect of, or otherwise dispose of, any Ordinary Shares (or any interest therein or in respect thereof), or enter into any transaction with the same economic effect as any of the foregoing, subject to certain customary exceptions, without the prior written consent of Numis.

For a 365-day lock-up period from the date of Admission, each of the Executive Directors (pursuant to the Placing Agreement) and each of the Reinvesting Managers other than the Executive Directors (pursuant to separate lock-up deeds) has agreed that, subject to certain customary exceptions, he will not offer, sell or contract to sell, or otherwise dispose of, any Ordinary Shares acquired pursuant to the Management Reinvestment (or any interest therein or in respect thereof), or enter into any transaction with the same economic effect as any of the foregoing.

If the Selling Shareholder does not sell all of the Ordinary Shares held by it pursuant to the Offer, then for a 180-day lock-up period from the date of Admission, the Selling Shareholder has agreed that, subject to certain customary exceptions, it will not offer, sell or contract to sell, or otherwise dispose of, any Ordinary Shares (or any interest therein or in respect thereof), or enter into any transaction with the same economic effect as any of the foregoing.

Further details of these arrangements are set out in paragraph 13.1 ('Placing Agreement and lock-up arrangements') of Part 16 (*Additional Information*).

11 Withdrawal rights

If the Company is required to publish a supplementary prospectus, applicants who have applied to purchase Offer Shares will have at least two Business Days following the publication of the supplementary prospectus within which to withdraw their offer to acquire Offer Shares.

In addition, if (i) the Offer Price is set above the Price Range or the Price Range is revised higher; and/or (ii) the Offer Size is set above or below the Offer Size Range (subject to the minimum free float requirements under the Listing Rules, or as agreed between the Company and the FCA), then applicants who have applied to purchase Offer Shares would have a statutory right to withdraw their offer to purchase Offer Shares in its entirety pursuant to section 87Q of FSMA before the end of a period of two Business Days commencing on the first Business Day after the date on which the supplementary prospectus was published, or such later date as may be specified in such supplementary prospectus. In such circumstances, the Pricing Statement would not be published until the period for exercising such statutory withdrawal rights has ended and the expected date of publication of the Pricing Statement would accordingly be changed.

If the application is not withdrawn within the stipulated period, any prior application for Offer Shares will remain valid and binding. Institutional investors wishing to exercise a statutory right to withdraw their offer to purchase Offer Shares must do so by lodging a written notice

of withdrawal by hand (during normal business hours only) at the office of Numis, at its address set out in Part 4 (*Directors, Registered Office, Secretary and Advisers*) so as to be received no later than two Business Days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received after the expiry of such period will not constitute a valid withdrawal. Applicants who have applied for Offer Shares via the Intermediaries who wish to withdraw an application following publication of a supplementary prospectus should contact the Intermediary through whom they applied for details of how to withdraw an application.

12 Selling and transfer restrictions

The distribution of this document and the offer of Ordinary Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been taken or will be taken by the Company, the Selling Shareholder or Numis to permit a public offer of the Ordinary Shares, or the possession, issue or distribution of this document (or any other offering or publicity materials or any application form(s) relating to the Ordinary Shares) in any jurisdiction where action for that purpose may be required, or where doing so is restricted by law, other than the United Kingdom. Accordingly, neither this document nor any advertisement or other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. This document does not constitute an offer of, or invitation or solicitation of an offer to purchase, any Ordinary Shares, to any person to whom, and/or in any jurisdiction where, it is unlawful to make such an offer, invitation or solicitation. No persons receiving a copy of this document in any jurisdiction where it is unlawful to make such an offer, invitation or solicitation may treat this document as constituting an offer, invitation or solicitation to them to purchase Ordinary Shares in the relevant jurisdiction notwithstanding that such an offer, invitation or solicitation could lawfully be made to them without compliance with any registration or other legal requirement.

12.1 Australia

This document: (a) does not constitute a prospectus or a product disclosure statement under the Corporations Act 2001 of the Commonwealth of Australia (the “**Corporations Act**”); (b) does not purport to include the information required of a prospectus under Part 6D.2 of the Corporations Act or a product disclosure statement under Part 7.9 of the Corporations Act; (c) has not been, nor will it be, lodged as a disclosure document with the Australian Securities and Investments Commission (“**ASIC**”), the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia; and (d) may not be provided in Australia other than to select investors who are able to demonstrate that they (i) fall within one or more of the categories of investors under section 708 of the Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Corporations Act, and (ii) are “wholesale clients” for the purposes of section 716G of the Corporations Act.

The Ordinary Shares may not be directly or indirectly offered for purchase or sold, and no invitations to buy the Ordinary Shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Ordinary Shares may be distributed, received or published in Australia, except where disclosure to investors is not required under Chapters 6D and 7 of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for Offer Shares, each prospective purchaser of Offer Shares represents and warrants to the Company, the Selling Shareholder, Numis and their respective affiliates that such person is a select investor as described in (d), above, in this paragraph 12.1.

As any offer of Ordinary Shares under this document, any supplementary prospectus or any other document will be made without disclosure in Australia under Parts 6D.2 and 7.9 of the Corporations Act, the offer of those Ordinary Shares for resale in Australia within 12 months may, under the Corporations Act, require disclosure to investors if none of the exemptions in the Corporations Act applies to that resale. By applying for the Offer Shares, each prospective purchaser of Offer Shares undertakes to the Company, the Selling Shareholder,

Numis and their respective affiliates that such purchaser will not, for a period of 12 months from the date of purchase of the Offer Shares, offer, transfer, assign or otherwise alienate those Ordinary Shares to investors in Australia except in circumstances where disclosure to investors is not required under the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

12.2 Canada

The Ordinary Shares have not been and will not be qualified by a prospectus in accordance with the prospectus requirements under applicable securities law in any Canadian jurisdiction and therefore may not be offered or sold, directly or indirectly, in Canada except in compliance with applicable Canadian securities laws.

12.3 European Economic Area

In relation to each Relevant Member State, no Ordinary Shares have been offered or will be offered pursuant to the Offer to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that offers of Ordinary Shares may be made to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

- to legal entities which are Qualified Investors;
- to fewer than 150, or, if the Relevant Member State has not implemented the relevant provision of the Prospectus Directive, 100 natural or legal persons (other than Qualified Investors) in such Relevant Member State; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Ordinary Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive, or a supplementary prospectus pursuant to Article 16 of the Prospectus Directive, or under any measure implementing the Prospectus Directive in a Relevant Member State.

For the purposes of this paragraph, the expression “offer to the public” in relation to any offer of Ordinary Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Ordinary Shares to be offered so as to enable an investor to decide to purchase any Ordinary Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In the case of any Ordinary Shares being offered to a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will be deemed to have represented, warranted, acknowledged and agreed that the Ordinary Shares acquired by it in the Offer have not been purchased on a non-discretionary basis on behalf of, nor have they been purchased with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Ordinary Shares to the public other than their offer or resale in a Relevant Member State to Qualified Investors or in circumstances in which the prior consent of each of the Company, the Selling Shareholder and Numis has been obtained to each such proposed offer or resale.

The Company, the Selling Shareholder, Numis and their respective affiliates, representatives and others will rely upon the truth and accuracy of the foregoing representation, warranty, acknowledgement and agreement. Notwithstanding the above, a person who is not a Qualified Investor and who has notified Numis of such fact in writing may, with the consent of each of the Company, the Selling Shareholder and Numis, be permitted to purchase Ordinary Shares in the Offer.

12.4 Japan

The Ordinary Shares have not been, and will not be, registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the “FIEL”) and disclosure under the FIEL has not been, and will not be, made with respect to the

Ordinary Shares. Neither the Ordinary Shares nor any interest therein may be offered, sold, resold or otherwise transferred, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and all other applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities. As used in this paragraph, a resident of Japan is any person that is resident in Japan, including any corporation or other entity organised under the laws of Japan.

12.5 New Zealand

The Ordinary Shares have not been and will not be registered under the applicable securities laws of New Zealand. Subject to certain exceptions, the Ordinary Shares may not be offered or sold in New Zealand or to or for the account or benefit of any resident of New Zealand.

12.6 South Africa

This document will not be registered as a prospectus in terms of the Companies Act 1973 in South Africa and, as such, any offer of Ordinary Shares in South Africa may only be made if it shall not be capable of being construed as an offer to the public as envisaged by section 144 of the Companies Act 1973 in South Africa. Furthermore, any offer or sale of the Ordinary Shares shall be subject to compliance with South Africa's exchange control regulations.

12.7 Switzerland

The Ordinary Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for the issuance of prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art.27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document, nor any other offering or marketing material relating to the Offer Shares or the Offer, may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document, nor any other offering or marketing material relating to the Offer Shares or the Offer has been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the Offer will not be supervised by, the Swiss Financial Market Supervisory Authority, FINMA, and the Offer has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under CISA does not extend to acquirers of Offer Shares.

12.8 United States

The Ordinary Shares have not been and will not be registered under the US Securities Act or under the securities laws or regulations of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no offer of the Ordinary Shares in the United States. The Ordinary Shares are being offered and sold only outside the United States in offshore transactions to persons that are not, nor are acting for the account or benefit of, US Persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the Offer, an offer or sale of Ordinary Shares within the United States by any dealer (whether or not participating in the Offer) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

Purchaser representations and warranties in relation to Regulation S

Each purchaser of Ordinary Shares, by accepting delivery of this document, will be deemed to have represented, agreed and acknowledged that it has received a copy of this document and such other information as it deems necessary to make an investment decision and that:

- (a) it is not a US Person, is not located within the United States, and is not acquiring the Ordinary Shares for the account or benefit of a US Person;
- (b) it is acquiring the Ordinary Shares in an offshore transaction meeting the requirements of Regulation S;
- (c) it is aware that the Ordinary Shares have not been, and will not be, registered under the US Securities Act or under any applicable securities laws or regulations of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into the United States absent registration under, or an exemption from, or in a transaction not subject to, the US Securities Act;
- (d) if in the future it decides to offer, sell, transfer, assign or otherwise dispose of the Ordinary Shares, it will do so only in compliance with an exemption from the registration requirements of the US Securities Act;
- (e) it has received, carefully read and understands this document and other relevant public disclosure of the Company;
- (f) it understands that the Company, the Selling Shareholder and Numis and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, agreements and acknowledgments;
- (g) if any of the representations, agreements and acknowledgments made by it are no longer accurate or have not been complied with, it will immediately notify the Company, the Selling Shareholder and Numis; and
- (h) if it is acquiring any Ordinary Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and it has full power to make, and does make, such foregoing representations, agreements and acknowledgments on behalf of each such account.

12.9 Other overseas territories

Prospective investors, including in jurisdictions other than Australia, Canada, Japan, New Zealand, South Africa, Switzerland and the United States, should consult their professional advisers as to whether they require any governmental or other consents or need to observe any formalities to enable them to purchase any Ordinary Shares under the Offer.

PART 13

TERMS AND CONDITIONS

1 Introduction

These terms and conditions apply to investors agreeing to purchase Offer Shares. The terms and conditions of the Institutional Offer are set out in paragraph 2, below. The terms and conditions of the Intermediaries Offer are set out in paragraph 3, below.

2 Institutional Offer terms and conditions

2.1 Agreement to acquire Offer Shares

Conditional on:

(a) Admission occurring on or prior to 8.00 a.m. on 18 March 2015 (or such later time and/or date as the Company, the Selling Shareholder and Numis may agree, being not later than 8.30 a.m. on 1 April 2015); and

(b) the investor being allocated Offer Shares pursuant to the Institutional Offer,

each investor agrees to become a member of the Company and agrees to purchase from the Selling Shareholder, as more particularly described below, at the Offer Price, the number of Offer Shares allocated to such investor in accordance with the arrangements described in paragraph 3 ('Offer Size, Offer Price, bookbuilding and allocations') of Part 12 (*Details of the Offer*).

Each investor undertakes to pay the Offer Price for the Offer Shares allocated to such investor in such manner as shall be directed by Numis. Liability for stamp duty and SDRT is described in paragraph 6 ('Stamp Duty and SDRT') of Part 14 (*Taxation*).

Each investor is deemed to agree that, if it fails to pay the Offer Price for the Offer Shares allocated to such investor, Numis may sell any or all of the Offer Shares allocated to that investor, and which have not been paid for, on such investor's behalf and retain from the proceeds, for Numis' account and benefit (as agent for the Selling Shareholder), an amount equal to the aggregate amount owed by the investor plus any interest due. Any excess proceeds will be paid to the relevant investor at its risk. The relevant investor will, however, remain liable and shall indemnify Numis and the Selling Shareholder on demand for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or SDRT or securities transfer tax (together with any interest or penalties) which may arise upon the sale of such Offer Shares on such investor's behalf. By agreeing to acquire Offer Shares, each investor confers on Numis all such authorities and powers as may be necessary to carry out any such sale and agrees to ratify and confirm all actions which Numis lawfully takes in pursuance of such sale.

2.2 Representations and warranties

By agreeing to purchase Offer Shares under the Offer, each investor participating in the Institutional Offer and, in the case of paragraphs 2.2.10, 2.2.12 and 2.2.14, below, any person confirming his agreement to purchase Offer Shares on behalf of such an investor or authorising Numis to notify such investor's name to the Registrars, is deemed to represent, warrant and undertake to each of the Company, the Selling Shareholder and Numis that:

2.2.1 the contents of this document are exclusively the responsibility of the Company and its Directors and that neither Numis nor any person acting on its behalf is responsible for or shall have any liability for any information, representation or statement contained in this document or any information, representation or statement previously published by or on behalf of the Company or any member of the Group and will not be liable for any decision by an investor to participate in the Offer based on any information, representation or statement contained in this document or otherwise;

2.2.2 in agreeing to purchase Offer Shares under the Offer, the investor is relying on this document, and any supplementary prospectus that may be issued by the Company, and not on any other information or representation concerning the Group, the Offer or the Offer Shares. Such investor agrees that none of the Company, the Selling Shareholder, Numis nor any of their respective officers or directors will have any liability for any such other information or representation and irrevocably and

unconditionally waives any rights it may have in respect of any such other information or representation. This paragraph 2.2.2 shall not exclude any liability for fraudulent misrepresentation;

- 2.2.3** Numis is not making any recommendations to investors or advising any of them regarding the suitability or merits of any transaction they may enter into in connection with the Offer, and the investor acknowledges that participation in the Offer is on the basis that it is not and will not be a client of Numis and that Numis is acting for the Company and no one else and will not be responsible to anyone other than its clients for the protections afforded to its clients nor for providing advice in relation to the Offer, the contents of this document or any transaction, arrangements or other matter referred to herein, or in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement or for the exercise or performance of any of Numis' rights and obligations thereunder, including any right to waive or vary any condition or exercise any termination right contained therein;
- 2.2.4** if the laws of any place outside the United Kingdom are applicable to the investor's agreement to purchase Offer Shares under the Offer and/or acceptance thereof, such investor has complied with all such laws and none of the Company, the Selling Shareholder, Numis or the Registrars will infringe any laws outside the United Kingdom as a result of such investor's agreement to purchase Offer Shares under the Offer and/or acceptance thereof or any actions arising from such investor's rights and obligations under the investor's agreement to purchase Offer Shares under the Offer and/or acceptance thereof or under the Articles of Association and, in making this representation and warranty, the investor confirms that it is aware of the selling and transfer restrictions set out in paragraph 12 ('Selling and transfer restrictions') of Part 12 (*Details of the Offer*);
- 2.2.5** it understands that no action has been or will be taken in any jurisdiction other than the United Kingdom by the Company or any other person that would permit a public offering of the Ordinary Shares, or possession or distribution of this document, in any country or jurisdiction where action for that purpose is required;
- 2.2.6** if the investor is in any Relevant Member State, it is (i) a Qualified Investor or (ii) otherwise permitted by law to be offered and sold Offer Shares in circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3(2) of the Prospectus Directive or other applicable laws;
- 2.2.7** the investor has made the representations set out in paragraph 12 ('Selling and transfer restrictions') of Part 12 (*Details of the Offer*), under the heading 'United States' (including without limitation the representations under that heading that it is acquiring the Ordinary Shares in an offshore transaction meeting the requirements of Regulation S);
- 2.2.8** the investor is not a resident of Australia, Canada, Japan, New Zealand, South Africa or Switzerland and acknowledges that the Ordinary Shares have not been and will not be registered, nor will a prospectus be prepared in respect of the Ordinary Shares, under the securities legislation of Australia, Canada, Japan, New Zealand, South Africa or Switzerland and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within those jurisdictions;
- 2.2.9** the investor is liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by it or any other person on the acquisition by it of any Offer Shares or the agreement by it to acquire any Offer Shares;
- 2.2.10** in the case of a person who confirms to Numis on behalf of an investor an agreement to purchase Offer Shares under the Offer and/or who authorises Numis to notify such investor's name to the Registrars, that person represents and warrants that he has authority to do so on behalf of the investor;

- 2.2.11** the investor has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2007 and that, if it is making payment on behalf of a third party, satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by such legislation;
- 2.2.12** the investor is not, and is not applying as nominee or agent for, a person which is, or may be, mentioned in any of ss. 67, 70, 93 and 96 Finance Act 1986 (depository receipts and clearance services);
- 2.2.13** the investor is a person (i) who falls within paragraph (5) of Article 19 and/or paragraph (2) of Article 48 and/or paragraph (2) of Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order and (ii) is a “qualified investor” within the meaning of section 86(7) FSMA;
- 2.2.14** in the case of a person who confirms to Numis on behalf of an investor an agreement to purchase Offer Shares under the Offer and who is acting on behalf of a third party, the terms on which the investor (or any person acting on its behalf) are engaged enable it to make investment decisions in relation to securities on that third party’s behalf without reference to that third party; and
- 2.2.15** the Company, the Selling Shareholder, Numis and the Registrars will rely upon the truth and accuracy of the foregoing representations, warranties and undertakings.

2.3 Supply and disclosure of information

If the Company, the Selling Shareholder and/or Numis or any of their agents request any information about an investor’s agreement to purchase Offer Shares pursuant to the Institutional Offer, such investor shall promptly disclose it to them and ensure that such information will be complete and accurate in all respects.

2.4 Miscellaneous

The rights and remedies of the Company, the Selling Shareholder, Numis and the Registrars under these Institutional Offer terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, each investor may be asked to disclose, in writing or orally, to Numis, if he is a discretionary fund manager and the jurisdiction in which the funds are managed or owned.

All documents will be sent at the investor’s risk. They may be sent by post to such investor at an address notified to Numis.

Each investor agrees to be bound by the Articles of Association (as amended from time to time) once the relevant Offer Shares have been transferred to such investor.

The contract to purchase Offer Shares and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, English law. For the exclusive benefit of the Company, the Selling Shareholder, Numis and the Registrars, each investor irrevocably submits to the exclusive jurisdiction of the courts of England and Wales in respect of these matters. This does not prevent an action being taken against an investor in any other jurisdiction.

In the case of a joint agreement to purchase Offer Shares, references to an “investor” in these terms and conditions are to each of such investors and such investors’ liability is joint and several.

The Company, the Selling Shareholder and Numis expressly reserve the right to modify the Offer (including, without limitation, its timetable and settlement) at any time before allocations are determined.

3 Intermediaries Terms and Conditions

The Intermediaries Terms and Conditions regulate the relationship between the Company, the Selling Shareholder, Numis and each of the intermediaries which is accepted by the Company to act as an Intermediary after making an application for appointment in accordance with the

Intermediaries Terms and Conditions. A list of the Intermediaries authorised as at the date of this document to use this document in connection with the Intermediaries Offer is set out in paragraph 19 ('Intermediaries') of Part 16 (*Additional Information*).

3.1 Capacity and liability

The Intermediaries have agreed that, in connection with the Intermediaries Offer, they will be acting as agent for the Underlying Applicants. None of the Company, the Selling Shareholder or Numis will have any responsibility for any liability, costs or expenses incurred by any Intermediary.

3.2 Eligibility to be appointed as an Intermediary

In order to be eligible to be considered by the Company for appointment as an Intermediary, each intermediary must be:

- (a) authorised by the FCA or the Prudential Regulatory Authority in the United Kingdom; or
- (b) authorised by a competent authority in another EEA jurisdiction with the appropriate authorisations to carry on the relevant regulated activities in the United Kingdom; or
- (c) a member firm of the London Stock Exchange conducting business in the Channel Islands or the Isle of Man; or
- (d) in respect of acting as agents for Underlying Applicants in Jersey, authorised by the Jersey Financial Services Commission to carry on the relevant class of investment business in Jersey; or
- (e) in respect of acting as agents for Underlying Applicants in Guernsey, a person licensed under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended from time to time) to carry on restricted activities in respect of category 2 controlled investments under such law,

and, in each case, must have appropriate permissions, licences, consents and approvals to act as an intermediary in the United Kingdom, Jersey, Guernsey or the Isle of Man, as applicable. Each Intermediary must also:

- (a) be a member of CREST; or
- (b) have arrangements with a clearing firm that is a member of CREST.

Each Intermediary must also, to the extent applicable, conduct its business in the Isle of Man in compliance with the licensing requirements of the Isle of Man Financial Services Act 2008, or any relevant exclusion or exemption therefrom, and all other relevant Isle of Man laws and regulations.

In addition to the eligibility criteria set out above, it is a continuing requirement under the Intermediaries Terms and Conditions that each Intermediary must be, and at all times remain, of good repute (as determined by the Company and the Selling Shareholder in their absolute discretion). If any Intermediary ceases to be of good repute (as determined by the Company and the Selling Shareholder), the Company and the Selling Shareholder shall be entitled to terminate such Intermediary's appointment as an Intermediary.

3.3 Application for Ordinary Shares

A minimum application amount of £1,000 per Underlying Applicant will apply. There is no maximum limit on the monetary amount that Underlying Applicants may apply to invest. The Intermediaries have agreed not to make more than one application per Underlying Applicant. Any application made by investors through any Intermediary is subject to the terms and conditions agreed with each Intermediary.

Allocations of Offer Shares under the Intermediaries Offer will be at the absolute discretion of Numis, after consultation (so far as is practicable) with the Company and the Selling Shareholder. If there is excess demand for Ordinary Shares (in either or both the Institutional Offer and the Intermediaries Offer), allocations of Offer Shares may be scaled down to an aggregate value which is less than that applied for. Each Intermediary will be required to apply the basis of allocation to all allocations to Underlying Applicants who have applied for Ordinary Shares through such Intermediary.

3.4 Effect of Intermediaries Offer Application Form

By completing and returning the Intermediaries Offer Application Form, the Intermediary will be deemed to have irrevocably agreed to procure the purchase of Ordinary Shares of the aggregate amount stated on the Intermediaries Offer Application Form, or procure the purchase of Ordinary Shares of the amount stated on the Intermediaries Offer Application Form, or such lesser amounts in respect of which such application may be accepted. The Company, the Selling Shareholder and Numis reserve the right to reject, in whole or in part, or to scale down, any application for Ordinary Shares in the Intermediaries Offer.

3.5 Commission

The Intermediaries who have elected to receive it will receive a commission of 0.75 per cent of the amount equal to the Offer Price multiplied by the aggregate number of Offer Shares sold pursuant to the Intermediaries Offer.

3.6 Information and communications

The Intermediaries have agreed to give certain undertakings to the Company, the Selling Shareholder and Numis regarding the use of information provided to them in connection with the Intermediaries Offer (both prior to and following the publication of this document). The Intermediaries have given certain undertakings regarding their role and responsibilities in the Intermediaries Offer and are subject to certain restrictions on their conduct in connection with the Intermediaries Offer, including in relation to their responsibility for information, communications, websites, advertisements and their communications with clients and the press.

3.7 Representations and warranties

The Intermediaries have given representations and warranties that are relevant for the Intermediaries Offer, and have agreed to indemnify the Company, the Selling Shareholder and Numis against any loss or claim arising out of any breach by them of the Intermediaries Terms and Conditions or as a result of a breach of any duties or obligations under FSMA or under any rules of the FCA or any applicable laws or as a result of any other act or omission by an Intermediary in connection with the purchase and/or resale of Ordinary Shares by the Intermediaries or any Underlying Applicant.

PART 14

TAXATION

1 Introduction

The following statements are intended only as a general guide to certain UK tax considerations relevant to prospective investors. They do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of Ordinary Shares. They are based on current UK tax law and what is understood to be the current practice (which may not be binding) of HMRC as at the date of this document, both of which are subject to change, possibly with retrospective effect. They relate only to Shareholders who are resident 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 the Ordinary Shares and any dividends paid on them. The tax position of certain categories of Shareholder who are subject to special rules, such as persons who acquire (or are deemed to acquire) their Ordinary Shares in connection with an office or their (or another person's) employment, traders, brokers, dealers in securities, insurance companies, banks, financial institutions, investment companies, tax-exempt organisations, persons connected with the Company or the Group, persons holding Ordinary Shares as part of hedging or conversion transactions, Shareholders who are not domiciled or resident in the UK, collective investment schemes and those who hold five per cent or more of the Ordinary Shares, is not considered. Nor do the following statements consider the tax position of any person holding investments in any HMRC-approved arrangements or schemes, including the enterprise investment scheme, venture capital scheme or business expansion scheme, or any person able to claim any inheritance tax relief or holding Ordinary Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or, in the case of a corporate Shareholder, a permanent establishment or otherwise).

Any prospective investor who is in any doubt as to its tax position, or who is or may be subject to tax in a jurisdiction other than the UK, should consult its own professional advisers immediately.

2 Taxation of dividends

2.1 Withholding taxes

The Company will not be required to withhold UK tax at source from dividend payments it makes to Shareholders.

2.2 Individuals

An individual Shareholder who is resident for tax purposes in the UK and who receives a cash dividend from the Company will generally be entitled to a tax credit equal to one-ninth of the amount of the cash dividend received, which tax credit will be equivalent to 10 per cent of the aggregate of the dividend received and the tax credit (the "**gross dividend**"). Such an individual Shareholder will be subject to income tax on the gross dividend. 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 gross dividend at the rate of 10 per cent, so that the tax credit will satisfy the income tax liability of such a Shareholder in full.

Where the tax credit exceeds the Shareholder's tax liability, the Shareholder cannot claim repayment of the tax credit from HMRC. An individual UK resident Shareholder who is subject to income tax at the higher rate will be liable to income tax on the gross dividend at the rate of 32.5 per cent to the extent that such sum, when treated as the top slice of that Shareholder's income, exceeds the threshold for higher rate income tax. After setting the 10 per cent tax credit against part of the Shareholder's liability, a higher rate tax payer will therefore be liable to account for tax equal to 22.5 per cent of the gross dividend (or 25 per cent of the net cash dividend), to the extent that the gross dividend exceeds the threshold for the higher rate.

An individual UK resident Shareholder liable to income tax at the additional rate will be subject to income tax on the gross dividend at the rate of 37.5 per cent of the gross dividend, but will be able to set the UK tax credit off against part of this liability. The effect of this set-off of the UK tax credit is that such a Shareholder will be liable to account for additional tax equal to 27.5 per cent of the gross dividend (or approximately 30.6 per cent of the net cash dividend) to the extent that the gross dividend exceeds the threshold for the additional rate.

2.3 Companies

Shareholders within the charge to UK corporation tax which are “small companies” for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 will not be subject to UK corporation tax on any dividend received from the Company provided certain conditions are met (including an anti-avoidance condition).

Other Shareholders within the charge to UK corporation tax will not be subject to UK corporation tax on dividends received from the Company so long as the dividends fall within an exempt class and certain conditions are met. For example, dividends paid on shares that are “ordinary shares” and are not “redeemable” (as those terms are used in Chapter 3 of Part 9A of the Corporation Tax Act 2009), and dividends paid to a person holding less than 10 per cent of the issued share capital of the Company, should generally fall within an exempt class. However, the exemptions are not comprehensive and are subject to anti-avoidance rules.

If the conditions for exemption are not met or cease to be satisfied, or such a Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on dividends received from the Company, at the rate of corporation tax applicable to that Shareholder (currently 21 per cent with effect from 1 April 2014 and 20 per cent with effect from 1 April 2015).

2.4 No payment of tax credit

Individual UK resident Shareholders who are not liable to UK income tax in respect of dividends, and other UK resident tax payers who are not liable to UK tax on dividends, including UK pension funds and charities, will not be entitled to claim repayment of the tax credit attaching to any dividends paid by the Company.

2.5 Non-UK resident Shareholders

Shareholders who are resident outside the UK for tax purposes will not generally be able to claim repayment from HMRC of any part of the tax credit attaching to dividends received from the Company, although this will depend on the existence and terms of any double taxation convention between the UK and the country in which such Shareholder is resident.

Where a non-UK resident Shareholder carries on a trade, profession or vocation in the UK and the dividends are a receipt of that trade or, in the case of corporation tax, the Ordinary Shares are held by or for a UK permanent establishment through which a trade is carried on, the Shareholder may be liable to UK tax on dividends paid by the Company. In such cases, there will be no entitlement to repayment of the tax credit attaching to the dividends. Such Shareholders should consult their own tax advisers regarding their tax position.

A Shareholder resident outside the UK may also be subject to taxation on dividend income under local law. A Shareholder who is not solely resident in the UK for tax purposes should consult his own tax advisers concerning his tax liabilities (in the UK and any other country) on dividends received from the Company, whether he is entitled to claim any part of the tax credit and, if so, the procedure for doing so, and whether any double taxation relief is due in any country in which he is subject to tax.

3 Taxation of disposals

3.1 General

A disposal or deemed disposal of Ordinary Shares by a Shareholder who is (at any time in the relevant UK tax year) resident in the UK for UK tax purposes may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains, depending upon the Shareholder’s circumstances and subject to any available exemption or relief.

3.2 UK resident individual Shareholders

For an individual Shareholder within the charge to UK capital gains tax, a disposal (or deemed disposal) of Ordinary Shares may give rise to a chargeable gain or an allowable loss for the purposes of UK capital gains tax. The rate of capital gains tax is 18 per cent for individuals who are subject to income tax at the basic rate and 28 per cent for individuals who are subject to income tax at the higher or additional rates. An individual Shareholder is entitled to realise an exempt amount of gains (currently £11,000) in each tax year without being liable to tax.

3.3 UK resident corporate Shareholders

For a corporate Shareholder within the charge to UK corporation tax, a disposal (or deemed disposal) of Ordinary Shares may give rise to a chargeable gain or an allowable loss for the purposes of UK corporation tax. An indexation allowance on the cost of acquiring the Ordinary Shares may be available to reduce the amount of the chargeable gain which would otherwise arise on the disposal. Corporation tax is charged on chargeable gains at the rate applicable to the relevant company.

3.4 Non-UK resident Shareholders

A Shareholder (individual or corporate) who is not resident in the UK for tax purposes is generally not subject to UK capital gains tax. However, if such a Shareholder carries on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a non-UK resident corporate Shareholder, a permanent establishment) to which the Ordinary Shares are attributable, the Shareholder will be subject to the same rules that apply to UK resident Shareholders.

An individual who has been resident in the UK and who then ceases to be resident in the UK only temporarily may, in certain circumstances, be subject to tax in respect of gains realised while he is not resident in the UK.

4 Inheritance tax

The Ordinary Shares will be assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets by an individual Shareholder, or the death of an individual Shareholder, may therefore give rise to a liability to UK inheritance tax, depending upon the Shareholder's circumstances and subject to any available exemption or relief. A transfer of Ordinary Shares at less than market value may be treated for inheritance tax purposes as a gift of the Ordinary Shares. Special rules apply to close companies and to trustees of settlements who hold Ordinary Shares, which rules may bring them within the charge to inheritance tax. The inheritance tax rules are complex and Shareholders should consult an appropriate professional adviser in any case where those rules may be relevant, particularly in (but not limited to) cases where Shareholders intend to make a gift of Ordinary Shares, to transfer Ordinary Shares at less than market value or to hold Ordinary Shares through a company or trust arrangement.

5 Close company

The Company and each member of the Group may be a "close company" within the meaning of Part 10 of the Corporation Tax Act 2010 as at the date of this document and, if so, may continue to be so following the Offer. As a result, certain transactions entered into by the Company or other members of the Group may have tax implications for Shareholders. In particular, certain gifts, transfers of assets at less than market value or other transfers of value by the Company or other members of the Group may be apportioned to Shareholders for the purposes of UK inheritance tax, although the payment of a dividend to a Shareholder or the payment of dividends or transfers of assets between members of the Group will not normally attract such an apportionment. Any charge to UK inheritance tax arising from such a transaction will primarily be a liability of the relevant company, although, in certain circumstances, those Shareholders to whom more than five per cent of the value is transferred may be liable for the tax if it is left unpaid by that company. In addition, any transfer of assets at less than market value by the Company or other members of the Group may result in a reduction of a Shareholder's base cost in his Ordinary Shares for the

purposes of UK taxation of capital gains, although transfers of assets between members of the Group will not normally attract such treatment. Shareholders should consult their own professional advisers on the potential impact of the close company rules.

6 Stamp duty and SDRT

The following statements are intended as a general guide to the current UK stamp duty and SDRT position for holders of Ordinary Shares. Certain categories of person, including intermediaries, brokers, dealers and persons connected with depositary receipt systems and clearance services, may not be liable to stamp duty or SDRT or may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

The comments in this section relating to stamp duty and SDRT apply whether or not a Shareholder is resident in the UK.

6.1 The Offer

The sale of Ordinary Shares by the Selling Shareholder pursuant to the Offer will generally give rise to a liability to stamp duty and/or SDRT at a rate of 0.5 per cent of the Offer Price (in the case of stamp duty, rounded up to the nearest multiple of £5). The Selling Shareholder has agreed (subject to certain limitations) to meet that liability to stamp duty and/or SDRT, up to a maximum rate of 0.5 per cent.

If, in connection with the Offer, Ordinary Shares are transferred into a clearance service or a depositary receipts system, a liability to stamp duty or SDRT may be payable at the rate of 1.5 per cent of the Offer Price, as described in paragraph 6.4, below.

6.2 Subsequent transfers

Stamp duty at the rate of 0.5 per cent (rounded up to the next multiple of £5) of the amount or value of the consideration given is generally payable on an instrument transferring Ordinary Shares. An exemption from stamp duty is available on an instrument transferring Ordinary Shares where the amount or value of the consideration is £1,000 or less and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000.

A charge to SDRT will also generally arise on an unconditional agreement to transfer Ordinary Shares (at the rate of 0.5 per cent of the amount or value of the consideration payable). However, if within six years of the date of the agreement (or, if the agreement is conditional, the date on which it becomes unconditional), an instrument of transfer is executed pursuant to the agreement, and stamp duty is paid on that instrument, or it is exempt, any SDRT already paid will generally be refunded, provided that a claim for payment is made, and any outstanding liability to SDRT will be cancelled.

The purchaser or transferee of the Ordinary Shares will generally be responsible for paying such stamp duty or SDRT.

6.3 Ordinary Shares held through CREST

Paperless transfers of Ordinary Shares within CREST are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Under the CREST system, generally no stamp duty or SDRT will arise on a deposit of Ordinary Shares into the system unless such a transfer is made for a consideration in money or money's worth, in which case a liability to SDRT will arise usually at a rate of 0.5 per cent of the amount or value of the consideration for the Ordinary Shares.

6.4 Depository receipt systems and clearance services

Under current UK legislation, where Ordinary Shares are transferred (i) to, or to a nominee for, a person whose business is or includes the provision of clearance services or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depository receipts, stamp duty or SDRT will generally be payable at the higher rate of 1.5 per cent of the amount or value of the consideration payable or, in certain circumstances, the value of the Ordinary Shares (rounded up to the next multiple of £5 in the case of stamp duty).

There is an exception from the 1.5 per cent charge on the transfer to, or to a nominee or agent for, a clearance service where the clearance service has made and maintained an appropriate election which has been approved by HMRC. In these circumstances, the normal rates of stamp duty and SDRT (rather than the higher rate regime referred to above) will generally apply to any issue or transfer of Ordinary Shares into the clearance service and to any transactions in Ordinary Shares held within the clearance service.

Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depository receipt system, or in respect of a transfer of Ordinary Shares held within such a service or system, will strictly be payable by the operator of the clearance service or depository receipt system or its nominee, as the case may be, but in practice will generally be reimbursed by participants in the clearance service or depository receipt system.

However, HMRC has confirmed that it will no longer seek to apply the 1.5 per cent SDRT charge when shares are first issued into a clearance service or depository receipt system. The application of the 1.5 per cent charge may also be affected in other circumstances. Accordingly, specific professional advice should be sought before paying the 1.5 per cent stamp duty or SDRT charge in any circumstances.

PART 15

GROUP REORGANISATIONS

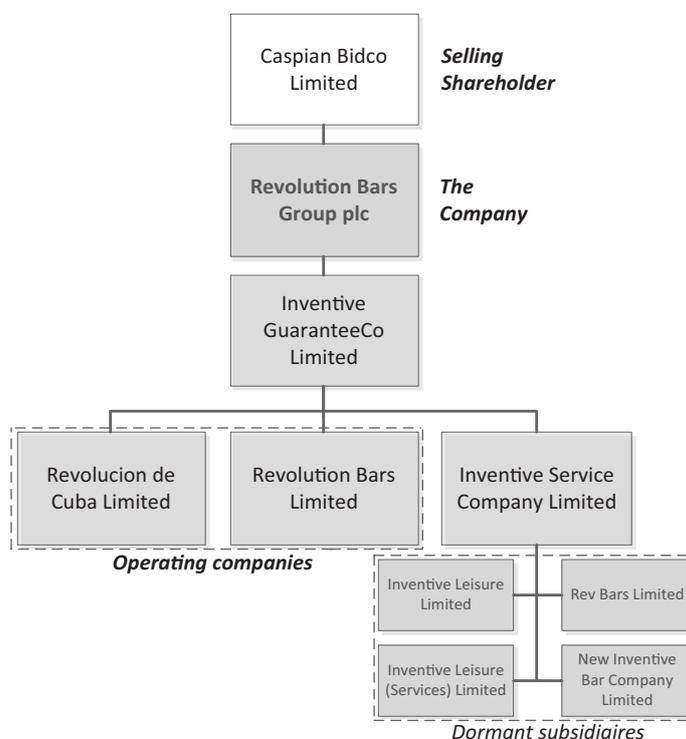
1 Group Reorganisations

At the time of Admission, the Group intends to have undertaken two reorganisations of the corporate entities through which its business is conducted since the start of the Periods Under Review (the Business Reorganisation and the Corporate Reorganisation, together, the “**Group Reorganisations**”).

The first of these, which took place in February 2014, was the Business Reorganisation during which the current operating entities of the Group were incorporated. The second was the Corporate Reorganisation, the principal purposes of which were to re-register the Company as a public limited company and to facilitate the purchase, immediately prior to but conditional upon Admission, of Ordinary Shares by the Reinvesting Managers.

1.1 Group structure

The structure of the Group following the Group Reorganisations, immediately prior to Admission, is as follows.



1.2 Background to the Business Reorganisation

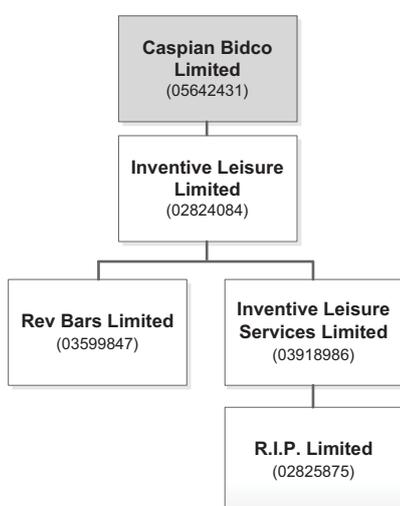
During the 2013 Annual Period and the 2014 Annual Period, the Group undertook a rationalisation of the different parts of its business (see paragraph 2.4 (‘The strategic review’) of Part 6 (*Business Overview*) for further information). The strategic review was followed by an initiative involving the reorganisation of the Group’s operating entities into three distinct categories of bars, the first two of which comprise the Ongoing Business (being the ongoing operations of the Group) and the third of which comprises the Exited Business (which is no longer a part of the Group’s operations and is run separately from the Group) (the “**Business Reorganisation**”). The operational reasons for, and the corporate steps that were taken in order to effect, the Business Reorganisation, are set out in paragraph 2, below.

1.3 Background to the Corporate Reorganisation

In February 2015 the Group undertook a corporate reorganisation, the purposes of which were, amongst others, to re-register the Company as a public limited company (including all steps necessary to facilitate such re-registration), the payment of certain dividends, the subdivision of the Company's share capital and to enable the Reinvesting Managers to purchase Ordinary Shares from the Selling Shareholder using proceeds to be received by them as a result of the Offer through their indirect interests in the Selling Shareholder (together, such matters comprising the "**Corporate Reorganisation**"). The steps which were taken (and which, in the case of the Reinvesting Managers' purchase of Ordinary Shares, are to take place immediately prior to, but conditional upon, Admission) to facilitate the Corporate Reorganisation are set out in paragraph 3, below.

2 Business Reorganisation

2.1 The pre-Business Reorganisation group of companies (the "**Historical Group**") is shown below. The Historical Group conducted both the Ongoing Business and the Exited Business, which (as noted above) are now conducted separately by different operating groups.



The Historical Group

- Prior to the Business Reorganisation, Inventive Leisure Limited (now named Rift & Co Limited) ("**ILL**") owned the freehold or leasehold of each of the Historical Group's premises.
- ILL's subsidiary, Inventive Leisure Services Limited (now Rift & Co (Services) Limited) ("**ILSL**") traded from each of these premises.
- The trade carried on by ILSL comprised both parts of the Ongoing Business (*Revolution* and *Revolución de Cuba*) and also the Exited Business.

The chart above shows the former names of the relevant companies. For their current names, please refer to the chart at paragraph 2.5.5, below.

2.2 The purpose of the Business Reorganisation

The Business Reorganisation followed a rationalisation by the Group (over the course of 2013) of the different parts of its business operations. Prior to the Business Reorganisation, the Group's operations comprised three categories of bars:

- premises opening from late morning, during the day and into late evening on every day of the week, serving a range of premium cocktails and also offering food, operating under the *Revolution* brand;
- premises opening from late morning, during the day and into late evening on every day of the week, serving rum-based drinks and also offering food, operating under the *Revolución de Cuba* brand (together with (i), the "**Ongoing Business**"); and
- premises open only during evenings and late nights on profitable days of the week (predominantly Friday and Saturday) and with a principal focus on serving drinks rather than food (the "**Exited Business**").

The purpose of the Business Reorganisation was, in brief summary, to focus the Group's activities on the outlets which operate with a more balanced day trading profile and increased trading occasions (that is, the Ongoing Business). The strategic review concluded that the Group should focus on the *Revolution* and *Revolución de Cuba* brands because of their emphasis on a premium offering of both food and drinks and their bars being focused on operating from late morning, during the day and into late evening to maximise their trading occasions. The 12 sites comprising the Exited Business operate on a different model, with little or no food offering and significantly shorter trading occasions. Further, the drinks menu

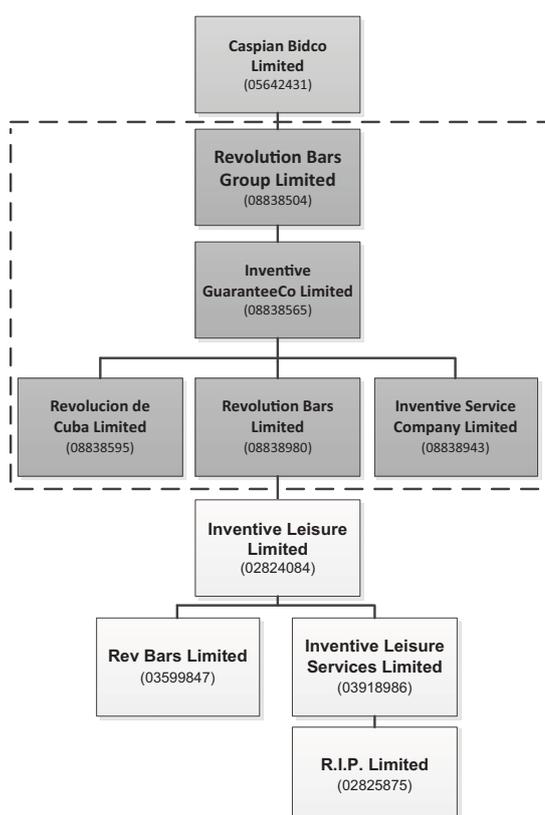
offered by the Exited Business has less of a focus on premium brands than the Ongoing Business and relies more on higher volumes during its targeted trading times. Consequently, the Exited Business was divested in February 2014 through the Business Reorganisation and since that time has not formed part of the Group's operations. The Business Reorganisation was intended to benefit both the Ongoing Business and the Exited Business, in addition to the foregoing:

- by enabling separate management teams to be devoted to the Ongoing Business and the Exited Business, meaning different strategies could be applied more effectively to each; and
- because the same brand requirements would no longer apply to the Ongoing Business and the Exited Business (which, as above, was considered a hindrance to both on the basis that the Ongoing Business targets a premium offering, which differs from the operating model of the Exited Business).

Following the Business Reorganisation, the Ongoing Business and the Exited Business are operated, managed and branded separately. Their only remaining connections are that the Selling Shareholder is (prior to Admission) the holding company of both groups and, as set out in Note 24 ('Related party transactions') to the Group's historical financial information included in Part 11 (*Historical Financial Information*), a loan balance owed by the Selling Shareholder to the Group. On the date of this document, this balance is estimated to be less than £100,000.

2.3 Key steps

The first corporate step taken to effect the Business Reorganisation was the incorporation of a new set of companies to operate the Ongoing Business going forward.



New companies incorporated for the Business Reorganisation

Five new direct or indirect subsidiaries of the Selling Shareholder were incorporated. The names of these subsidiaries were originally different but their current names are shown opposite for ease of reference, apart from the Company which is shown as a private limited company (as it was at the time of the Business Reorganisation).

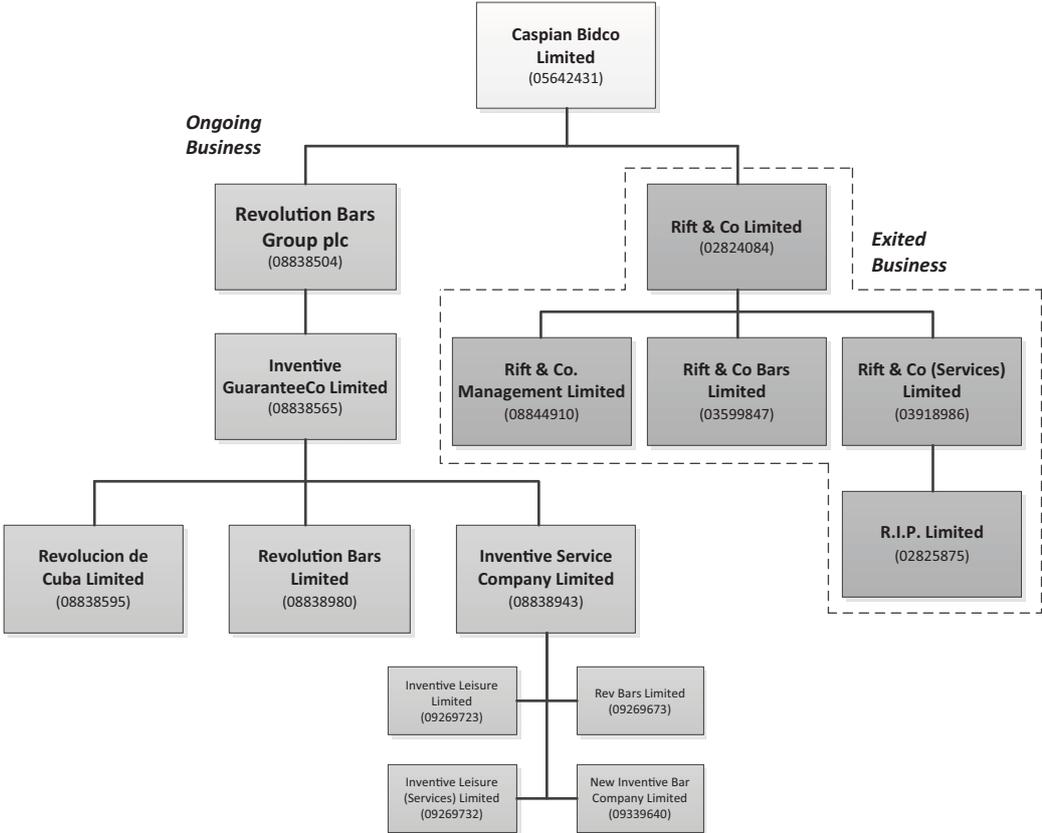
The new companies, which were interposed between the Selling Shareholder and ILL, were:

- Revolution Bars Group Limited (the Company);
- Inventive GuaranteeCo Limited ("**GuaranteeCo**");
- Revolucion de Cuba Limited ("**RdCL**");
- Revolution Bars Limited ("**RBL**"); and
- Inventive Service Company Limited ("**ServiceCo**").

2.4 The entire share capital of ILL was first transferred from the Selling Shareholder to the Company, then (by way of share for share exchanges) from the Company to GuaranteeCo and from GuaranteeCo to RBL.

2.5 Following the establishment of the new companies and the share for share exchanges described in paragraph 2.4, above, the key steps of the Business Reorganisation were as follows:

- 2.5.1 ILSL distributed the business and assets in respect of each of the *Revolution* and *Revolución de Cuba* businesses from ILSL to ILL using ILSL’s available distributable reserves. As part of this process ILL assumed various of ILSL’s existing liabilities.
- 2.5.2 ILL distributed the business, assets and beneficial interests in the premises of the *Revolution* business to RBL using ILL’s available distributable reserves. As part of this process RBL assumed various of ILL’s existing liabilities, including those assumed by ILL as part of the previous step.
- 2.5.3 RBL transferred its shareholding in ILL to RdCL, such that RdCL became the holding company of the group comprising ILL and its subsidiaries. ILL then distributed the business, assets and beneficial interests in the premises of the *Revolución de Cuba* business using ILL’s available distributable reserves.
- 2.5.4 The overall intra-group debt position was then tidied up through a series of reconciliation steps. As part of these steps, RdCL transferred the shares of ILL (back) to the Selling Shareholder, resulting in the structure shown below. The Selling Shareholder also committed to provide funding to ILL and its subsidiaries (which comprise the Exited Business) for a defined period following the Business Reorganisation.
- 2.5.5 The final corporate structures of the Ongoing Business and the Exited Business are shown below.



2.5.6 The four subsidiaries of ServiceCo shown in the structure chart above were incorporated following the Business Reorganisation so that the ‘Inventive Leisure’ and ‘New Inventive Bar Company’ names could be retained in the Ongoing Business. The Exited Business has re-branded as *Rift & Co* (and also incorporated Nightjar Bars Limited) for the purposes of its ongoing trading.

- 2.5.7** The penultimate step of the Business Reorganisation was ServiceCo agreeing to provide certain services to ILL (now named Rift & Co Limited). The services provided to ILL were transitional in nature and are not ongoing (such that there is no residual inter-dependence between the Group and the Exited Business other than the fact that the Selling Shareholder is, subject to the Offer, the holding company of both groups).
- 2.5.8** The final step was the process of ILL seeking landlords' consents to the assignments of relevant leases to RBL or RdCL (as the case may be). All of the relevant leases have now been assigned, other than (as at the date of this document) one lease in respect of which the landlord's consent has not yet formally been obtained. It is expected that the relevant consent will be obtained, and the relevant lease assigned, in the near future.

3 Corporate Reorganisation

The steps of the Corporate Reorganisation were as follows:

- 3.1** on 16 February 2015:
- 3.1.1** the Company declared and paid a dividend of £49,998 to the Selling Shareholder;
 - 3.1.2** 49,998 ordinary shares of £1 each in the Company were allotted and issued fully paid to the Selling Shareholder; and
 - 3.1.3** the 50,000 ordinary shares of £1 each in the Company, representing the entire issued share capital of the Company, were sub-divided into 50,000,000 Ordinary Shares;
- 3.2** on 17 February 2015, the Company was re-registered as a public limited company;
- 3.3** on 25 February 2015:
- 3.3.1** ServiceCo made a loan of £3,950,000 to RBL; and
 - 3.3.2** RBL declared and paid a dividend of £3,950,000 to GuaranteeCo;
- 3.4** on 26 February 2015:
- 3.4.1** GuaranteeCo declared and paid a dividend of £3,950,000 to the Company; and
 - 3.4.2** the Company declared a dividend of £3,950,000 in favour of the Selling Shareholder, which will be paid immediately following (and conditional upon) the publication of the Pricing Statement; and
- 3.5** on 27 February 2015, the Reinvesting Managers, the Selling Shareholder and the Company entered into the Reinvestment Agreement, further details of which are set out in paragraph 13.4 ('Reinvestment Agreement') of Part 16 (*Additional Information*).

PART 16

ADDITIONAL INFORMATION

1 Responsibility

The Directors, whose names are set out in Part 4 (*Directors, Registered Office, Secretary and Advisers*), and the Company accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company (each of whom has 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.

2 Incorporation and general

- 2.1** The Company was incorporated and registered in England and Wales as a private company limited by shares on 9 January 2014 with the name New Inventive Bar Company Limited and registration number 08838504. The Company's name was changed to Revolution Bars Group Limited on 5 December 2014. The Company was re-registered as a public company under the name Revolution Bars Group plc on 17 February 2015. The business of the Company, and its principal activity, is to act as the ultimate holding company of the Group.
- 2.2** The principal legislation under which the Company operates, and under which the Ordinary Shares have been created, is the Companies Act and the regulations made thereunder. The Ordinary Shares have been and will be duly authorised according to the requirements of the Company's constitution and have and will have all necessary statutory and other consents. The liability of the members is limited.
- 2.3** The Company's registered office and principal place of business is at 21 Old Street, Ashton-under-Lyne, Tameside, OL6 6LA. The telephone number of the Company's registered office is +44 (0) 161 330 3876.
- 2.4** The auditors of the Company, from the date of its incorporation to the date of this document, have been KPMG LLP of 1 St Peter's Square, Manchester, M2 3AE. KPMG LLP is a member of the Institute of Chartered Accountants in England and Wales.

3 Share capital

- 3.1** On incorporation, the share capital of the Company was £1 comprising one ordinary share of £1, which was issued fully paid to the Selling Shareholder as the subscriber to the memorandum of association of the Company. As part of the Business Reorganisation, a further £1 share was issued to the Selling Shareholder. On 16 February 2015, 49,998 ordinary shares of £1 each in the capital of the Company were allotted and issued fully paid to the Selling Shareholder, and all of the 50,000 ordinary shares of £1 each then in issue were then sub-divided into 50,000,000 Ordinary Shares, in each case in connection with the re-registration of the Company as a public limited company. As at the date of this document, there have been no changes to the Company's share capital since this sub-division. For further details of the pre-Admission changes to the Company's share capital, see paragraph 3 ('Corporate Reorganisation') of Part 15 (*Group Reorganisations*).
- 3.2** The Company's issued and fully paid share capital immediately prior to Admission (but following the Corporate Reorganisation) and following Admission is expected to be as follows:

Class	Nominal value	Issued and fully paid	
		Number	Amount (£)
Ordinary Shares	0.1 pence each	50,000,000	50,000

3.3 Pursuant to written resolutions of the Company passed on 16 February 2015, it was resolved that:

3.3.1 the existing 50,000 ordinary shares of £1.00 each in the capital of the Company be sub-divided into 50,000,000 Ordinary Shares;

3.3.2 the Directors be generally and unconditionally authorised, pursuant to s.551 of the Companies Act, in substitution for all prior authorities conferred upon the Directors in respect of the allotment of shares, but without prejudice to any allotments made pursuant to the terms of such authorities, to exercise all the powers of the Company:

(a) to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company (“**Relevant Securities**”) up to a maximum aggregate nominal amount of £16,666.67; and further

(b) to allot Relevant Securities comprising equity securities (within the meaning of s.560 of the Companies Act) up to a maximum aggregate nominal amount of £16,666.67 in connection with an offer by way of a rights issue in favour of holders of Ordinary Shares in proportion (as nearly as may be practicable) to their existing holdings of Ordinary Shares, but subject to such exclusions, limits, restrictions or other arrangements as the Directors deem necessary or expedient in relation to fractional entitlements, treasury shares, record dates or any legal, regulatory or practical problems in or under the laws of any territory, or the requirements of any regulatory body or stock exchange,

for a period expiring (unless previously revoked, varied or renewed) at the conclusion of the next annual general meeting of the Company or, if sooner, on 15 August 2016, provided that the Company may, before such expiry, make an offer or agreement which would or might require Relevant Securities to be allotted after such authority expires and the Directors may allot Relevant Securities in pursuance of such offer or agreement as if such authority had not expired;

3.3.3 the Directors be generally empowered pursuant to s.570 and s.573 of the Companies Act to allot equity securities (as defined in s.560 of the Companies Act) for cash, pursuant to the authority conferred by the resolution referred to in paragraph 3.3.2, above, as if s.561(1) of the Companies Act did not apply to such allotment, provided that such power shall expire (unless previously revoked, varied or renewed) at the conclusion of the next annual general meeting of the Company or, if sooner, on 15 August 2016, and such power shall be limited to the allotment of equity securities:

(a) in connection with an offer of equity securities (including, without limitation, under a rights issue, open offer or similar arrangement save that, in the case of an allotment pursuant to the authority conferred by the resolution referred to in paragraph 3.3.2(b), above, such offer shall be by way of rights issue only) in favour of holders of Ordinary Shares in proportion (as nearly as may be practicable) to their existing holdings of Ordinary Shares but subject to such exclusions, limits, restrictions or other arrangements as the Directors deem necessary or expedient in relation to fractional entitlements, treasury shares, record dates or any legal, regulatory or practical problems in or under the laws of any territory, or the requirements of any regulatory body or stock exchange; and

(b) otherwise than pursuant to the resolution referred to in paragraph 3.3.3(a), above, up to a maximum aggregate nominal amount of £2,500,

but the Company may, before expiry of such power, 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 offer or agreement notwithstanding that such power has expired. The power granted by these resolutions applies in relation to a sale of shares which is an allotment of equity securities by virtue of s.560(3) of the Companies Act as if, in paragraph 3.3.3(a), above, the words “pursuant to the authority conferred by the resolution referred to in paragraph 3.3.2(b), above”, were omitted; and

- 3.3.4** the Company be generally and unconditionally authorised pursuant to s.701 of the Companies Act to make market purchases (within the meaning of s.693(4) of the Companies Act) of its Ordinary Shares on such terms and in such manner as the Directors shall determine, provided that:
- (a) the maximum number of Ordinary Shares authorised to be purchased is 7,499,999;
 - (b) the maximum price which may be paid for each Ordinary Share shall be the higher of (i) 5 per cent above the average of the middle market quotations for an Ordinary Share (as derived from The London Stock Exchange Daily Official List) for the five Business Days immediately before the day on which the purchase is made and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out or otherwise as stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation (2273/2003/EC) (in each case exclusive of all expenses);
 - (c) the minimum price which may be paid for each Ordinary Share shall be £0.001 (exclusive of all expenses); and
 - (d) such authority (unless previously revoked, varied or renewed) shall expire at the end of the next annual general meeting of the Company or, if sooner, on 15 August 2016, except in relation to the purchase of Ordinary Shares the contract for which was concluded before the expiry of such authority and which will or may be executed wholly or partly after such expiry, where the Company may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.
- 3.4** Save as described in Part 15 (*Group Reorganisations*) and/or Part 11 (*Historical Financial Information*):
- 3.4.1** no share or loan capital of the Company or any of its subsidiaries has, within three years of the date of this document, been issued or agreed to be issued, or is now proposed to be issued (other than in connection with the Offer), fully or partly paid, either for cash or for a consideration other than cash, to any person;
 - 3.4.2** there has been no change in the amount of the issued share or loan capital of the Company or any of its subsidiaries within three years of the date of this document;
 - 3.4.3** no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of any such company; and
 - 3.4.4** no share or loan capital of the Company or any of its subsidiaries is under option or agreed conditionally or unconditionally to be put under option.
- 3.5** The Company will be subject to the continuing obligations of the UK Listing Authority with regard to the issue of shares for cash. The provisions of section 561(1) of the Companies Act (which confer on shareholders statutory rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employees' share scheme as defined in section 1166 of the Companies Act) apply to the unissued share capital of the Company (in respect of which the Directors have authority to make allotments pursuant to section 551 of the Companies Act as referred to in paragraph 3.3.2, above), except to the extent such provisions have been disapplied as referred to in paragraph 3.3.3, above.
- 3.6** The Ordinary Shares have been created pursuant to the Companies Act and the Articles of Association. The Ordinary Shares are Sterling denominated ordinary shares of 0.1 pence each in the capital of the Company with the ISIN GB00BVDPPV41. With effect from Admission, all of the Ordinary Shares will be in registered form and, subject to the Ordinary Shares being admitted to and accordingly enabled for settlement in CREST, the Ordinary Shares will be capable of being held in uncertificated form. No temporary documents of title will be issued.

4 Subsidiary undertakings

The Company is the holding company of the Group. The following table contains a list of the subsidiary undertakings of the Company that are significant in terms of the Company's assets and liabilities, financial position or profits and losses.

Name	Activity	Ownership interest	Registered office	Country of incorporation
Inventive GuaranteeCo Limited	Holding company	100%	21 Old Street Ashton-Under-Lyne Tameside OL6 6LA	England and Wales
Revolution Bars Limited	Operating company (see Part 6 (<i>Business Overview</i>))	100%	21 Old Street Ashton-Under-Lyne Tameside OL6 6LA	England and Wales
Revolucion de Cuba Limited	Operating company (see Part 6 (<i>Business Overview</i>))	100%	21 Old Street Ashton-Under-Lyne Tameside OL6 6LA	England and Wales
Inventive Service Company Limited	Holding company	100%	21 Old Street Ashton-Under-Lyne Tameside OL6 6LA	England and Wales
Inventive Leisure Limited	Dormant company	100%	21 Old Street Ashton-Under-Lyne Tameside OL6 6LA	England and Wales
Inventive Leisure (Services) Limited	Dormant company	100%	21 Old Street Ashton-Under-Lyne Tameside OL6 6LA	England and Wales
Rev Bars Limited	Dormant company	100%	21 Old Street Ashton-Under-Lyne Tameside OL6 6LA	England and Wales
New Inventive Bar Company Limited	Dormant company	100%	21 Old Street Ashton-Under-Lyne Tameside OL6 6LA	England and Wales

5 Interest of the Selling Shareholder and relevant provisions of the Takeover Code

5.1 Mandatory bids

On Admission, the Takeover Code will apply to the Company. The Takeover Code is issued and administered by the Takeover Panel.

Under Rule 9 of the Takeover Code: (i) where a person acquires an interest in shares which (taken together with the shares in which he and persons acting in concert with him are interested) carry 30 per cent or more of the voting rights of the Company; or (ii) where a person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent of the voting rights of the Company, but does not hold shares carrying more than 50 per cent of the voting rights of the Company, and such person, or any persons acting in concert with him, acquires an interest in any other shares which increases the percentage of the shares carrying voting rights in the Company in which he is interested, then in either case that person, together with the persons acting in concert

with him, is normally required (except with the consent of the Takeover Panel) to extend offers in cash, at the highest price paid by him (or any persons acting in concert with him) for shares in the Company within the preceding 12 months, to the holders of any class of equity share capital of the Company, whether voting or not, and also to the holders of any other transferable securities carrying voting rights.

5.2 Interest of the Selling Shareholder

Following the completion of those steps of the Management Reinvestment which are expected to take place immediately prior to Admission, and assuming that the Offer Price and Offer Size are set at the mid-point of the Price Range and Offer Size Range, respectively, immediately following Admission, the Selling Shareholder will own approximately 10.0 per cent of the Ordinary Shares. Further details of the Selling Shareholder's potential interest in Ordinary Shares immediately following Admission are set out in paragraph 8.3, below.

5.3 Authority of the Company to redeem or purchase its own shares

When a company redeems or purchases its own voting shares, under Rule 37 of the Takeover Code any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purposes of Rule 9 of the Takeover Code. Rule 37 of the Takeover Code provides that, subject to prior consultation, the Takeover Panel will normally waive any resulting obligation to make a general offer if there is a vote of independent shareholders and a procedure along the lines of that set out in Appendix 1 to the Takeover Code is followed. Appendix 1 to the Takeover Code sets out the procedure which should be followed in obtaining that consent of independent shareholders. Under Note 1 on Rule 37 of the Takeover Code, a person who comes to exceed the limits in Rule 9.1 in consequence of a company's purchase of its own shares will not normally incur an obligation to make a mandatory offer unless that person is a director, or the relationship of the person with any one or more of the directors is such that the person is, or is presumed to be, acting in concert with any of the directors. However, there is no presumption that all the directors (or any two or more directors) are acting in concert solely by reason of a proposed purchase by a company of its own shares, or the decision to seek shareholders' authority for any such purchase.

Under Note 2 on Rule 37 of the Takeover Code, the exception in Note 1 on Rule 37, described above, will not apply, and an obligation to make a mandatory offer may therefore be imposed, if a person (or any relevant member of a group of persons acting in concert) has acquired an interest in shares at a time when he, she or it had reason to believe that such a purchase of its own shares by the company would take place. However, Note 2 will not normally be relevant unless the relevant person has knowledge that a purchase for which requisite shareholder authority exists is being, or is likely to be, implemented (whether in whole or in part). The Takeover Panel must be consulted in advance in any case where Rule 9 of the Takeover Code might be relevant. This will include any case where a person or group of persons acting in concert is interested in shares carrying 30 per cent or more but does not hold shares carrying more than 50 per cent of the voting rights of a company, or may become interested in 30 per cent or more on full implementation of the proposed purchase by the company of its own shares. In addition, the Takeover Panel should always be consulted if the aggregate interests in shares of the directors and any other persons acting in concert, or presumed to be acting in concert, with any of the directors amount to 30 per cent or more, or may be increased to 30 per cent or more on full implementation of the proposed purchase by the company of its own shares.

Subject to certain limits, the Company has authority to purchase Ordinary Shares under the terms of the shareholder resolution summarised in paragraph 3.3.4, above. The maximum number of Ordinary Shares (of which 50,000,000 are, and will on Admission be, in issue) that the Company may purchase under this authority is 7,499,999. The authority is due to expire at the conclusion of the next annual general meeting of the Company or, if sooner, on 15 August 2016.

If, prior to such expiry:

- the Company were to exercise that authority in full; and

- none of the Ordinary Shares which the Selling Shareholder holds is purchased by the Company under that authority and no Ordinary Shares had been newly issued by the Company between the date of Admission and the date that the authority is fully exercised,

then the shareholding of the Company in which the Selling Shareholder is interested would increase (assuming, as noted in paragraph 5.2, above, that those steps of the Management Reinvestment which are expected to take place immediately prior to Admission had been completed, and assuming that the Offer Price and Offer Size are set at the mid-point of the Price Range and Offer Size Range, respectively) to approximately 11.8 per cent.

This increase would be less to the extent that any of the Selling Shareholder's Ordinary Shares are purchased by the Company.

Notwithstanding the provisions of Rule 37 of the Takeover Code, the Takeover Panel has confirmed to the Company, on an *ex parte* basis, that it would not require the Selling Shareholder or its concert parties to make a mandatory offer under Rule 9 of the Takeover Code on the grounds that its interest in the Ordinary Shares has increased as a result only of the purchase by the Company of its own Ordinary Shares pursuant to the authority conferred by the shareholder resolution summarised above. This confirmation has been given by the Takeover Panel on the basis that the consequences of such a purchase by the Company of its own Ordinary Shares has been fully disclosed to prospective investors in this document.

The Company currently expects to seek renewal of this authority from Shareholders at the first annual general meeting of the Company held following Admission and to seek independent Shareholder consent to a waiver, pursuant to Rule 37 and Appendix 1 to the Takeover Code, in respect of any renewed authority to purchase Ordinary Shares that is sought. The granting of the waiver will then also be subject to approval from the Takeover Panel, without which Rule 9 of the Takeover Code will apply with respect to increases in interests in Ordinary Shares in the Company caused by the purchase by the Company of its own shares.

6 Squeeze-out and sell-out rules

Under the Companies Act, an offeror in respect of a takeover offer for the Company has the right to buy out minority shareholders where he has acquired (or unconditionally contracted to acquire) 90 per cent in value of the shares to which the offer relates and not less than 90 per cent of the voting rights carried by those shares. The notice to acquire shares from minority shareholders must be sent within three months of the last day on which the offer can be accepted. The squeeze-out of minority shareholders can be completed at the end of six weeks from the date the notice has been given.

In addition, where there has been a takeover offer for the Company, minority shareholders can require the offeror to purchase the remaining shares provided that, at any time before the end of the period within which the offer can be accepted, the offeror has acquired (or contracted to acquire) at least 90 per cent in value of all voting shares in the Company, which carry not less than 90 per cent of the voting rights. A minority shareholder can exercise this right at any time until three months after the period within which the offer can be accepted. An offeror must give the remaining shareholders notice of their rights within one month from the end of the period in which the offer can be accepted.

7 Summary of the Articles of Association

The Articles of Association contain, amongst others, provisions to the following effect.

7.1 Objects

The Company's objects are unrestricted pursuant to section 31(1) of the Companies Act.

7.2 Limited liability

The liability of the Company's members is limited to any unpaid amount on the shares in the Company held by them.

7.3 Change of name

The Company may change its name by special resolution under the Companies Act.

7.4 Share rights

Subject to the Companies Act, any resolution passed by the Company under the Companies Act and subject to other shareholder rights, shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide. These rights and restrictions will apply as if they were set out in the Articles of Association. Redeemable shares may be issued. The Board can decide on the terms and conditions and the manner of redemption of any redeemable shares. These terms and conditions will apply as if they were set out in the Articles of Association.

7.5 Voting rights

Subject to the Companies Act and the Listing Rules:

7.5.1 on a show of hands every member present in person or by a representative has one vote and every proxy present who has been duly appointed by one or more members will have one vote, except that a proxy has one vote for and one vote against if (i) the proxy has been duly appointed by more than one member and (ii) the proxy has been either instructed by one or more members to vote for and by one or more other members to vote against, or the proxy has been instructed by one or more members to vote in one way and is given discretion as to how to vote by one or more other members (and wishes to use that discretion to vote in the other way); and

7.5.2 on a poll every member has one vote per share held by him and he may vote in person or by one or more proxies. Where he appoints more than one proxy, the proxies appointed by him taken together shall not have more extensive voting rights than he could exercise in person.

This is subject to any rights or restrictions which are given to any shares or on which shares are held.

If more than one joint member votes (including voting by proxy), the only vote which will count is the vote of the person whose name is listed before the other voters on the register for the share.

7.6 Restrictions

No member shall be entitled to vote at any general meeting or class meeting in respect of any share held by him if any call or other sum then payable by him in respect of that share remains unpaid and he has been served with a forfeiture notice (in accordance with the Articles of Association) or if he has been served with a s. 793 notice (as defined in the Articles of Association) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Act.

7.7 Dividends and other distributions

The Company may by ordinary resolution from time to time declare dividends not exceeding the amount recommended by the Board. Subject to the Companies Act, the Board may pay interim dividends, and also any fixed rate dividend, whenever the profits of the Company, in the opinion of the Board, justify such payment.

The Board may withhold payment of all or any part of any dividends or other monies payable in respect of the Company's shares from a person with an interest in 0.25 per cent of the issued shares of the relevant class if such a person has been served with a s. 793 notice (as defined in the Articles of Association) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Act.

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide, all dividends shall be apportioned and paid *pro rata* according to the amounts paid up on the share during any portion of the period in respect of which the dividend is paid.

The Board may, if authorised by an ordinary resolution of the Company, offer members in respect of any dividend the right to elect to receive Ordinary Shares by way of scrip dividend instead of cash.

Any dividend unclaimed after a period of 12 years from the date when it was declared or became due for payment shall be forfeited and revert to the Company.

The Company may stop sending cheques, warrants or similar financial instruments in payment of dividends by post in respect of any shares, or may cease to employ any other means of payment, including payment by means of a relevant system (as defined in the Articles of Association), for dividends if either (i) at least two consecutive payments have remained uncashed or are returned undelivered or that means of payment has failed or (ii) one payment remains uncashed or is returned undelivered or that means of payment has failed and reasonable enquiries have failed to establish any new postal address or account of the holder. The Company may resume sending dividend cheques, warrants or similar financial instruments, or employing that means of payment, if the holder requests such resumption.

7.8 Variation of rights

Subject to the Companies Act, rights attached to any class of shares may be varied with the written consent of the holders of not less than three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares. At every such separate general meeting (except an adjourned meeting) the quorum shall be two persons holding or representing by proxy not less than one third in nominal value of the issued shares of the class (calculated excluding any shares held as treasury shares).

The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them.

7.9 Transfer of shares

The shares are in registered form. Any shares in the Company may be held in uncertificated form and, subject to the Articles of Association, title to uncertificated shares may be transferred by means of a relevant system (as defined in the Articles of Association). Provisions of the Articles of Association do not apply to any uncertificated shares to the extent that such provisions are inconsistent with the holding of shares in uncertificated form or with the transfer of shares by means of a relevant system (as defined in the Articles of Association).

Any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The instrument of transfer must be signed by or on behalf of the transferor and (in the case of a partly paid share) the transferee.

The transferor of a share is deemed to remain the holder until the transferee's name is entered in the register.

The Board can decline to register any transfer of any share which is not a fully paid share. The Board may also decline to register a transfer of a certificated share unless the instrument of transfer:

- is duly stamped or certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty and is accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require;
- is in respect of only one class of share; and
- if to joint transferees, is in favour of not more than four such transferees.

Registration of a transfer of an uncertificated share may be refused in the circumstances set out in the CREST Regulations or where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

The Board may decline to register a transfer of any of the Company's certificated shares by a person if such a person has been served with a s. 793 notice (as defined in the Articles of Association) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Act.

7.10 General meetings

The Articles of Association rely on the Companies Act provisions dealing with the calling of general meetings. The Companies Act provides that a general meeting (other than an adjourned meeting) must be called by notice of at least 21 days in the case of an annual

general meeting and, provided that certain conditions are met, at least 14 days in any other case. Notice of a general meeting must be given in hard copy form, in electronic form or by means of a website and must be sent to every member and every Director. It must state the time, date and place of the meeting and the general nature of the business to be dealt with at the meeting. A notice calling an annual general meeting must state that the meeting is an annual general meeting.

Each Director shall be entitled to attend and speak at any general meeting.

7.11 Directors

7.11.1 Number of Directors

The number of Directors shall be not less than two but shall not be subject to any maximum number. The Company may by ordinary resolution vary the minimum and/or maximum number of Directors.

7.11.2 Directors' shareholding qualification

A Director shall not be required to hold any shares in the Company.

7.11.3 Appointment of Directors

Directors may be appointed by the Company by ordinary resolution or by the Board. A Director appointed by the Board holds office only until the next following annual general meeting of the Company and is then eligible for reappointment.

The Board or any committee authorised by the Board may from time to time appoint one or more Directors to hold any employment or executive office for such period and on such terms as they may determine and may also revoke or terminate any such appointment.

7.11.4 Retirement of Directors

At every annual general meeting of the Company any Director in office at the date of the notice convening the annual general meeting shall retire from office and may offer himself for reappointment by the members.

7.11.5 Removal of Directors by ordinary resolution

The Company may by ordinary resolution remove any Director before the expiration of his period of office.

7.11.6 Vacation of office

The office of a Director shall be vacated if:

- (a) he resigns or offers to resign and the Board resolves to accept such offer;
- (b) his resignation is requested by at least three quarters of the other Directors;
- (c) he is or has been suffering from mental or physical ill-health and the Board resolves that his office be vacated;
- (d) he is absent from meetings of the Board (without leave having been given by the Board) for six consecutive months and the Board resolves that his office be vacated;
- (e) he becomes bankrupt or compounds with his creditors generally;
- (f) he is prohibited by law from being a Director;
- (g) he is convicted of an indictable offence (not being an offence which, in the opinion of the Board, does not affect his character or position as a Director);
- (h) he ceases to be a Director by virtue of the Companies Act;
- (i) he is not elected or re-elected in accordance with the requirements of the Listing Rules; or
- (j) he is removed from office pursuant to the Articles of Association.

If the office of a Director is vacated for any reason, such Director must cease to be a member of any committee or sub-committee of the Board on which he is sitting.

7.11.7 Alternate Directors

Any Director may appoint any person to be his alternate and may at his discretion remove such an alternate director.

7.11.8 Proceedings of the Board

Subject to the provisions of the Articles of Association, the Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. 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, shall be two. A meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions vested in or exercisable by the Board.

The Board may appoint a Director to be the chairman or a deputy chairman and may at any time remove him from that office. Questions arising at any meeting of the Board shall be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.

All or any of the members of the Board may participate in a meeting of the Board by means of a conference telephone or any communications equipment which allows all persons participating in the meeting to speak to and hear each other. A person so participating shall be deemed to be present at the meeting and shall be entitled to vote and to be counted in the quorum.

The Board may delegate any of its powers, authorities and discretions (with power to sub-delegate) to any committee, consisting of such person or persons as it thinks fit, provided that the majority of persons on any committee or sub-committee must be Directors. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in the Articles of Association for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board.

7.11.9 Remuneration of Directors

Each of the Directors shall be paid a fee at such rate as may from time to time be determined by the Board, but the aggregate of all such fees so paid to the Directors shall not exceed £400,000 per annum or such higher amount as may from time to time be decided by ordinary resolution of the Company. Any Director who is appointed to any executive office shall be entitled to receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board or any committee authorised by the Board may decide, either in addition to or in lieu of his remuneration as a Director. In addition, any Director who performs services which, in the opinion of the Board or any committee authorised by the Board, go beyond the ordinary duties of a Director, may be paid such extra remuneration as the Board or any committee authorised by the Board may determine. Each Director may be paid all reasonable expenses he incurs in attending, and returning from, meetings of the Board, or committees of the Board or of the Company or any other meeting which as a Director he is entitled to attend, and shall be paid all reasonable expenses incurred by him in the conduct of the Company's business or in the discharge of his duties as a Director.

7.11.10 Pensions and gratuities for Directors

The Board may give or award pensions, annuities, gratuities and superannuation or other allowances or benefits to any persons who are or have at any time been employed by or in the service of the Company (including Directors who have held any executive office under the Company) and to the wives, husbands, civil partners, widows, widowers, children and other relatives and dependants of any such persons and may set up, establish, join with other companies (being subsidiary undertakings of the Company or companies with which it is associated in business), support and maintain pension, superannuation or other funds or schemes (whether contributory or non-contributory) for the benefit of such persons or any of them or any class of them.

7.11.11 Directors' interests

The Board may, subject to the provisions of the Articles of Association, authorise any matter which would otherwise involve a Director breaching his duty under the Companies Act to avoid conflicts of interest. Where the Board gives authority in relation to a conflict of interest, the Board may (i) require the relevant Director to be excluded from the receipt of information, the participation in discussion and/or the making of decisions related to the conflict of interest or situation, (ii) impose upon the relevant Director such other terms for the purpose of dealing with the conflict of interest or situation as it may determine and (iii) provide that the relevant Director will not be obliged to disclose information obtained otherwise than through his position as a Director and that is confidential to a third party or to use or apply the information in relation to the Company's affairs, where to do so would amount to a breach of that confidence. The Board may revoke or vary such authority at any time.

Subject to the provisions of the Companies Act and the Articles of Association, and provided he has declared the nature and extent of his interest to the Board as required by the Companies Act, a Director may:

- (a) hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of Director for such period and upon such terms, including remuneration, as the Board may decide;
- (b) act by himself, or through a firm or body corporate in which he is interested, in a professional capacity for the Company or any other company in which the Company may be interested (otherwise than as auditor);
- (c) be or become a director or other officer of, or employed by or otherwise interested in, any entity promoted by the Company or in which the Company may be interested; and
- (d) be or become a director of any other company in which the Company does not have an interest and which cannot reasonably be regarded as giving rise to a conflict of interest at the time of his appointment as a director of that other company.

A Director shall not, by reason of his office, be liable to account to the Company or its members for any benefit realised by reason of having an interest permitted as described above or by reason of having a conflict of interest authorised by the Board and no contract shall be liable to be avoided on the grounds of a Director having any such interest.

7.11.12 Restrictions on voting

No Director may vote on, or be counted in the quorum in relation to, any resolution of the Board concerning his own appointment, or the settlement or variation of the terms or the termination of his own appointment, as the holder of any office with the Company or any other company in which the Company is interested, save to the extent permitted specifically in the Articles of Association.

Subject to certain exceptions set out in the Articles of Association, no Director may vote on, or be counted in a quorum in relation to, any resolution of the Board in respect of any contract in which he has an interest and, if he does so, his vote shall not be counted.

Subject to the provisions of the Companies Act, the Company may by ordinary resolution suspend or relax to any extent the provisions relating to Directors' interests or the restrictions on voting or ratify any transaction not duly authorised by reason of a contravention of such provisions.

7.11.13 Borrowing and other powers

Subject to the Articles of Association, the Companies Act and any directions given by the Company by special resolution, the business of the Company will be managed by the Board who may exercise all the powers of the Company, whether relating to the management of the business of the Company or not.

7.11.14 Indemnity of Directors

To the extent permitted by the Companies Act, the Company may indemnify any Director or former Director or any director or former director of any associated company against any liability and may purchase and maintain for any Director or former Director or any director or former director of any associated company insurance against any liability.

7.12 Methods of service and communications with Shareholders

Any notice, document (including a share certificate) or other information may be served on or sent or supplied to any member by the Company personally, by post, by sending or supplying it in electronic form to an address notified by the member to the Company for that purpose, where appropriate, by making it available on the Company's website and notifying the member of its availability, or by any other means authorised in writing by the member.

8 Interests of Directors and Senior Managers

8.1 The voting rights (within the meaning of the Disclosure Rules and Transparency Rules) of each of the Directors and the Senior Managers will, on Admission, be as follows:

8.1.1 Mid-point of the Price Range and Offer Size Range

Name	Number of Ordinary Shares	% of voting share capital
Keith Edelman ⁽¹⁾	—	—
Mark McQuater ⁽²⁾	741,637	1.5%
Sean Curran ⁽²⁾	459,270	0.9%
Michael Shallow ⁽¹⁾	—	—
Jimmy Del Giudice ⁽²⁾	300,199	0.6%
Kate Eastwood ⁽²⁾	52,472	0.1%
Godfrey Russell ⁽²⁾	99,698	0.2%
Myles Doran ⁽²⁾	39,354	0.1%

(1) Neither Keith Edelman nor Michael Shallow will hold any interest in Ordinary Shares on Admission. However, they currently intend to invest, respectively, £60,000 and £25,000 in acquiring Ordinary Shares shortly after Admission.

(2) For details of the purchase by the Reinvesting Managers of Ordinary Shares from the Selling Shareholder, at the Offer Price but not as part of the Offer, which will take place immediately prior to but conditional upon Admission, see paragraph 13.4, below. In addition, each of the Executive Directors and Senior Managers holds shares in Caspian Topco Limited, which is the ultimate holding company of the Selling Shareholder. Please refer also to paragraph 13.4, below, for a summary description of the interests currently held by the Reinvesting Managers in certain loan notes issued by a holding company of the Selling Shareholder. For details of the Initial Awards granted to (amongst others) the Reinvesting Managers with effect from Admission, see paragraphs 9 and 11, below.

8.1.2 Bottom of the Price Range and Offer Size Range

Name	Number of Ordinary Shares	% of voting share capital
Keith Edelman ⁽¹⁾	—	—
Mark McQuater ⁽²⁾	717,751	1.4%
Sean Curran ⁽²⁾	448,084	0.9%
Michael Shallow ⁽¹⁾	—	—
Jimmy Del Giudice ⁽²⁾	292,832	0.6%
Kate Eastwood ⁽²⁾	51,183	0.1%
Godfrey Russell ⁽²⁾	97,248	0.2%
Myles Doran ⁽²⁾	38,387	0.1%

(1) See footnote (1) to the table in paragraph 8.1.1, above.

(2) See footnote (2) to the table in paragraph 8.1.1, above.

8.1.3 Top of the Price Range and Offer Size Range

Name	Number of Ordinary Shares	% of voting share capital
Keith Edelman ⁽¹⁾	—	—
Mark McQuater ⁽²⁾	760,001	1.5%
Sean Curran ⁽²⁾	467,776	0.9%
Michael Shallow ⁽¹⁾	—	—
Jimmy Del Giudice ⁽²⁾	305,758	0.6%
Kate Eastwood ⁽²⁾	53,444	0.1%
Godfrey Russell ⁽²⁾	101,544	0.2%
Myles Doran ⁽²⁾	40,083	0.1%

(1) See footnote (1) to the table in paragraph 8.1.1, above.

(2) See footnote (2) to the table in paragraph 8.1.1, above.

8.2 Following the completion of those steps of the Management Reinvestment which are expected to take place immediately prior to Admission, and assuming that the Offer Price and Offer Size are set at the mid-point of the Price Range and Offer Size Range, respectively, the interests of the Directors and Senior Managers will together represent approximately 3.4 per cent of the issued ordinary share capital of the Company immediately following Admission. Save as (i) set out in paragraph 8.1, above, and/or (ii) as described in paragraph 13.4 below, no Director or Senior Manager holds, or will hold immediately following Admission, directly or indirectly, any voting rights in respect of the Company or any of its subsidiaries.

8.3 Insofar as is known to the Directors, the following are the expected interests (within the meaning of the Companies Act) of each of the persons (other than the Directors and Senior Managers) which will hold, directly or indirectly, voting rights in respect of three per cent or more of the Company's issued share capital immediately following Admission (calculated on the basis that the steps of the Management Reinvestment which are expected to take place immediately prior to Admission have occurred). If the Offer Price and Offer Size are set at the top of the Price Range and the Offer Size Range, respectively, the Selling Shareholder will hold no Ordinary Shares immediately following Admission.

8.3.1 Mid-point of the Price Range and Offer Size Range

Shareholder	Number of Ordinary Shares	% of voting share capital
Selling Shareholder	5,000,000	10.0%

8.3.2 Bottom of the Price Range and Offer Size Range

Shareholder	Number of Ordinary Shares	% of voting share capital
Selling Shareholder	10,000,000	20.0%

8.4 Save as set out in paragraph 8.3, above, the Directors are not aware of any person who is or will be, immediately following Admission, directly or indirectly, interested in three per cent or more of the issued share capital of the Company, or of any other person who can, will or could, directly or indirectly, jointly or severally, exercise control over the Company. The Directors have no knowledge of any arrangements the operation of which may, at a subsequent date result in a change of control of the Company.

8.5 No Shareholder has different voting rights to any other Shareholder.

8.6 No Director or Senior Manager has any potential conflict of interest between their duties to the Company and their private interests and/or their duties to third parties.

8.7 The Directors and the Senior Managers are or have been directors or partners of the following companies and partnerships (excluding directorships of any member of the Group) during the five years immediately preceding the date of this document:

Name	Current	Past
Keith Edelman	SuperGroup plc Safestore Holdings plc Goals Soccer plc London Legacy Development Corporation D111 LLP D1V LLP Stonebury Properties Limited Phoenix Capital Advisors Limited N.I.R.A.H. Holdings Limited	Argentium International Limited Thorntons plc J E Beale plc Clarion Events Limited Metro Racing Limited London Residential Investments Limited Olympic Park Legacy Company Limited N.I.R.A.H. Limited
Mark McQuater	St Vincent Property Management Ltd Caspian MIP LLP Caspian Topco Limited ⁽¹⁾ Caspian Holdco Limited ⁽¹⁾ Caspian Bidco Limited ⁽¹⁾	Barracuda Group Limited The Barracuda Pub Company Limited Bramwell Pubs and Bars Limited Barracuda Pub Group Limited Barracuda Leisure Limited Barracuda 2000 Limited Barracuda Inns Limited The Barracuda Bars Company Limited Barracuda Propco 1 Limited Barracuda Propco 2 Limited Barracuda Propco 3 Limited Barracuda Propco 4 Limited
Sean Curran	Caspian Topco Limited Caspian MIP LLP Caspian Holdco Limited ⁽²⁾ Caspian Bidco Limited ⁽²⁾	Rift & Co Limited Rift & Co (Services) Limited Rift & Co Bars Limited Rift & Co Management Limited R.I.P. Limited
Michael Shallow	Neighbourhood UTG Limited Domino's Pizza Group plc Old Cannon Holdings Limited Old Buckenham Hall (Brettenham) Educational Trust Limited The Belhaven Group plc	Britvic plc Spice plc Old Cannon Brewery Limited Enserve Group Limited
Jimmy Del Giudice	Caspian MIP LLP	Rift & Co (Services) Limited Rift & Co Limited
Kate Eastwood	Kate Eastwood Consulting Limited Caspian MIP LLP	—
Godfrey Russell	L25 Services Limited Caspian MIP LLP	—
Myles Doran	Hospitality Inc Limited Caspian MIP LLP	—

(1) On 26 February 2015, Mark McQuater resigned, conditional on Admission, as a director of each of Caspian Topco Limited, Caspian Holdco Limited and Caspian Bidco Limited.

(2) On 26 February 2015, Sean Curran resigned, conditional on Admission, as a director of each of Caspian Holdco Limited and Caspian Bidco Limited.

The above table sets out the current names of each of the companies and partnerships listed therein.

- 8.8** Save as set out in paragraph 8.9 below, at the date of this document none of the Directors or Senior Managers has:
- 8.8.1** any convictions in relation to fraudulent offences for the previous five years;
 - 8.8.2** been declared bankrupt or been subject to any individual voluntary arrangement or been associated with any bankruptcy, receivership or liquidation in his capacity as a director or senior manager for the previous five years;
 - 8.8.3** been a director or senior manager, within the previous five years, of any company which has been subject to a receivership or liquidation;
 - 8.8.4** been a partner or senior manager, within the previous five years, in any partnership which has been subject to a liquidation; and/or
 - 8.8.5** been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including any designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company for the previous five years.
- 8.9** Qualifications to paragraphs 8.8.3 and 8.8.4, above, are set out below.
- 8.9.1** Mark McQuater was a director of Barracuda Group Limited, which was a holding company within the Barracuda group of companies, until 11 May 2010. On 23 September 2010, the company was placed into liquidation and was subsequently wound up. The final meeting was held on 26 February 2013 and the liquidator of the company released from office. A related company, The Barracuda Bars Company Limited, of which Mark McQuater was a director until 18 May 2012, was in administration between 27 September 2012 and 19 March 2014 and was placed into a company voluntary liquidation on 12 March 2014. The Barracuda Pub Company Limited, of which Mark McQuater was also a director, was placed into administration on 27 September 2012.
 - 8.9.2** Keith Edelman was a director of Metro Racing Limited, which was placed into solvent members' liquidation on 16 June 2010. He has also been a director of two companies which never traded: N.I.R.A.H. Holdings Limited (of which he remains a director and which entered administration on 11 November 2014) and N.I.R.A.H. Limited (which never traded and was dissolved on 30 December 2014).
 - 8.9.3** Godfrey Russell is a director of L25 Services Limited, which is currently in the process of a members' voluntary liquidation (the liquidator having been appointed on 24 October 2014).
- 8.10** With the exception of the related party transactions set out in Note 24 ('Related party transactions') to the Group's historical financial information included in Part 11 (*Historical Financial Information*), neither the Company nor any member of the Group has entered into any related party transactions during the Periods Under Review. Neither the Company nor any member of the Group has entered into any related party transactions between 1 January 2015 and the date of this document.
- 8.11** Details of certain restrictions agreed by the Selling Shareholder and the Executive Directors on the disposal of their Ordinary Shares are set out in paragraph 13.1, below.
- 8.12** There are no family relationships between any of the Directors or the Senior Managers.
- 8.13** There are no outstanding loans or guarantees granted or provided by any member of the Group for the benefit of any of the Directors or any of the Senior Managers.

9 Share option schemes

The table below sets out the value of the share options which each Director and Senior Manager will hold with effect from Admission. Details of the terms on which these share options have been granted are set out in paragraph 11, below.

Name	Value of Ordinary Shares subject to the Initial Awards ⁽¹⁾
Keith Edelman	—
Mark McQuater	£2,800,000
Sean Curran	£1,400,000
Michael Shallow	—
Jimmy Del Giudice	£750,000
Kate Eastwood	£200,000
Godfrey Russell	£300,000
Myles Doran	£150,000

(1) The value shown is the face value of the Ordinary Shares subject to the Initial Award granted (in accordance with paragraph 11, below) to the Director or Senior Manager. The aggregate value of Ordinary Shares subject to the Initial Awards granted to the Directors and Senior Managers (as shown in the table above) is £5,600,000 which, at the mid-point of the Price Range and Offer Size Range, would (on Admission) be equal in value to 5.1 per cent of the Ordinary Shares. The total value of the Ordinary Shares subject to the Initial Awards (including grants to other senior employees of the Group) is £6,360,000 which, at the mid-point of the Price Range and Offer Size Range, would (on Admission) be equal in value to 5.8 per cent of the Ordinary Shares.

10 Remuneration policy and Directors' service agreements and letters of appointment

Details of the terms of the Company's remuneration policy, as well as the terms and conditions of, and the remuneration payable under, the service agreements with each of the Executive Directors and the letters of appointment with each of the Non-executive Directors, are set out below.

10.1 Overview of the Company's remuneration policy

In anticipation of Admission, the Remuneration Committee undertook a review of the Group's remuneration policy for senior management, including the Executive Directors, in order to ensure that it is appropriate for the listed company environment. In undertaking this review, the Remuneration Committee sought independent, specialist advice.

The aim of the Company's remuneration policy is to attract, retain and incentivise high calibre individuals and to focus them on delivering the Company's strategic objectives. The Company's remuneration policy aims to do this by promoting a strong and sustainable performance culture, to incentivise high growth and to align the interests of Executive Directors and other senior managers with those of shareholders. In promoting these objectives the policy has been structured so as to adhere to the principles of good corporate governance and appropriate risk management.

10.1.1 Base salaries

Base salaries will be reviewed annually. When reviewing salaries, the default approach is for any increases to take close account of the increases awarded to the workforce as a whole, as well as a consideration of the performance of the company and the individual, skill set and experience and the external market. Further increases to take account of a change in scope or responsibilities of the role, or to reflect a significant sustained increase in the size of the business, will be considered as necessary.

10.1.2 Annual bonus

For the financial year ending on 30 June 2015, the Company's existing annual bonus plan will remain in place. This provides a bonus pool for around 19 members of the Company's senior management, including the Executive Directors and Senior Managers, based upon the EBITDA performance of certain members of the Group.

The plan is expected to provide a bonus pool of £250,000 to be shared between its participants. Should the EBITDA performance exceed expectations, approximately 40 per cent of any excess will be added to the bonus pool.

From 1 July 2015 and beyond, it is intended that the annual bonus plan will be subject to the achievement of stretching performance conditions based on a mixture of the overall financial performance of the Group and personal strategic objectives which reflect key business drivers. The Remuneration Committee retains a discretion to withhold or reduce a bonus even if the objectives have been met.

The net amount of any bonus earned, or the gross amount if the relevant tax can be reclaimed, will also be subject to claw-back in certain circumstances, including:

- if there is misconduct on the part of the participant sufficient for the participant to be summarily dismissed; and
- a misstatement of the Group's accounts,

in each case, within the claw-back period. The claw-back period in respect of each bonus will be three years after the award date.

For the financial year commencing on 1 July 2015, annual bonuses will be capped at 100 per cent of salary for the Executive Directors and 60 per cent of salary for other individuals.

10.1.3 Long term incentive plan

Following Admission, the Company intends to operate a Performance Share Plan ("PSP") and a Company Share Option Plan ("CSOP"). The details of these plans are set out in paragraph 11, below.

The Company will grant Initial Awards under the PSP on Admission to the Executive Directors and other senior managers. Details of the Initial Awards are set out in paragraph 9, above, and paragraph 11.1, below.

Following Admission it is expected that the Company will make further awards under the PSP to other senior employees on an annual basis. Given the value of the Initial Awards, the individuals awarded Initial Awards will not receive annual grants until the financial year commencing on 1 July 2018.

10.1.4 Claw-back and malus

Consistent with best practice, claw-back and malus provisions may be operated at the discretion of the Remuneration Committee in respect of awards granted under the annual bonus plan and the PSP in certain circumstances.

10.1.5 Share ownership guidelines

To encourage share ownership, with effect from Admission, the Company has adopted share ownership guidelines under which the Executive Directors are required to build or maintain (as relevant) a shareholding in the Company equivalent in value to 100 per cent of base salary. Ordinary Shares held by the Executive Directors on Admission, together with any Ordinary Shares acquired following Admission, will count towards the threshold.

Certain other members of the Group's senior management are required to build or maintain (as relevant) a shareholding in the Company equivalent in value to 50 per cent of base salary. Ordinary Shares held by these individuals on Admission, together with any Ordinary Shares acquired following Admission, will count towards the threshold.

10.2 Executive Directors' service agreements

On 27 February 2015 the Executive Directors, Mark McQuater and Sean Curran, entered into new service agreements with the Company, which are conditional on Admission. The principal terms of those service agreements are set out below.

Under their service agreements, Mark McQuater and Sean Curran are entitled to receive an annual salary of £350,000 and £235,000, respectively.

The Executive Directors' appointments (as Directors) are subject to annual re-election by the Shareholders. If either of the Executive Directors is not re-elected as a Director, his employment shall continue in accordance with the terms of his service agreement.

Both Executive Directors' service contracts entitle them to receive an annual car allowance (of 10 per cent of his basic salary). Sean Curran is entitled to be reimbursed for the cost of fuel (including fuel for personal use). Each of them is also entitled to permanent health insurance, private health insurance for himself, his spouse and his family, life insurance, and a pension contribution of 15 per cent of basic salary.

Mark McQuater is entitled to an apartment near to the Company's registered office, although he does not currently require this apartment to be provided. In the event that the Company requires Sean Curran to move his main place of work more than a reasonable commuting distance away from Ashton-under-Lyne, he is entitled to relocation expenses of up to £50,000 towards any expenditure he incurs (including any stamp duty land tax).

Mark McQuater and Sean Curran are entitled to, respectively, 30 and 27 days' paid holiday per year (in addition to public and bank holidays), and each is entitled to receive full salary and other contractual benefits during absence due to illness (for up to a total of 180 calendar days in any 52 consecutive weeks).

Each Executive Director will be entitled to be reimbursed for all reasonable expenses incurred by him in the course of his duties to the Company and has the benefit of directors' and officers' liability insurance maintained by the Company on his behalf.

Each Executive Director's service agreement is terminable by him or the Company on not less than 12 months' prior written notice. The Company can, however, terminate either Executive Director's service agreement immediately, provided that such termination is effected together with payment of a cash sum in lieu of notice equivalent to the basic salary, pension allowance and car allowance to which the relevant Executive Director would have been entitled for the remainder of his notice period. The Company must also either continue to provide the Executive Director with his insured benefits, or make a payment to the Executive Director equal to the cost to the Company of providing these benefits. At the Company's discretion, such a payment in lieu of notice can either be made as a lump sum or in monthly instalments in arrear on the Company's normal payroll dates. If the Company elects to pay by instalments, such instalments may be reduced by any remuneration received from alternative employment.

The Executive Directors' service agreements are terminable with immediate effect without notice in certain circumstances.

The Executive Directors are eligible to participate in such bonus arrangements as the Company may specify from time to time. The Board retains absolute discretion to determine whether or not a bonus should be paid to either Executive Director and, if a bonus is to be paid, the amount of such bonus. Payment of a bonus is conditional upon the Executive Director being employed on the date the bonus is due and notice not having been served by either party on the other. Bonuses are subject to a claw-back provision which allows the Company to recalculate the bonus paid at any time in the three year period after the payment of the bonus in the event that the Company's financial results are misstated or the Board becomes aware of any misconduct on the part of the relevant Executive Director which would have entitled the Company to dismiss the Executive Director summarily.

The Executive Directors' service agreements contain outside interest provisions, garden leave restrictions, customary confidentiality undertakings and post-termination restrictions. These include restrictions on competition with the Group and the solicitation of suppliers and key employees for a period of 12 months after the termination of employment. This 12 month period is reduced by any time spent on garden leave.

Save as set out in this paragraph 10.2, or as required by law, no benefit, payment or compensation of any kind is payable to any Executive Director upon termination of his employment.

10.3 Non-executive Directors' letters of appointment

The two Non-executive Directors, Keith Edelman and Michael Shallow, were appointed to the Board on 16 February 2015. Each of their appointments is subject to the terms of a letter of appointment dated the same date. The appointment of each of the Non-executive Directors will automatically terminate should Admission not take place before 30 April 2015.

The principal terms of the Non-executive Directors' letters of appointment are set out in the table below.

<u>Name</u>	<u>Committee Membership</u>	<u>Annual Fee</u>	<u>Notice Period</u>
Keith Edelman	Chair of Nomination Committee Member of Audit Committee Member of Remuneration Committee	£90,000	Six months
Michael Shallow	Chair of Audit Committee Chair of Remuneration Committee Member of Nomination Committee	£40,000	Three months

Each of the Non-executive Directors is expected to serve as a Director for an initial term of three years and will be subject to re-election by the Shareholders each year. The appointment of each of the Non-executive Directors is terminable by either the relevant Non-executive Director or the Company as set out below.

Either of the Non-executive Directors' appointment will terminate automatically in the event that he is not re-elected (by the Shareholders), if he is removed from office pursuant to law or the Articles of Association, or if he resigns from the office of director in accordance with the Articles of Association.

Each Non-executive Director's appointment is terminable by summary notice in writing in certain circumstances.

Each Non-executive Director will be entitled to be reimbursed for all reasonable expenses incurred by him in the course of his duties to the Company and each has the benefit of directors' and officers' liability insurance maintained by the Company on behalf of the Directors.

10.4 Save as disclosed in paragraphs 10.2 and 10.3, above, or as required by law, there are no existing or proposed service agreements between any of the Directors and any member of the Group.

11 Employee incentives

The aim of the Group's remuneration policy is to attract, retain and incentivise high calibre individuals and to focus them on delivering the Company's strategic objectives and to promote a strong and sustainable performance culture. The Company's employee share plans aim to do this by rewarding employees and aligning their interests with those of shareholders through equity ownership. In promoting these objectives, the policy has been structured so as to adhere to the principles of good corporate governance and appropriate risk management.

Following Admission, the Company intends to operate two employee share plans:

- the PSP; and
- the CSOP.

The PSP and the CSOP were adopted by the Company on 26 February 2015, subject to Admission.

11.1 The PSP

The PSP is a discretionary executive share plan and will be operated by the Remuneration Committee. The Company may make awards under the PSP ("**PSP Awards**") on the basis set out below to Directors, Senior Managers and other key employees.

No payment is required for the grant of PSP Awards. PSP Awards will be in the form of conditional share awards, nil price options or nominal price options.

The Company proposes to grant the following PSP Awards (the “**Initial Awards**”), in the form of nominal price options, with effect on Admission:

- awards to Mark McQuater, Sean Curran, Jimmy Del Giudice, Godfrey Russell, Kate Eastwood and Myles Doran over Ordinary Shares with an aggregate value of £5,600,000, as set out in paragraph 9, above; and
- awards to certain other senior employees over Ordinary Shares with an aggregate value of £760,000.

11.1.1 Vesting period

The normal vesting period for PSP Awards will be three years, although PSP Awards may be granted with a shorter vesting period. PSP Awards with a vesting period of less than three years will not be granted to Directors except in exceptional circumstances, such as recruitment or retention.

The Initial Awards will vest in three tranches over the course of five years. Subject to the satisfaction of the performance conditions, vesting will occur as to 50 per cent on the third anniversary of grant, as to 25 per cent on the fourth anniversary and as to the remaining 25 per cent on the fifth anniversary.

A portion of the Initial Awards may be granted in the form of tax-favoured CSOP Options granted under part two of the CSOP shortly after Admission. To the extent that value is realised from the CSOP Options, the amount of value realised from awards granted under the PSP will be decreased so that the aggregate value of the Initial Awards remains the same.

11.1.2 Performance conditions

PSP Awards will normally be subject to performance conditions set by the Remuneration Committee prior to the awards being made. PSP Awards with no performance conditions will not be granted to Directors except in exceptional circumstances, such as recruitment or retention.

The Initial Awards will be subject to performance conditions tested over three overlapping three year performance periods. The first tranche, amounting to 50 per cent of the total award, will be tested over the period from 1 July 2015 to 30 June 2018 (save for the performance condition relating to total shareholder return, which will be measured over a period of approximately 39 months, commencing on the date of Admission and ending on 30 June 2018) and will vest in 2018 to the extent it satisfies the conditions. The second tranche, amounting to 25 per cent of the total award, will be tested over the period 1 July 2016 to 30 June 2019 and will vest in 2019 to the extent it satisfies the conditions. The third tranche, amounting to 25 per cent of the total award, will be tested over the period 1 July 2017 to 30 June 2020 and will vest in 2020 to the extent it satisfies the conditions.

For the Initial Awards, it is currently expected that the performance conditions will be as follows:

- 70 per cent of each tranche of the award will be subject to an earnings per share target. This will be based on growth in earnings per share over the respective performance period versus the year prior to the performance period, with 25 per cent vesting on achieving a compound annual growth rate of 7 per cent, 100 per cent vesting on achieving a compound annual growth rate of 13 per cent and the proportion vesting increasing on a straight line basis between these two figures. For the first tranche, a *pro forma* earnings per share figure for the year ending 30 June 2015 will be used as the base point from which growth is measured; and
- 30 per cent of each tranche of the award will be subject to a relative total shareholder return target. This will be based on total shareholder return over the respective performance period against a peer group of companies to be selected by the Remuneration Committee with 25 per cent vesting on achieving a median performance and 100 per cent vesting on achieving a top quartile performance, with the proportion vesting increasing on a straight line basis

between those two points. For the first tranche, the Offer Price will be used as the base point from which total shareholder return is measured. In addition no part of an award subject to total shareholder return will vest unless the Remuneration Committee is satisfied the proposed vesting is reflective of the general financial performance over the same performance period.

For other PSP Awards, it is expected that the performance conditions will be broadly similar to those of the Initial Awards.

Where the Remuneration Committee considers that events have occurred which mean any existing performance conditions have become unfair or impractical it may amend, vary or waive such conditions in such manner as it may think fit.

11.1.3 Maximum individual limits

An employee or a Director may not receive PSP Awards in any financial year over Ordinary Shares having a market value in excess of 200 per cent of their annual base salary in that financial year, excluding the Initial Awards granted with effect on Admission. In exceptional circumstances, such as recruitment or retention, this limit is increased to 300 per cent of annual base salary.

Individuals who receive Initial Awards with effect on Admission will not receive any further PSP Awards until the Company's financial year ended 30 June 2019, save in exceptional circumstances such as promotion.

11.1.4 Cessation of employment

The vesting of PSP Awards is subject to the award holder being employed by a member of the Group for the entirety of the vesting period (or having left for certain good leaver reasons). Any award holder who leaves during the vesting period other than for a good leaver reason will forfeit their PSP Awards.

Good leaver reasons are death, injury, ill-health or disability, redundancy, leaving the Group because the employer company or business leaves the Group or where the Remuneration Committee otherwise determines.

Awards held by a good leaver will vest on the normal vesting date unless the Remuneration Committee determines that they should vest on the date of cessation. Vesting will be subject to satisfaction of any performance conditions which shall, where the Remuneration Committee has decided that the PSP Award shall vest early, be measured over the period from grant to the date of cessation.

Where the performance cannot be measured in the way originally intended (including, in the case of the Initial Awards, where the performance period for a tranche has not started) the Remuneration Committee shall take into account performance from the date of grant of the award and any other factors which it considers to be relevant in determining the extent to which the award will vest.

The proportion of the award held by any good leaver which vests will, unless the Remuneration Committee decides otherwise, be reduced to reflect the proportion of the period from the date of grant to the vesting date which has elapsed as at the date of cessation. Pro-rating will generally be calculated on a monthly basis.

PSP Awards held by good leavers will normally cease to be exercisable and lapse one year after the date on which they become exercisable.

11.1.5 Corporate events

In the event of a general offer being made to Shareholders (or a similar takeover event taking place) during the vesting period, PSP Awards will vest to the extent that the Remuneration Committee has determined that any applicable performance conditions have been satisfied or should be waived at that time and subject to pro-rating to reflect the proportion of the period from the date of grant to the vesting date which has elapsed (calculated on a monthly basis).

Where the performance cannot be measured in the way originally intended (including, in the case of the Initial Awards, where the performance period for a tranche has not started) the Remuneration Committee shall take into account performance from the date of grant of the award and any other factors which it considers to be relevant in determining the extent to which the award will vest.

In the event of a corporate re-organisation, PSP Awards may be replaced by awards on equivalent terms over shares in a new holding company. If a demerger, special dividend or other similar event is proposed which, in the opinion of the Remuneration Committee, would affect the market price of Ordinary Shares to a material extent, then the Remuneration Committee may make necessary adjustments to the number of awards or performance conditions, or may decide that awards will vest on the basis which would apply in the case of a takeover, as described above.

11.1.6 Dividend equivalents

The Remuneration Committee may determine at the time of grant of any PSP Award that the award holder will receive a payment (in cash and/or in Ordinary Shares) on or shortly following the vesting of their PSP Award of an amount equal in value to the dividends which would have been payable during the vesting period on the Ordinary Shares which vest under the PSP Award between the time when the awards were granted and the time when they vest. This amount may assume the reinvestment of dividends. Alternatively, participants may have their awards increased as if dividends were paid on the Ordinary Shares subject to their award and then reinvested in further Ordinary Shares.

11.1.7 Dilution limits

The PSP may operate over new issue Ordinary Shares, Ordinary Shares held in treasury or Ordinary Shares purchased in the market.

In any period of 10 calendar years, the Company may not grant PSP Awards or awards under any other discretionary executive share scheme over, in aggregate, more than five per cent of the Company's issued ordinary share capital. For the avoidance of doubt, the Initial Awards and CSOP Options (save for CSOP Options granted in conjunction with PSP Awards, excluding the Initial Awards) are not included for the purposes of this limit.

Awards which will be satisfied out of an employee benefit trust or otherwise purchased in the market will not count towards this limit (save in respect of Ordinary Shares issued to an employee benefit trust after Admission). Awards which will be satisfied using Ordinary Shares issued out of treasury will count towards this limit for so long as this is required under institutional shareholder guidelines.

11.1.8 Claw-back and malus

PSP Awards may (and PSP Awards granted to Directors will) be subject to claw-back in certain circumstances. Such circumstances will include conduct by a participant which would have justified summary dismissal and misstatement of the Group's financial results, in each case, within a claw-back period. The claw-back period in respect of each award will be three years after the date of vesting.

Vesting of PSP Awards may (and PSP Awards granted to Directors will) be subject to malus provisions which may reduce the extent to which a PSP Award will vest, including to nil, in the event the holder of the award causes or is otherwise responsible for a material failure of risk management or material reputational damage to the Group.

11.2 The CSOP

The CSOP is an employee option plan under which the Company may grant to eligible employees options to acquire Ordinary Shares ("**CSOP Options**"). The CSOP will be operated by the Remuneration Committee.

Awards under the CSOP will normally only be made to employees who do not receive PSP Awards, save that Executive Directors and other employees who receive PSP Awards may receive CSOP Options linked to PSP Awards in order that they receive some of the value which would otherwise be provided under the PSP Award in a more tax efficient way.

The CSOP comprises two sections: part one, which permits the grant of fully taxable CSOP Options, and part two, which permits the grant of tax-favoured CSOP Options, which may benefit from favourable UK tax treatment.

No payment is required for the grant of the CSOP Options. Awards will be in the form of options with an exercise price set by the Company at the time of grant.

11.2.1 Vesting period

The normal vesting period for CSOP Options will be three years. Once vested, CSOP Options may be exercised at any time within the next seven years.

11.2.2 Exercise price

The price per share payable upon the exercise of a CSOP Option granted under part one of the CSOP may be less than the market value of an Ordinary Share on the date of grant. The price per share payable upon the exercise of a CSOP Option granted under part two of the CSOP must not be less than the market value of an Ordinary Share on the date of grant.

11.2.3 Performance conditions

Awards under the CSOP will generally be subject to performance conditions.

Where CSOP Options are subject to performance conditions, the Remuneration Committee may, where it considers that events have occurred which mean any existing performance conditions have become unfair or impractical, amend, vary or waive such conditions in such manner as it may think fit.

11.2.4 Maximum individual limits

The Company may not grant CSOP Options to any employee in any financial year over Ordinary Shares with an aggregate market value (determined as at the date of grant) exceeding 200 per cent of his or her annual basic salary for that financial year, save in connection with the recruitment or promotion of a senior executive where the Board considers that exceptional circumstances exist which justify a higher level, in which case a 300 per cent limit will apply. Any grant of a CSOP Option to an employee who receives a PSP Award in the same financial year will be on terms such that the PSP Award will be reduced to reflect the value received under such CSOP Option.

A participant may not at any time hold tax-favoured options under part two of the CSOP over Ordinary Shares having a market value (determined as at the date of grant) exceeding the relevant statutory limit (currently £30,000).

Individuals who receive Initial Awards with effect on Admission will not receive any CSOP Options until the Company's financial year ended 30 June 2019, save in exceptional circumstances such as promotion.

11.2.5 Cessation of employment

The vesting of CSOP Options is subject to the option holder being employed by a member of the Group for the entirety of the vesting period (or having left for certain good leaver reasons). Any option holder who leaves during the vesting period other than for a good leaver reason will forfeit their CSOP Options.

Good leaver reasons are death, injury, ill-health or disability, redundancy, leaving the Group because the employer company or business leaves the Group or where the Remuneration Committee otherwise determines.

An unvested CSOP Option held by a good leaver may be exercised at any time during the period of six months following cessation or 12 months in the case of the death of the good leaver, to the extent any performance conditions have been

satisfied and subject to time pro rating where cessation occurs before the third anniversary of the date of grant. The Remuneration Committee may determine that the pro rating reduction should not apply at all.

Vested CSOP Options will normally cease to be exercisable and lapse one year after cessation of a participant's employment with the Group, unless the participant is a good leaver.

11.2.6 Corporate events

In the event of a general offer being made to Shareholders (or a similar takeover event taking place) during the vesting period, CSOP Options will vest to the extent that the Remuneration Committee has determined that any applicable performance conditions have been satisfied or should be waived at that time and, unless the Remuneration Committee determines otherwise, subject to pro-rating to reflect the proportion of the vesting period which has elapsed (calculated on a monthly basis).

In the event of a corporate re-organisation, CSOP Options may be replaced by awards or options on equivalent terms over shares in a new holding company. If a demerger, special dividend or other similar event is proposed which, in the opinion of the Remuneration Committee, would affect the market price of Ordinary Shares to a material extent, then the Remuneration Committee may make necessary adjustments to the number of options awarded or performance conditions, or may decide that CSOP Options will vest on the basis which would apply in the case of a takeover as described above.

11.2.7 Dilution limits

The CSOP may operate over new issue Ordinary Shares, Ordinary Shares held in treasury or Ordinary Shares purchased in the market.

In any period of 10 calendar years, the Company may not grant CSOP Options, PSP Awards or awards under any other employees' share scheme adopted by the Company over, in aggregate, more than 10 per cent of the Company's issued ordinary share capital. The Initial Awards are not included for the purposes of this limit.

Awards which will be satisfied out of an employee benefit trust or otherwise purchased in the market will not count towards this limit (save in respect of Ordinary Shares issued to an employee benefit trust after Admission). Awards which will be satisfied using Ordinary Shares issued out of treasury will count towards this limit for so long as this is required under institutional shareholder guidelines.

11.3 General provisions applicable to the PSP and the CSOP

11.3.1 Grant of options

Subject to any applicable dealing restrictions, PSP Awards and CSOP Options may be granted during the period of 42 days following: (i) the date of Admission; (ii) the announcement of the Company's results for any period; and (iii) at any other time when the Board considers that exceptional circumstances exist which justify a grant (which will include any day on which changes to relevant legislation are proposed or made).

11.3.2 Market value

Except in respect of awards granted with effect on Admission, and where allowed by HMRC, for the purposes of the individual limits and the provisions relating to exercise price, the market value of an Ordinary Share will generally be determined by taking an average market value for the last five dealing days prior to the date of grant (provided such dealing days do not fall within any period when dealings in Ordinary Shares are prohibited under the Company's share dealing code).

11.3.3 Amendments

The Board may at any time amend the rules of the PSP or the CSOP.

However, the prior approval of Shareholders at a general meeting of the Company must be obtained in the case of any amendment to the advantage of participants which is made to the provisions relating to eligibility, individual or overall limits, the basis for determining an employee's entitlement to, and the terms of, Ordinary Shares, cash or other benefits provided under the relevant plan, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to such prior approval, save in the case of minor amendments to benefit the administration of the relevant plan, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for employees, the Company and/or its subsidiaries.

Broadly, no amendment may be made to material provisions of the PSP or the CSOP which will be to the disadvantage of participants to whom awards which have already been granted without the approval of the majority of the participants adversely affected by the amendment.

11.3.4 International

The Board may establish sub-plans to, or amend the rules of, the PSP or the CSOP to enable employees in different jurisdictions to participate, provided the rules are modified only in so far as is necessary to take account of local tax, legal or regulatory issues.

11.3.5 Variation of capital

The number of shares subject to a PSP Award or CSOP Option and the exercise price payable in respect of a CSOP Option may be adjusted by the Company in the event of a variation of the Company's share capital.

11.3.6 Rights attaching to Ordinary Shares

Any Ordinary Shares allotted under the PSP or the CSOP will rank equally with Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

11.3.7 General

PSP Awards and CSOP Options:

- will not form part of pensionable earnings;
- will not carry an entitlement to vote; and
- may not be assigned or transferred (other than to a participant's personal representatives in the event of his or her death).

11.3.8 Expiry

No PSP Awards or CSOP Options may be granted more than 10 years after Admission.

11.4 Employee benefit trust

The Directors expect that the Company will establish an employee benefit trust ("EBT") which will be operated in conjunction with the PSP and the CSOP. The Directors anticipate that the trustee of the EBT will be based offshore and that the terms of the EBT will be market standard. The EBT will not, without Shareholder approval, hold more than five per cent of the issued ordinary share capital of the Company.

12 Pensions

The Group offers pensions provision to its employees through 'The People's Pension', a multi-employer, occupational pension scheme. The Group makes pension contributions in respect of certain eligible employees. Those contributions are expensed as they are made and the Group does not have any liabilities in respect of any employee pension schemes.

13 Material contracts

Below is a summary of (i) each material contract (other than a contract entered into in the ordinary course of business) to which any member of the Group is a party which has been entered into within the two years immediately preceding the date of this document and (ii) any other contract (other than a contract entered into in the ordinary course of business) entered into by any member of the Group which contains obligations or entitlements which are or may be material to the Group as at the date of this document.

13.1 Placing Agreement and lock-up arrangements

On 27 February 2015 the Company, the Directors, the Selling Shareholder and Numis entered into the Placing Agreement, pursuant to which:

13.1.1 subject to the execution by the parties thereto of the Pricing Agreement:

13.1.1.1 the Selling Shareholder has agreed, subject to certain conditions, to sell the Offer Shares at the Offer Price; and

13.1.1.2 Numis has agreed, subject to certain conditions, to use its reasonable endeavours to procure purchasers for the Offer Shares and, to the extent that such Offer Shares are not so purchased, purchase itself the Offer Shares, in each case at the Offer Price;

13.1.2 Numis will be entitled to deduct from the proceeds of the Offer due to the Selling Shareholder a commission equal to 2 per cent of the product of the Offer Price and the number of Offer Shares sold in the Offer less an amount equal to 0.75 per cent of the product of the Offer Price and the number of Offer Shares sold in the Intermediaries Offer to Intermediaries which elect to receive commission, and such commission shall be paid by Numis (on behalf of the Selling Shareholder) to those Intermediaries;

13.1.3 in addition, the Selling Shareholder may pay Numis a discretionary commission of up to 1 per cent of the aggregate gross proceeds of the Offer;

13.1.4 the obligations of Numis to use its reasonable endeavours to procure purchasers for the Offer Shares and, to the extent that such Offer Shares are not so purchased, to purchase itself such Offer Shares at the Offer Price on the terms of the Placing Agreement, are subject to certain conditions. These conditions include, amongst other things, the execution by the parties thereto of the Pricing Agreement, the absence of any breach of warranty under the Placing Agreement and Admission occurring on or before 18 March 2015 (or such later time and/or date as Numis and the Company may agree, being not later than 8.30 a.m. on 1 April 2015). In addition, Numis has the right to terminate the Placing Agreement, exercisable in certain circumstances (including the occurrence of certain material changes in the condition (financial or otherwise) of the Company or the Group and certain changes in market and economic conditions), prior to Admission. The Placing Agreement will become unconditional, and Numis' right to terminate the Placing Agreement will cease, from Admission;

13.1.5 certain customary warranties and indemnities have been given to Numis by the Company and certain customary warranties have been given to Numis by the Directors as to the accuracy of the information in this document and as to other matters in relation to the Group and its business;

13.1.6 the Selling Shareholder has given to Numis certain customary warranties relating to the Offer Shares and the accuracy of the information in this document relating to it;

13.1.7 the Selling Shareholder has agreed to meet the properly incurred costs of the original purchasers of the Offer Shares to stamp duty or SDRT arising on their initial sale or transfer within the CREST system by the Selling Shareholder;

13.1.8 the Company's liability under the warranties and indemnities is unlimited as to time and amount, and the liabilities of the Directors and the Selling Shareholder under their warranties are limited as to time and amount; and

13.1.9 the Company has agreed to pay or cause to be paid (together with, in each case, any applicable VAT) certain costs, charges, fees and expenses of, or in connection with, or incidental to, amongst other things, the Offer and/or Admission.

Under the Placing Agreement, the Selling Shareholder has undertaken to the Company and Numis not to dispose of, or agree to dispose of, any interest in any Ordinary Shares at any time during the period ending 180 days after Admission, except for certain customary exceptions. In addition, the Executive Directors have each undertaken to the Company and Numis not to dispose of, or agree to dispose of, any interest in any Ordinary Shares acquired pursuant to the Management Reinvestment at any time in the 12 months following Admission, except for certain customary exceptions.

The Company has undertaken to Numis, amongst other things:

- (a) during the period ending 90 days after Admission, not to enter into any commitment or agreement which is or might reasonably be expected to be material in the context of the Offer or the business of the Company or the Group (taken as a whole), without the prior written consent of Numis (such consent not to be unreasonably withheld or delayed); and
- (b) during the period ending 180 days after Admission, not to issue any shares (other than pursuant to the share option schemes and other employee incentive arrangements described in this document), without the prior written consent of Numis (such consent not to be unreasonably withheld or delayed).

All Offer Shares sold pursuant to the Offer will be sold at the Offer Price in accordance with the terms of the Offer.

13.2 Financing arrangements

13.2.1 Pre-Admission financing arrangements

The Selling Shareholder, and certain of its holding companies and subsidiaries, including the Company, are guarantors and have granted security over their assets, in support of loans borrowed by the Selling Shareholder under a £18,000,000 term and revolving facilities agreement (the “**Senior Facilities Agreement**”) originally dated 8 March 2006 and last amended and restated on 10 December 2013. The assets secured in favour of the lenders providing the facilities under the Senior Facilities Agreement (the “**Lenders**”) include (until the release of the Pricing Statement, as explained below), in the case of the Selling Shareholder, the entire issued share capital of the Company.

The Selling Shareholder will apply part of the net proceeds it receives from the Offer in prepayment in full of all amounts, including principal, interest and other related costs and charges, outstanding under and/or in connection with the Senior Facilities Agreement (the “**Prepayment**”) and cancellation of all commitments thereunder.

The Lenders have agreed the following mechanism with the Selling Shareholder and the Company for the release of the security granted in connection with the Senior Facilities Agreement:

- (a) the security granted to the Lenders by the Selling Shareholder over the Ordinary Shares will be released immediately upon the release of the Pricing Statement; and
- (b) promptly following receipt:
 - (i) by Macfarlanes LLP of the required Prepayment amount in cleared funds in the SFA Agent’s designated account (being a client account of Macfarlanes LLP, and the same account to which the net proceeds receivable by the Selling Shareholder from the Offer will be paid pursuant to the terms of the Placing Agreement); and
 - (ii) by the Lenders’ agent (the “**SFA Agent**”) of a written confirmation from Macfarlanes LLP (substantially in the form set out in the deed of release referred to below) that it is holding the required Prepayment amount in the

designated account to the order of the SFA Agent and will remit such amount to the SFA Agent in accordance with the terms of a solicitor's undertaking of Macfarlanes LLP,

the SFA Agent has agreed to issue a notice (the "**Release Notice**") to Caspian Topco Limited, and at the time the Release Notice is served (the "**General Release Time**") all of the guarantees and security provided in favour of the Lenders, by the Selling Shareholder, each member of the Group and by certain of the Selling Shareholder's holding companies, will be automatically released.

Accordingly, as from the General Release Time, the Company and its subsidiaries will cease to be guarantors and security providers under the Senior Facilities Agreement. The Selling Shareholder, the Company and the Lenders have agreed the process above pursuant to the following binding agreements entered into between them on 27 February 2015:

- (a) a deed of release recording the foregoing matters and including all requisite Lenders' consents to the reorganisation of the Company's share capital, the disposal by the Selling Shareholder of Ordinary Shares pursuant to the Offer (provided that Admission has occurred by an agreed longstop date and that the Offer will raise net proceeds at least sufficient for the prepayment in full of all amounts owing under the Senior Facilities Agreement and its related "Finance Documents", as defined therein), and releasing the Ordinary Shares with effect on and from the release of the Pricing Statement and providing for the automatic release of all other asset security and guarantees granted by the Company and other members of the Group in relation to the Senior Facilities Agreement with effect on and from the General Release Time; and
- (b) a supplemental deed of security to which the Selling Shareholder is a party, amongst other things specifically charging all of the Selling Shareholder's rights to receive the proceeds from the Offer (pursuant to the Placing Agreement or otherwise) in favour of the Lenders, such charge also to be released with effect on and from the General Release Time.

13.2.2 Post-Admission financing arrangements

Following the release of the security described in paragraph 13.2.1, above (in relation to which certain members of the Group are guarantors although the Selling Shareholder is the borrower), the Directors expect the Group to have no financial indebtedness outstanding as at the date of Admission.

On 19 February 2015, the Company entered into a three year £5,000,000 committed revolving credit facility agreement (the "**RCF**"), which is to be made available by the RCF Lender to the Company, for general business purposes, subject to the satisfaction of certain conditions.

Summary details of the RCF are:

- the facility, which was entered into with effect from 25 February 2015, is to be available to the Group for up to three years from 19 February 2015;
- the interest rate payable under the RCF is to be 150 basis points above the London Interbank Offered Rate (LIBOR); and
- the RCF is to be secured by a debenture and cross-guarantees from certain members of the Group.

Although, as at the date of this document, the RCF is undrawn, the Directors expect to make a temporary draw down on the RCF during March 2015 and thereafter to utilise the RCF for cash flow management and general business purposes as required from time to time.

13.3 Relationship Agreement

Following the completion of those steps of the Management Reinvestment which are expected to take place immediately prior to Admission, and assuming that the Offer Price and Offer Size are set at the mid-point of the Price Range and Offer Size Range, respectively, the Selling Shareholder will, on or immediately following Admission, own approximately 10.0 per cent of the Ordinary Shares.

On 27 February 2015, the Company and the Selling Shareholder entered into the Relationship Agreement, which, conditional upon (i) Admission and (ii) the Selling Shareholder owning 10 per cent or more of the Ordinary Shares on or immediately following Admission, will regulate aspects of the ongoing relationship between the Company and the Selling Shareholder.

If, at any time following Admission, the Selling Shareholder holds less than 10 per cent of the Ordinary Shares, the Relationship Agreement will terminate with immediate effect. If the Relationship Agreement becomes effective on Admission, it will continue in force for so long as the Selling Shareholder and its affiliates are entitled to exercise or to control the exercise of 10 per cent or more of the votes able to be cast on all, or substantially all, matters at general meetings of the Company.

In addition to providing the Selling Shareholder with certain rights, the principal purpose of the Relationship Agreement is to ensure that (i) the Group is capable of carrying on its business independently of the Selling Shareholder and its affiliates and (ii) transactions and relationships between any member of the Group and the Selling Shareholder and/or its affiliates are at arm's length and on normal commercial terms.

Under the terms of the Relationship Agreement, the Selling Shareholder agrees, and in respect of its affiliates (including, for these purposes, its holding companies, Caspian Holdco Limited and Caspian Topco Limited as well as its and their "associates" (as defined in the Listing Rules)) agrees insofar as is within its power or control to procure, that for so long as the Selling Shareholder or any of its affiliates is a "controlling shareholder" (as defined in the Listing Rules) of the Company:

- all transactions and arrangements between (i) the Selling Shareholder or any of its affiliates, and (ii) any member of the Group are conducted at arm's length and on normal commercial terms;
- it and its affiliates will not take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and
- it and its affiliates will not propose or procure the proposal of a resolution of the shareholders of the Company which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

Under the Relationship Agreement (which, as above, will terminate if the Selling Shareholder holds less than 10 per cent of the Ordinary Shares at any time following Admission), the Selling Shareholder is entitled to appoint either one non-executive director to the Board or one person to attend as an observer at each meeting of the Board (and each meeting of the Remuneration Committee and Nomination Committee). The Selling Shareholder is also entitled to receive, subject to compliance by the Company with its legal and regulatory obligations, such financial or other information in relation to the Group as is necessary for the Selling Shareholder or any member of its corporate group to comply with its or their financial or accounting or tax reporting or other legal or regulatory requirements.

13.4 Reinvestment Agreement

Each of the Executive Directors, the Senior Managers and five other Group employees (Andrew Dyson, Carl Morris, Clinton Ghent, Gavin Hughes and Sam Jones) (together, such persons being the "**Reinvesting Managers**"), each of whom is (as at the date of this document) a member of Caspian MIP LLP, entered into a sale and purchase agreement with the Selling Shareholder and the Company (the "**Reinvestment Agreement**") on 27 February 2015, pursuant to which each of the Reinvesting Managers agreed to purchase Ordinary Shares (the "**Management Reinvestment**").

Assuming that the Selling Shareholder receives sufficient funds from the sale of Ordinary Shares to enable the Reinvesting Managers to realise their interests in the Reinvestment Loan Notes in full (as described below), the Reinvesting Managers will (pursuant to the Reinvestment Agreement) collectively reinvest approximately £4.5 million (in aggregate) of such proceeds in purchasing Ordinary Shares.

A summary of the terms of the Reinvestment Agreement is as follows:

- 13.4.1** each Reinvesting Manager has agreed to reinvest in Ordinary Shares a sum (the “**Reinvestment Amount**”) equal in value to 50 per cent of his or her net cash proceeds received through any realisation(s) of the Reinvesting Manager’s indirect interest (through Caspian MIP LLP) in loan notes issued by Caspian Holdco Limited, the holding company of the Selling Shareholder, and (where applicable) loan notes issued by Caspian Holdco Limited held directly by the Reinvesting Manager (together, the “**Reinvestment Loan Notes**”);
- 13.4.2** if the Selling Shareholder receives sufficient proceeds from the Offer, after deduction of expenses, costs and other payments (including funds to be paid by the Selling Shareholder under the Senior Facilities Agreement), to enable Caspian Holdco Limited (once it has received such funds through a distribution or other funding arrangement from the Selling Shareholder) to redeem the Reinvestment Loan Notes in full on or shortly following Admission, the Reinvesting Managers will be required to purchase, immediately prior to and conditional upon Admission, such number of Ordinary Shares from the Selling Shareholder as is equal in value, at the Offer Price, to his or her Reinvestment Amount;
- 13.4.3** to the extent that the Offer does not raise sufficient proceeds (as above) to enable Caspian Holdco Limited to redeem the Reinvestment Loan Notes in full on or shortly following Admission, each of the Reinvesting Managers will be required to reinvest in purchase(s) of Ordinary Shares 50 per cent of any net proceeds received by them on Admission and from time to time thereafter from any subsequent redemption(s) of the Reinvestment Loan Notes, until such time as he or she has reinvested a sum equal to his or her Reinvestment Amount;
- 13.4.4** each Reinvesting Manager’s reinvestment obligations under the Reinvestment Agreement ceases if he or she ceases to be employed by the Group, or in circumstances where he or she has given or received notice of termination of such employment; and
- 13.4.5** each Reinvesting Manager’s net proceeds for the purposes of their Reinvestment Amount is calculated by applying an appropriate tax rate and taking into account certain other factors in connection with the distribution of proceeds to such Reinvesting Manager from funds received by the Selling Shareholder.

13.5 Reinvesting Manager lock-up arrangements

Each of the Reinvesting Managers (other than the Executive Directors, who have agreed to equivalent lock-up arrangements under the Placing Agreement) has undertaken to the Company and Numis not to dispose of, or agree to dispose of, any interest in any Ordinary Shares acquired pursuant to the Management Reinvestment at any time in the 12 months following Admission, except for certain customary exceptions.

13.6 Management services agreement

The Company entered into a management services agreement with RdC, RBL and ServiceCo on 27 February 2015 governing the terms upon which the Company will, with effect from Admission, provide strategic and management services to each of RdC, RBL and ServiceCo. Pursuant to the terms of this management services agreement, each of RdC, RBL and ServiceCo has agreed to pay the Company a fee to be agreed between the parties from time to time, on an arm’s length basis.

13.7 De-grouping charge re-allocation deed

The Company entered into a de-grouping charge re-allocation deed with RdC and Caspian Holdco Limited on 27 February 2015. Pursuant to this agreement, RdC and Caspian Holdco Limited (which is the holding company of the Selling Shareholder) agreed, if so requested by

the Company, to enter into a joint election pursuant to section 792 of the Corporation Tax Act 2009, for the reallocation of any de-grouping charge (which may occur in connection with, or arise as a result of, the Business Reorganisation and/or Admission) from a member of the Group to Caspian Holdco Limited or any subsidiary or parent of Caspian Holdco Limited.

13.8 Business Reorganisation implementation documents

In February 2014, the Company and other members of the Group entered into certain contracts, including deeds of accession to the Senior Facilities Agreement and to the security granted thereunder, share for share exchange agreements, share purchase agreements, deeds of assignment and set-off, stock transfer forms, intra-group loans, assumption of liabilities agreements and asset transfer agreements, each in connection with effecting the Business Reorganisation. The transactions effected by these contracts are summarised in paragraph 2 ('Business Reorganisation') of Part 15 (*Group Reorganisations*).

14 Property

14.1 As at the date of this document, the Group has one freehold property and 59 leasehold properties. 58 of the 59 leasehold sites are the Group's currently operating bars (the other is a closed site). None of these properties is individually material to the operations of the Group, although, as noted in paragraph 1.2 ('The Group is dependent on certain key sites') of Part 2 (*Risk Factors*), the Group's 25 best-performing bars accounted for approximately 86 per cent of the Site EBITDA of the Ongoing Business in the 2014 Annual Period.

14.2 The Company does not believe that there are material environmental issues that may affect the Group's utilisation of its properties or other tangible fixed assets.

15 Working capital

The Company is of the opinion that, taking into account existing cash resources and available bank facilities, the Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document.

16 Details of investments and acquisitions

Other than the investments of the Company in the subsidiary undertakings referred to in paragraph 4, above, and their business and assets, there has been no material acquisition nor other principal investment made by the Company in the three years immediately preceding the date of this document. As at the date of this document, the Company has made no firm commitments to make any new principal investments.

17 Litigation

There are, and during the period of 12 months preceding the date of this document have been, no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or which have had in the recent past, significant effects on the Group's financial position or profitability.

18 Significant change

Save for a £3.95 million dividend declared by the Company on 26 February 2015, which will be paid to the Selling Shareholder immediately following (and conditional upon) the publication of the Pricing Statement, there has been no significant change in the Group's results of operations or financial condition since 31 December 2014, being the date to which the Group's historical financial information included in Part 11 (*Historical Financial Information*) has been prepared.

19 Intermediaries

The Intermediaries authorised at the date of this document to use this document in connection with the Intermediaries Offer are as follows.

Name	Address
All IPO PLC	Suite 27, Essex Technology Centre The Gables Fyfield Road, Ongar Essex CM5 0GA
Alliance Trust Savings Limited	8 West Marketgait Dundee DD1 9YP
Arnold Stansby & Co Limited	3rd Floor Alexandra Building 28 Queen Street Manchester M2 5JJ
Barclays Bank plc	1 Churchill Place London E14 5HP
Beaufort Asset Clearing Services Limited	131 Finsbury Pavement London EC2A 1NT
Brewin Dolphin Limited	12 Smithfield Street London EC1A 9BD
Brewin Dolphin Limited (Stockdale)	Sixth Floor, Atria House 144 Morrison Street Edinburgh EH3 8BR
Charles Stanley & Co. Limited	25 Luke Street London EC2A 4AR
Cornhill Capital Limited	4th Floor 18 St Swithin's Lane London EC4N 8AD
Equiniti Financial Services Limited (trading as Selftrade and Shareview)	Suite 1/1 3 Minster Court Mincing Lane London EC3R 7DD
Hargreave Hale Limited	9-11 Neptune Court Hallam Way Blackpool FY4 5LZ
Hargreaves Lansdown Asset Management Limited	One College Square South Anchor Road Bristol BS1 5HL
iDealing.com Limited	114 Middlesex Street London E1 7HY
Interactive Investor Trading Limited	Standon House 21 Mansell Street London E1 8AA

Name	Address
Jarvis Investment Management Ltd (trading as Sharedeal Active and X-O.co.uk)	78 Mount Ephraim Tunbridge Wells Kent TN4 8BS
Paul E Schweder Miller & Co	46-50 Tabernacle Street London EC2A 4SJ
Redmayne-Bentley LLP	9 Bond Court Leeds LS1 2JZ
SVS Securities plc	110 Fenchurch Street London EC3M 5JT
TD Direct Investing (Europe) Limited	Exchange Court Duncombe Street Leeds LS1 4AX
The Share Centre Limited	Oxford House Oxford Road Aylesbury HP21 8SZ
Walker Crips Stockbrokers Limited	Finsbury Tower 103-105 Bunhill Row London EC1Y 8LZ
WH Ireland Limited	11 St James's Square Manchester M2 6WH

Any new information with respect to financial intermediaries unknown at the time of approval of this document, including with respect to: (i) any intermediary financial institution that is appointed by the Company in connection with the Intermediaries Offer after the date of this document following its agreement to adhere to and be bound by the Intermediaries Terms and Conditions, and (ii) any Intermediary that ceases to participate in the Intermediaries Offer, will be made available on the Company's website at www.revolutionbarsgroup.com.

Details of the terms and conditions of the Intermediaries Offer are described in paragraph 3 ('Intermediaries Terms and Conditions') of Part 13 (*Terms and Conditions*).

20 Consent

20.1 KPMG LLP has given and has not withdrawn its written consent to the inclusion of its report set out in Section A of Part 11 (*Historical Financial Information*) in the form and context in which it appears and has authorised the contents of that report solely for the purposes of paragraph 5.5.3R(2)(f) of the Prospectus Rules.

20.2 A written consent under the Prospectus Rules is different from a consent filed with the SEC under section 7 of the US Securities Act. As the Ordinary Shares have not been, and will not be, registered under the US Securities Act, KPMG LLP has not filed a consent under section 7 of the US Securities Act.

21 Documents available for inspection

Copies of the following documents will be available for inspection at the offices of Macfarlanes LLP, 20 Cursitor Street, London, EC4A 1LT, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the duration of the Offer:

- the memorandum of association of the Company and the Articles of Association;
- the accountant's report set out in Section A of Part 11 (*Historical Financial Information*);
- the written consent of KPMG LLP referred to in paragraph 20.1, above; and
- this document.

PART 17

DEFINITIONS

The following terms have the following meanings throughout this document unless the context otherwise requires:

“2012 Annual Period”	has the meaning given to it on page 64 of this document;
“2013 Annual Period”	has the meaning given to it on page 64 of this document;
“2014 Annual Period”	has the meaning given to it on page 64 of this document;
“2014 HY Period”	has the meaning given to it on page 64 of this document;
“2015 HY Period”	has the meaning given to it on page 64 of this document;
“Adjusted EBITDA”	has the meaning given to it on page 67 of this document;
“Adjusted EBITDA margin”	has the meaning given to it on page 67 of this document;
“Admission”	the admission of the Ordinary Shares to (i) the premium listing segment of the Official List and (ii) trading on the LSE Main Market becoming effective in accordance with, respectively, the Listing Rules and the Admission and Disclosure Standards;
“Admission and Disclosure Standards”	the requirements contained in the publication “Admission and Disclosure Standards” issued by the London Stock Exchange (as amended from time to time) containing, amongst other things, the admission requirements to be observed by companies seeking admission to trading on the LSE Main Market;
“Adopted IFRS”	IFRS as adopted by the European Commission for use in the European Union;
“AIM”	AIM, a market operated by the London Stock Exchange;
“Alchemy”	Alchemy Partners Nominees Limited as nominee for the participants in the Alchemy Investment Plan, a series of limited partnerships of which Alchemy Partners (Guernsey) Limited is the general partner;
“Allegra Foodservice”	has the meaning given to it on page 34 of this document;
“Articles of Association”	the articles of association of the Company adopted on 16 February 2015;
“ASIC”	has the meaning given to it on page 127 of this document;
“Audit Committee”	the audit committee of the Board, as described on page 59 of this document;
“Average Site ROI”	the Site EBITDA generated by the relevant site divided by the initial capital expenditure investment on that site;
“Board”	the board of directors of the Company from time to time;
“Business Day”	any day other than a Saturday or Sunday on which banks are generally open for the transaction of business in London;
“Business Reorganisation”	has the meaning given to it on page 141 of this document;
“CAGR”	compound annual growth rate;
“Carlsberg”	Carlsberg UK Limited;
“certificated” or “in certificated form”	not in uncertificated form;
“CGA”	CGA Strategy Limited;
“CGA Brand Index”	has the meaning given to it on page 34 of this document;
“CGA Data”	has the meaning given to it on page 34 of this document;
“CGA Outlet Index”	has the meaning given to it on page 34 of this document;
“CGA Report”	has the meaning given to it on page 34 of this document;

“CGA Trading Index”	has the meaning given to it on page 34 of this document;
“CGU”	has the meaning given to it on page 111 of this document;
“Chairman”	the chairman of the Company;
“CISA”	has the meaning given to it on page 129 of this document;
“Coca-Cola Enterprises”	Coca-Cola Enterprises Limited;
“CODM”	has the meaning given to it on page 103 of this document;
“Companies Act”	the Companies Act 2006, as amended from time to time;
“Company”	Revolution Bars Group plc (registered number 08838504) whose registered office is at 21 Old Street, Ashton-under-Lyne, Tameside, OL6 6LA;
“Corporate Reorganisation”	has the meaning given to it on page 142 of this document;
“Corporations Act”	has the meaning given to it on page 127 of this document;
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (also as defined in the CREST Regulations);
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended from time to time;
“CRM”	Customer Relationship Management;
“CSOP”	has the meaning given to it on page 162 of this document;
“CSOP Options”	has the meaning given to it on page 167 of this document;
“Directors”	the directors of the Company whose names are set out on page 30 of this document or, where the context so requires, the directors of the Company from time to time;
“Disclosure Rules and Transparency Rules”	the disclosure rules and transparency rules made by the FCA under Part VI of FSMA, as amended from time to time;
“EBITDA”	has the meaning given to it on page 67 of this document;
“EBITDA margin”	has the meaning given to it on page 67 of this document;
“EBT”	has the meaning given to it on page 170 of this document;
“EEA”	the European Economic Area;
“Elliotts Agency Survey”	has the meaning given to it on page 34 of this document;
“EPoS”	electronic point of sale;
“Euroclear”	Euroclear UK & Ireland Limited, a company registered in England and Wales under registered number 02878738;
“Executive Directors”	the executive Directors of the Company, Mark McQuater and Sean Curran;
“Exited Business”	has the meaning given to it on page 142 of this document;
“FCA”	the UK Financial Conduct Authority (or any successor regulatory organisation);
“FIEL”	has the meaning given to it on page 128 of this document;
“FSMA”	the Financial Services and Markets Act 2000, as amended from time to time;
“General Release Time”	has the meaning given to it on page 173 of this document;
“gross dividend”	has the meaning given to it on page 136 of this document;
“Group”	the Company and its subsidiaries, and “ member of the Group ” shall be construed accordingly;
“Group Reorganisations”	has the meaning given to it on page 141 of this document;
“GuaranteeCo”	has the meaning given to it on page 143 of this document;
“Heineken”	Heineken UK Limited;

“Historical Group”	has the meaning given to it on page 142 of this document;
“HMRC”	Her Majesty’s Revenue and Customs;
“IFRS”	International Financial Reporting Standards;
“ILL”	has the meaning given to it on page 142 of this document;
“ILSL”	has the meaning given to it on page 142 of this document;
“Initial Awards”	has the meaning given to it on page 165 of this document;
“Institutional Offer”	the offer of Ordinary Shares to certain institutional and other investors in the UK and elsewhere in offshore transactions outside the United States as defined in, and made in reliance on, Regulation S, as described in Part 12 (<i>Details of the Offer</i>);
“Intermediaries”	the entities listed in paragraph 19 (‘Intermediaries’) of Part 16 (<i>Additional Information</i>);
“Intermediaries Offer”	the offer of Ordinary Shares to the Intermediaries as described in Part 12 (<i>Details of the Offer</i>);
“Intermediaries Offer Application Form”	the form of application for Ordinary Shares in the Intermediaries Offer used by the Intermediaries;
“Intermediaries Terms and Conditions”	the terms and conditions on which each Intermediary has agreed to be appointed by the Company to act as an Intermediary in the Intermediaries Offer and pursuant to which Intermediaries may apply for Ordinary Shares in the Intermediaries Offer, details of which are set out in paragraph 3 (‘Intermediaries Terms and Conditions’) of Part 13 (<i>Terms and Conditions</i>);
“Ireland”	the Republic of Ireland;
“ISIN”	International Securities Identification Number;
“Key Service Provider”	has the meaning given to it on page 44 of this document;
“Lenders”	has the meaning given to it on page 172 of this document;
“Listing Rules”	the listing rules made by the FCA under Part VI of FSMA relating to the admission of securities to the Official List, as amended from time to time;
“London Stock Exchange”	London Stock Exchange plc;
“LRS Report”	has the meaning given to it on page 34 of this document;
“LSE Main Market”	the London Stock Exchange’s Main Market for listed securities;
“M&C”	has the meaning given to it on page 34 of this document;
“Magners”	Magners GB Limited;
“Management Reinvestment”	has the meaning given to it on page 174 of this document;
“Maxxium”	Maxxium UK Limited;
“Member State”	a member state of the European Union;
“Model Code”	the model code on directors’ dealings in securities, as set out in the Listing Rules, as amended from time to time;
“Moët”	Moët Hennessy U.K. Limited;
“NISA”	New Individual Savings Account;
“Nomination Committee”	the nomination committee of the Board, as described on page 60 of this document;
“Non-executive Directors”	the non-executive Directors, being Keith Edelman and Michael Shallow;
“Numis”	Numis Securities Limited, The London Stock Exchange Building, 10 Paternoster Square, London, EC4M 7LT;
“Offer”	the Institutional Offer and the Intermediaries Offer;

“Offer Price”	the price at which each Offer Share is to be sold pursuant to the Offer;
“Offer Shares”	Ordinary Shares to be sold pursuant to the Offer by the Selling Shareholder;
“Offer Size”	the number of Offer Shares to be sold pursuant to the Offer;
“Offer Size Range”	between 38,213,764 Ordinary Shares and 48,124,423 Ordinary Shares;
“Official List”	the Official List maintained by the FCA;
“Ongoing Business”	has the meaning given to it on page 142 of this document;
“ONS”	has the meaning given to it on page 34 of this document;
“Ordinary Shares”	ordinary shares of 0.1 pence each in the capital of the Company;
“Periods Under Review”	has the meaning given to it on page 64 of this document;
“Pernod Ricard”	Pernod Ricard UK Limited;
“Placing Agreement”	the sponsor and placing agreement dated 27 February 2015 entered into between the Company, the Directors, the Selling Shareholder and Numis;
“Prepayment”	has the meaning given to it on page 172 of this document;
“Price Range”	between 200 pence and 240 pence per Ordinary Share;
“Pricing Agreement”	the pricing agreement to be executed by the Company, the Selling Shareholder and Numis immediately prior to the publication of the Pricing Statement, pursuant to which, amongst other things, Numis agrees to use reasonable endeavours to procure purchasers for the Offer Shares, and to purchase itself such number of Offer Shares (if any) as are not so purchased, at the Offer Price;
“Pricing Statement”	the pricing statement expected to be published on 13 March 2015 by the Company detailing the Offer Price and the number of Ordinary Shares which are the subject of the Offer;
“Prospectus Directive”	EU Prospectus Directive (2003/71/EC), as amended from time to time and including any relevant implementing measure in each Relevant Member State;
“Prospectus Directive Regulation”	EU Prospectus Directive Regulation (2004/809/EC);
“Prospectus Rules”	the prospectus rules made by the FCA under section 73A of FSMA relating to the offer of securities to the public and admission of securities to trading on a regulated market, as amended from time to time;
“PSP”	has the meaning given to it on page 162 of this document;
“PSP Awards”	has the meaning given to it on page 164 of this document;
“Qualified Investors”	persons in member states of the EEA who are “qualified investors” within the meaning of Article 2(1)(e) of the Prospectus Directive;
“RBL”	has the meaning given to it on page 143 of this document;
“RCF”	has the meaning given to it on page 173 of this document;
“RCF Lender”	National Westminster Bank plc acting through The Royal Bank of Scotland plc;
“RdCL”	has the meaning given to it on page 143 of this document;
“Red Bull”	Red Bull Company Limited;
“Registrars”	Capita Registrars Limited of The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU;

“Regulation S”	Regulation S under the US Securities Act;
“Regulatory Information Service” or “RIS”	any channel recognised as a channel for the dissemination of regulatory information by listed companies as defined in the Listing Rules;
“Reinvesting Managers”	has the meaning given to it on page 174 of this document;
“Reinvestment Agreement”	has the meaning given to it on page 174 of this document;
“Reinvestment Amount”	has the meaning given to it on page 175 of this document;
“Reinvestment Loan Notes”	has the meaning given to it on page 175 of this document;
“Relationship Agreement”	the relationship agreement dated 27 February 2015 entered into between the Company and the Selling Shareholder;
“Release Notice”	has the meaning given to it on page 173 of this document;
“Relevant Member State”	each member state of the EEA which has implemented the Prospectus Directive;
“Relevant Securities”	has the meaning given to it on page 147 of this document;
“Remuneration Committee”	the remuneration committee of the Board, as described on page 60 of this document;
“SAB Miller”	Miller Brands (UK) Limited;
“SDRT”	UK stamp duty reserve tax;
“SEC”	the US Securities and Exchange Commission;
“SEDOL”	Stock Exchange Daily Official List;
“Selling Shareholder”	Caspian Bidco Limited (registered number 05642431) whose registered office is at 21 Old Street, Ashton-under-Lyne, Tameside, OL6 6LA;
“Senior Facilities Agreement”	has the meaning given to it on page 172 of this document;
“Senior Managers”	the senior managers of the Group whose names are set out on page 57 of this document;
“ServiceCo”	has the meaning given to it on page 143 of this document;
“SFA Agent”	has the meaning given to it on page 172 of this document;
“Shareholder”	a holder of one or more Ordinary Share(s);
“Site EBITDA”	has the meaning given to it on page 67 of this document;
“Site EBITDA margin”	has the meaning given to it on page 67 of this document;
“SIX”	has the meaning given to it on page 129 of this document;
“SIX Listing Rules”	the listing rules of SIX;
“South Africa”	the Republic of South Africa;
“Takeover Code”	the City Code on Takeovers and Mergers;
“Takeover Panel”	the Panel on Takeovers and Mergers;
“UK Corporate Governance Code”	the UK corporate governance code dated September 2014 and issued by the Financial Reporting Council, as amended from time to time;
“UK GAAP”	United Kingdom Generally Accepted Accounting Practice;
“uncertificated” or “in uncertificated form”	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
“Underlying Applicants”	retail investors in the United Kingdom, the Channel Islands and the Isle of Man who wish to acquire Ordinary Shares under the Intermediaries Offer;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland;

“United States” or “US”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
“US DOA”	has the meaning given to it on page 34 of this document;
“US Persons”	US Persons as defined in Regulation S;
“US Securities Act”	the United States Securities Act of 1933, as amended from time to time; and
“VAT”	value added tax.

