

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange plc on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers.

London Stock Exchange plc has not itself examined or approved the contents of this document nor will it.

Prospective investors should read the whole text of this document and should be aware that an investment in the Company involves a high degree of risk. The attention of prospective investors is drawn in particular to Part V of this document which sets out certain risk factors relating to any investment in Ordinary Shares. All statements regarding the Enlarged Group's business, financial position and prospects should be viewed in light of the risk factors set out in Part V of this document.

If you have sold or otherwise transferred all of your Existing Ordinary Shares, please send this document, together with the accompanying Form of Proxy, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred some of your Existing Ordinary Shares, you should consult with the stockbroker, bank or other agent through whom the sale or transfer was effected.

This document comprises an admission document prepared in accordance with the AIM Rules. It does not constitute a prospectus for the purposes of the Prospectus Rules and/or the Financial Services and Markets Act 2000 and has not been, and will not be, approved by or filed with the United Kingdom Financial Conduct Authority.

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

Application has been made for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Enlarged Share Capital will commence on 7 January 2020. The Ordinary Shares are currently traded on the NEX Exchange Growth Market.

THE BARKBY GROUP PLC

(incorporated under the Companies Act 1985 and registered in England and Wales with registered number 07139678)

Proposed acquisition of the Dickson Controlled Entities
Placing and Subscription of 16,666,667 New Ordinary Shares
at a price of 30 pence per New Ordinary Share
Proposed waiver of Rule 9 of the Takeover Code
Share Consolidation
Capital Reduction
Delisting from NEX Exchange
Admission of the Enlarged Share Capital to trading on AIM
and
Notice of General Meeting
Nominated Adviser and Broker



Expected share capital of the Company immediately following Admission:

Amount
135,235,066

Issued and fully paid
ordinary shares of £0.00860675675675676 each

Notice of the General Meeting of the Company to be held at The Bull Hotel, Market Place, Fairford GL7 4AA at 10.00 a.m. on 6 January 2020 is set out on pages 311 to 316 (inclusive) of this document. The enclosed Form of Proxy for use at the meeting should be completed and returned to the Company's registrars, Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR as soon as possible and to be valid must arrive not less than 48 hours before the time appointed for

the meeting (excluding non-working days). Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the meeting should they so wish.

The New Ordinary Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares then in issue and will rank in full for all dividends and other distributions declared, paid or made in respect of the Ordinary Shares after Admission.

finnCap Ltd has been appointed as nominated adviser to the Company in connection with the Placing and Admission. The responsibilities of finnCap Ltd, as nominated adviser under the AIM Rules, are owed solely to the London Stock Exchange plc. In accordance with the AIM Rules, finnCap Ltd has confirmed to the London Stock Exchange plc that it has satisfied itself that the Directors and the Proposed Directors have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules and that, in its opinion and to the best of its knowledge and belief, having made due and careful enquiry, all relevant requirements of the AIM Rules have been complied with. No representation or warranty, express or implied, is made by finnCap Ltd as to any of the contents of this document and finnCap Ltd has not authorised the contents of any part of this document and accepts no liability whatsoever for the accuracy of any information or opinions contained in this document or for the omission of any material information from this document, for which the Company, the Directors and the Proposed Directors are solely responsible.

finnCap Ltd, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company and no-one else in connection with Admission. It will not be responsible to persons other than the Company for providing the protections afforded to its clients or for advising any other person on the contents of this document or on any other transaction or arrangement referred to in this document.

No person has been authorised to give any information or to make any representation about the Enlarged Group and about the matters the subject of this document other than those contained in this document. If any such information or representation is given or made then it must not be relied upon as having been so authorised. The delivery of this document shall not imply that no change has occurred in any member of the Enlarged Group's affairs since the date of issue of this document or that the information in this document is correct as at any time after the date of this document, save as shall be required to be updated by law or regulation.

Copies of this document, which is dated 19 December 2019, will be available free of charge during normal business hours on any day (except Saturdays, Sundays and public holidays) at the offices of finnCap Ltd at 60 New Broad Street, London EC2M 1JJ, for one month from the date of Admission. This document will be available to download from the Company's website at www.barkbygroup.com.

FORWARD-LOOKING STATEMENTS

This document includes "forward looking statements" which include all statements other than statements of historical facts, including, without limitation, those regarding the Enlarged Group's financial position, business strategy, plans and objectives of management for future operations, or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "would", "could" or similar expressions or negatives thereof. Such forward looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements of the Enlarged Group to be materially different from future results, performance or achievements expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding the Enlarged Group's present and future business strategies and the environment in which the Enlarged Group will operate in the future. These forward looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules.

NOTICE TO OVERSEAS PERSONS

Prospective investors should consult their professional advisers as needed on the potential consequences of subscribing for, purchasing, holding or selling New Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence.

This document does not constitute an offer to sell, or the solicitation of an offer to buy or subscribe for, New Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful and, in particular, this document is not for distribution in or into the United States of America, Canada, Australia, the Republic of South Africa or Japan. The distribution of this document in other jurisdictions may be restricted by law. The New Ordinary Shares have not been and will not be registered under the applicable securities laws of the United States of America, Canada, Australia, the Republic of South Africa or Japan and, subject to certain exceptions, may not be offered, sold, re-sold, renounced, taken up or delivered, directly or indirectly, in, into or from the United States of America, Canada, Australia, the Republic of South Africa or Japan or to any national of the United States of America, Canada, Australia, the Republic of South Africa or Japan. This document should not be distributed, published, reproduced or otherwise made available in whole or in part, or disclosed by recipients to any other person, in, and in particular, should not be distributed to persons with addresses in, the United States of America, Canada, Australia, the Republic of South Africa or Japan. No action has been taken by the Company or finnCap Ltd that would permit an offer of New Ordinary Shares or possession or distribution of this document where action for that purpose is required. 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 law or other laws of any such jurisdictions.

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PLACING STATISTICS

Issue Price	30 pence
Number of Existing Ordinary Shares	42,164,324
Number of New Ordinary Shares immediately following the Share Consolidation	16,166,632
Number of Consideration Shares	102,086,167
Number of Placing Shares	6,023,333
Number of Subscription Shares	10,643,334
Number of Fee Shares	315,600
Enlarged Share Capital on Admission	135,235,066
Market capitalisation of the Company on Admission at the Issue Price (approximately)	£40.6 million
Consideration Shares expressed as a percentage of the Enlarged Share Capital	75.5 per cent.
Placing Shares and Subscription Shares expressed as a percentage of the Enlarged Share Capital	12.3 per cent.
Gross proceeds receivable by the Company pursuant to the Placing and Subscription	£5.0 million
Estimated net proceeds receivable by the Company pursuant to the Placing and Subscription	£4.4 million
TIDM on Admission	BARK
Current ISIN	GB00BDZ7FJ04
ISIN on Admission	GB00BL6TZZ70

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	19 December 2019
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 2 January 2020
General Meeting	10.00 a.m. on 6 January 2020
Last day of dealings on NEX Exchange	6 January 2020
Record Date for the Share Consolidation	6.00 p.m. on 6 January 2020
Cancellation of trading on NEX Exchange	7.00 a.m. on 7 January 2020
Share Consolidation effective	8.00 a.m. on 7 January 2020
Admission effective and dealings in the Enlarged Share Capital expected to commence on AIM	8.00 a.m. on 7 January 2020
CREST accounts expected to be credited	8.00 a.m. on 7 January 2020
Despatch of definitive share certificates (where applicable) by	20 January 2020

Note: References to time are to London time unless otherwise stated. Each of the dates in the above timetable is indicative only and is subject to change without further notice.

DIRECTORS, PROPOSED DIRECTORS, SECRETARY AND ADVISERS

Directors:	<u>Charles Giles</u> Clarke (<i>Chairman</i>) <u>Rupert</u> Michael Fraser (<i>Chief Executive Officer</i>) <u>Stephen</u> Cook (<i>Group Operations Director</i>) <u>Emma</u> Jane Dark (<i>Finance Director</i>) <u>Duncan</u> George Harvey (<i>Non-Executive Director</i>) <u>Jeremy</u> Anthony Simon Sparrow (<i>Non-Executive Director</i>)
Proposed Directors:	<u>Charles</u> Edward Dickson (<i>Executive Chairman</i>) <u>Jonathan</u> Warburton (<i>Non-Executive Director</i>) Matthew " <u>Matt</u> " Graham Wood (<i>Non-Executive Director</i>)
New Board:	<u>Charles</u> Edward Dickson (<i>Executive Chairman</i>) <u>Rupert</u> Michael Fraser (<i>Group Managing Director</i>) <u>Emma</u> Jane Dark (<i>Finance Director</i>) <u>Jeremy</u> Anthony Simon Sparrow (<i>Non-Executive Director</i>) <u>Jonathan</u> Warburton (<i>Non-Executive Director</i>) <u>Matt</u> Graham Wood (<i>Non-Executive Director</i>)
Company secretary:	Emma Dark
Registered office:	Lakeside Fountain Lane St Mellons Cardiff CF3 0FB
Proposed registered office:	First Floor 115 Olympic Avenue Milton Park Oxfordshire OX14 4SA
Nominated adviser and broker:	finnCap Ltd 60 New Broad Street London EC2M 1JJ
Legal advisers to the Company:	Kuit Steinart Levy LLP 3 St Mary's Parsonage Manchester M3 2RD
Reporting accountants and auditors to the Company:	Crowe U.K. LLP St Bride's House 10 Salisbury Square London EC4Y 8EH
Legal advisers to the nominated adviser and broker:	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT
Financial PR:	Camarco 107 Cheapside London EC2V 6DN
Registrars:	Share Registrars Limited The Courtyard 17 West Street Farnham GU9 7DR

DEFINITIONS

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

Acquisitions	the proposed acquisition of the entire issued share capital of each of Workshop Holdings, DevCo and SPVCo by the Company pursuant to the terms of the Acquisition Agreements
Acquisition Agreements	the Workshop Holdings Acquisition Agreement, the DevCo Acquisition Agreement and the SPVCo Acquisition Agreement
Act or the Companies Act acting in concert	the Companies Act 2006 shall have the meaning ascribed thereto in the Takeover Code
Admission	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules
AIM	the AIM Market, a market operated by the London Stock Exchange
AIM Rules for Companies or AIM Rules	the rules for companies governing admission to and the operation of AIM, published by the London Stock Exchange
AIM Rules for Nominated Advisers	the rules for nominated advisers setting out the eligibility, ongoing obligations and certain disciplinary matters in relation to nominated advisers published by the London Stock Exchange
Allenby Capital	Allenby Capital Limited, a company incorporated in England and Wales with the registered number 06706681 whose registered office is at 5 St. Helen's Place, London EC3A 6AB, the Company's NEX Exchange Corporate Adviser and broker from the date of its admission to trading on NEX to 20 August 2019
Articles or Articles of Association	the articles of association of the Company in force as at the date of this document
Audit Committee	the audit committee of the Company as constituted from time to time
B2B	business to business sales made to businesses rather than individual consumers
Barkby Pubs	the boutique hospitality business owned and operated by the Company focused on premium gastropubs, inns and function spaces, further details of which are set out in Part II of this document
Board	prior to Admission, the board of directors of the Company from time to time or a duly constituted committee thereof
Bridging Facility	the term loan facility of up to £3.5 million to be made available to the Company, by loans of at least £250,000 each, pursuant to the Bridging Facility Agreement details of which are set out in paragraph 16.2.3 of Part VIII of this document

Bridging Facility Agreement	the loan facility agreement dated 18 December 2019 between (1) the Company and (2) Tarncourt Investments LLP, (a limited liability partnership incorporated under number: OC333822), further details of which are set out in paragraph 16.2.3 of Part VIII of this document
Business Day	a day (other than a Saturday, Sunday or public holiday) when banks in the City of London are open for business
Capital Reduction	the proposed reduction in the capital of the Company, further details of which are set out in paragraph 11 of Part I of this document
certificated or in certificated form	a share or other security which is not in uncertificated form (i.e. not in CREST)
Centurian	Centurian Automotive Limited, a company incorporated in England and Wales with registered number 08049326 whose registered office is at Lakeside, Fountain Lane, St Mellons, Cardiff CF3 0FB
Centurian Deferred Consideration Shares	the Ordinary Shares to be issued to satisfy the deferred consideration payable pursuant to the Centurian SPA, further details of which are set out in paragraph 16.4(c) of Part VIII of this document
Centurian Sellers	Paul James Harding and Rachel Michala Harding
Centurian SPA	the share purchase agreement between (1) the Centurian Sellers (2) the Company and (3) Allenby Capital dated 13 February 2019 (as amended conditional on Admission)
CGC	the UK Corporate Governance Code published by the Financial Reporting Council
Closing Price	the closing mid-market price of an Ordinary Share
Company or Barkby	The Barkby Group plc, a company incorporated in England and Wales with registered number 07139678 whose registered office is at Lakeside, Fountain Lane, St Mellons, Cardiff CF3 0FB
Completion	completion of the Acquisitions in accordance with the terms of the Acquisition Agreements
Concert Party	together, Charles Dickson, Davina Dickson, James Dickson, Alan Halsall, Mark Lewis, David Holdsworth, Richard Burrell, Tarncourt Properties Limited and Apache Capital Partners Limited
Consideration Shares	the 102,086,167 New Ordinary Shares to be issued at the Issue Price to satisfy part of the consideration payable on Completion in respect of the Acquisitions
Consolidation Time	8.00 a.m. on 7 January 2020 or, if the General Meeting is adjourned, 8.00 a.m. on the Business Day following the adjourned General Meeting
Contingent Deferred Consideration	the New Ordinary Shares to be issued at the mid-market price of the New Ordinary Shares as at the Trigger Event to satisfy

	all additional consideration (if any) payable to the SPV Sellers in respect of the SPV Acquisition in the event that the Trigger Event occurs and the sale proceeds net of costs for the site at Saffron Waldon exceeds £3.3 million
Court	the High Court of Justice in England and Wales
CREST	the system for the paperless settlement of share transfers and the holding of uncertificated shares operated by Euroclear UK & Ireland Limited
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
CSOP	the Company Share Option Plan to be approved at the General Meeting pursuant to Resolution 5, further details set out in paragraph 10 of Part VIII of this document
DevCo	Tarncourt Ambit Properties Limited, a company incorporated in England and Wales with registered number 08396002 whose registered office is at Richard House, Winckley Square, Preston, Lancashire PR1 3HP
DevCo Acquisition	the conditional acquisition by Barkby of the entire issued share capital of DevCo pursuant to the DevCo Acquisition Agreement, further details of which are set out in paragraph 16.1.2 of Part VIII of this document
DevCo Acquisition Agreement	the conditional share sale and purchase agreement dated 18 December 2019 between (1) the DevCo Sellers and (2) the Company relating to the DevCo Acquisition, further details of which are set out in paragraph 16.1.2 of Part VIII of this document
DevCo Sellers	Charles Edward Dickson, Davina Margaret Dickson, James Duncan Dickson, William James Moffatt, Simon George Edwin Bland, Michael Barry Owen and Tarncourt Properties Limited
Dickson Controlled Entities or DCE	each of Workshop Holdings, DevCo and SPVCo
Dickson Family	together, Charles Dickson, James Dickson and Davina Dickson
Directors	the directors of the Company as at the date of this document whose names are set out on page 6 of this document (each being a “ Director ”)
Disclosure and Transparency Rules	the disclosure guidance and transparency rules issued by the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
Enlarged Group	the Group as enlarged by the Acquisitions
Enlarged Share Capital	135,235,066 New Ordinary Shares, being the issued ordinary share capital of the Company on Admission including the Placing Shares, Subscription Shares, the Consideration Shares and the Fee Shares

Existing Ordinary Shares	the ordinary shares of £0.0033 (0.33p) each in the capital of the Company
Existing Share Capital	the issued ordinary share capital of the Company as at the date of this document being 42,164,324 Existing Ordinary Shares
FCA	the United Kingdom Financial Conduct Authority, the statutory regulator under FSMA responsible for the regulation of the United Kingdom financial services industry
Fee Shares	315,600 New Ordinary Shares to be issued by the Company to finnCap in satisfaction of fees
finnCap	finnCap Ltd, a company incorporated in England and Wales with registered number 06198898, the Company's NEX Corporate Adviser and, on Admission, nominated adviser and broker under the AIM Rules for Companies
Form of Proxy or Proxy Form	the form of proxy accompanying this document for use in connection with the General Meeting
FSMA	the UK Financial Services and Markets Act 2000, as amended, including any regulations made pursuant thereto
General Meeting	the general meeting of the Company, to be held at The Bull Hotel, Market Place, Fairford GL7 4AA on 6 January 2020 at 10.00 a.m.
Group or Barkby Group	the Company and its subsidiary, Centurian
HMRC	Her Majesty's Revenue and Customs
ISIN	International Securities Identification Number
Issue Price	30 pence per New Ordinary Share
Independent Directors	the Directors of the Company, excluding Giles Clarke and Rupert Fraser
Independent Shareholders	Shareholders of the Company other than Charles Dickson, Giles Clarke, Rupert Fraser and Sir David Ord
Lock-in Agreements	the agreements between (1) the Company, (2) finnCap and (3) each of the Locked-in and Orderly Market Parties, further details of which are contained in paragraph 16.3 of Part VIII of this document
Locked-in and Orderly Market Parties	together, the Locked in Director, the Dickson Family and the other SPVCo Sellers, being Christopher Mark Reynolds, Peter Richard Hector Clayden and Gary Mark Langridge-Brown
Locked-in Director	Rupert Fraser, being an existing Director and a member of the New Board who will hold New Ordinary Shares on Admission
London Stock Exchange	London Stock Exchange plc
Market Abuse Regulation	the EU Market Abuse Regulation (No. 596/2014)

New Board	following Admission, the board of directors of the Company from time to time or a duly constituted committee thereof, being the Proposed Directors, Rupert Fraser, Emma Dark and Jeremy Sparrow as at the date of Admission
New Ordinary Shares	the ordinary shares of £0.00860675675675676 each in the capital of the Company, on the Share Consolidation becoming effective at the Consolidation Time
NEX Admission	the admission of the Company's issued share capital to trading on the NEX Exchange Growth Market on 26 June 2018
NEX Exchange Growth Market or NEX	the NEX Exchange Growth Market operated by NEX Exchange Limited
NEX Exchange Rules	the NEX Exchange Growth Market – Rules for Issuers published by NEX Exchange Limited from time to time
Nomination Committee	the nomination committee of the Company as constituted from time to time
Notice of General Meeting	the notice of the General Meeting set out at the end of this document
OEM	Original Equipment Manufacturer
Official List	the official list of the FCA
Options	options over Ordinary Shares
Ordinary Shares	as the context requires, Existing Ordinary Shares or New Ordinary Shares
Panel	the Panel on Takeovers and Mergers
Placees	the persons who have confirmed their agreement to participate in the Placing and to subscribe for Placing Shares pursuant to the Placing
Placing	the conditional placing of the Placing Shares at the Issue Price pursuant to the Placing Agreement
Placing Agreement	the conditional agreement dated 18 December 2019 between (1) finnCap, (2) the Company, (3) the Directors and (4) the Proposed Directors relating to the Placing, details of which are set out in paragraph 16.2.1 of Part VIII of this document
Placing Shares	the 6,023,333 New Ordinary Shares to be issued by the Company pursuant to the Placing
Proposals	the Acquisitions, the passing of the Resolutions, the Share Consolidation, the Placing, the Subscription, the Rule 9 Waiver, Admission and the Capital Reduction
Proposed Directors	Charles Dickson, Matt Wood and Jonathan Warburton
Prospectus Rules	the prospectus rules of the FCA made pursuant to section 73A of FSMA
QCA	Quoted Companies Alliance

Relationship Agreement	the conditional agreement dated 18 December 2019 between (1) finnCap, (2) the Company and (3) the Dickson Family, details of which are set out in paragraph 16.2.5 of Part VIII of this document
Remuneration Committee	the remuneration committee of the Company as constituted from time to time
Resolutions	the resolutions in the notice of the General Meeting set out at the end of this document (each a “ Resolution ”)
Sellers	together the Workshop Holdings Sellers, the DevCo Sellers and the SPVCo Sellers
Share Consolidation	the proposed consolidation of the ordinary share capital of the Company with every 193 Existing Ordinary Shares being consolidated into 74 New Ordinary Shares with effect from the Consolidation Time, further details of which are set out in paragraph 10 of Part I of this document
Share Dealing Code	the code on dealings of directors and employees in securities as amended from time to time, or such other code of dealings as shall be introduced by the Company from time to time
Shareholders	holders of Ordinary Shares in the Company from time to time
SPVCo	Tarncourt Ambit Limited, a company incorporated in England and Wales with registered number 07795768 whose registered office is at Richard House, Winckley Square, Preston, Lancashire PR1 3HP
SPVCo Acquisition	the conditional acquisition by Barkby of the entire issued share capital of SPVCo pursuant to the SPVCo Acquisition Agreement, further details of which are set out in paragraph 16.1.3 of Part VIII of this document
SPVCo Acquisition Agreement	the conditional share sale and purchase agreement dated 18 December 2019 between (1) the SPVCo Sellers and (2) the Company relating to the SPVCo Acquisition, further details of which are set out in paragraph 16.1.3 of Part VIII of this document
SPVCo Sellers	Charles Edward Dickson, Davina Margaret Dickson, Christopher Mark Reynolds, Peter Richard Hector Clayden and Gary Mark Langridge-Brown
Subscription	the conditional subscription for the Subscription Shares at the Issue Price
Subscription Letters	the subscription letters from the Company to the subscribers for the Subscription Shares, pursuant to which the subscribers agree to subscribe for the Subscription Shares at the Issue Price, further details of which are set out in paragraph 16.2.2 of Part VIII
Subscription Shares	the 10,643,334 New Ordinary shares to be issued by the Company pursuant to the Subscription

T2T	Turf to Table Ltd, a company incorporated in England and Wales with registered number 06659193 whose registered office is at The Studio, Birch Drive, Bradwell Village, Burford OX18 4XH
T2T Acquisition Agreement	the business purchase agreement between (1) the Company, (2) T2T and (3) Allenby Capital dated 6 June 2018 (as amended conditional on Admission) pursuant to which the Company purchased the business and assets of T2T, further details of which are set out in paragraph 16.5.2 of Part VIII of this document
Takeover Code	the City Code on Takeovers and Mergers
TIDM	trading instrument display mnemonic
Transaction	together, the Acquisitions, the Placing and the Subscription
Transcend	Transcend Packaging Limited, a company incorporated in England and Wales with registered number 11027520 whose registered office is at Ty Dyffryn, Ystrad Mynach, Caerphilly, Wales CF82 7TW
Transcend Facility	the conditional secured term convertible loan facility for up to £4.0 million to be made available by DevCo to Transcend by way of up to four loans of up to £1.0 million each pursuant to the terms of the Transcend Facility Agreement and Transcend Security further details of which are set out in paragraph 16.8.2 of Part VIII of this document
Transcend Facility Agreement	the convertible loan facility agreement dated 12 December 2019 (as amended) between (1) DevCo and (2) Transcend, further details of which are set out in paragraph 16.8.2 of Part VIII
Transcend Security	the all assets debenture dated 12 December 2019 between (1) Transcend and (2) DevCo (as security trustee) together with the security trust deed dated 12 December 2019 between (1) DevCo (as Security Trustee as defined in the deed), (2) the Original Beneficiaries (as defined in the deed), and (3) Transcend, further details of which are set out in paragraph 16.8.2(b) of Part VIII of this document
Trigger Event	completion of the disposal of all or a substantial part of SPVCo's site at Saffron Walden (in one or more transactions)
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
uncertificated	an Ordinary Share recorded on the Company's register 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
VivoPlex	VivoPlex Group Limited, a company incorporated in England and Wales with registered number 10342970 whose registered office is at Richard House, Winckley Square, Preston PR1 3HP

VivoPlex Loan Notes	the loan notes created by VivoPlex pursuant to the unsecured loan note instrument dated 16 December 2019, further details of which are set out in paragraph 16.8.1 of Part VIII of this document
VivoPlex Option	the option to subscribe for up to £2.0 million of the VivoPlex Loan Notes at a price of £1.00 per note granted by VivoPlex to DevCo pursuant to the option agreement dated 16 December 2019 between (1) VivoPlex and (2) DevCo, further details of which are set out in paragraph 16.8.1 of Part VIII of this document
Waiver	the waiver by the Panel of any requirement under Rule 9 of the Takeover Code for the Concert Party to make a general offer to Shareholders that would otherwise arise as a result of the Transaction
Waiver Resolution	the ordinary resolution to approve the Waiver, which is set out at Resolution 2 of the Notice of General Meeting and is required to be passed on a poll at the General Meeting by a simple majority of Independent Shareholders
Warrants	warrants issued by the Company over Ordinary Shares, further details of which are set out in paragraphs 5.16 to 5.19 of Part VIII
Workshop Coffee	Workshop Trading (London) Limited, a company incorporated in England and Wales with registered number 07098152 whose registered office is at Richard House, Winckley Square, Preston, Lancashire PR1 3HP, the wholly owned subsidiary of Workshop Holdings
Workshop Holdings	Workshop Trading Holdings Limited, a company incorporated in England and Wales with registered number 09512474 whose registered office is at Richard House, Winckley Square, Preston, Lancashire PR1 3HP
Workshop Holdings Acquisition	the conditional acquisition by Barkby of the entire issued share capital of Workshop Holdings pursuant to the Workshop Acquisition Agreement, further details of which are set out in paragraph 16.1.1 of Part VIII of this document
Workshop Holdings Acquisition Agreement	the conditional share sale and purchase agreement dated 18 December 2019 between (1) the Workshop Holdings Sellers and (2) the Company relating to the Workshop Holdings Acquisition, further details of which are set out in paragraph 16.1.1 of Part VIII of this document
Workshop Holdings Sellers	Charles Edward Dickson, James Duncan Dickson, Davina Margaret Dickson, Mark Jeffrey Lewis and David Alan Halsall, Manahil Al-Adawi, and Uncommon Cider Co. Ltd

PART I

LETTER FROM THE CHAIRMAN

THE BARKBY GROUP PLC

(incorporated and registered in England and Wales with registered number 07139678)

Directors:

Giles Clarke (*Chairman*)
Rupert Fraser (*Chief Executive Officer*)
Stephen Cook (*Group Operations Director*)
Emma Dark (*Finance Director*)
Duncan Harvey (*Non-Executive Director*)
Jeremy Sparrow (*Non-Executive Director*)

Registered Office:

Lakeside
Fountain Lane
St Mellons
Cardiff
CF3 0FB

To the holders of Existing Ordinary Shares, and for information only, holders of Warrants

19 December 2019

Dear Shareholders,

**Proposed acquisition of the Dickson Controlled Entities
Placing and Subscription of 16,666,667 New Ordinary Shares at a price of
30 pence per New Ordinary Share
Proposed waiver of Rule 9 of the Takeover Code
Share Consolidation
Capital Reduction
Delisting from NEX Exchange
Admission of the Enlarged Share Capital to trading on AIM
and
Notice of General Meeting**

1. INTRODUCTION

On 19 December 2019 Barkby announced that it had entered into conditional agreements to acquire the entire issued share capital of each of Tarncourt Ambit Properties Limited, Tarncourt Ambit Limited and Workshop Trading Holdings Limited, (together the Dickson Controlled Entities) for a total aggregate consideration of £30.6 million through the issue of 102,086,167 Consideration Shares at the Issue Price of 30 pence per Consideration Share, the cash sum of £0.75 million (of which £0.375 million is payable within 10 Business days following Admission and £0.375 million on a deferred basis as set out in paragraph 9 of this Part I) and the Contingent Deferred Consideration. The Board believes there is strong strategic, commercial and financial rationale for the Acquisitions.

Alongside the Acquisitions, Barkby announced a Placing and Subscription of £5.0 million, which is subject to Shareholder approval at a General Meeting of the Company.

The Acquisitions constitute a reverse takeover under the NEX Exchange Rules, and therefore also require Shareholder approval at a General Meeting of the Company. The Company intends that, following Shareholder approval of, *inter alia*, the Transaction at the General Meeting, the Enlarged Group will be delisted from NEX and admitted to trading on AIM.

The Board proposes to appoint Charles Dickson, a director of each of the Dickson Controlled Entities, as Executive Chairman with effect from Admission. Each of Giles Clarke, Stephen Cook and Duncan Harvey have agreed to stand down from the Board on Admission when Jonathan Warburton and Matt Wood will join the New Board as Independent Non-Executive Directors.

Rupert Fraser will remain as Group Managing Director of the Enlarged Group and Jeremy Sparrow will remain as an Independent Non-Executive Director. Emma Dark will continue as Finance Director until the appointment of a new Group Chief Financial Officer, which is expected to be announced shortly after Admission. Further details are set out in paragraph 13 of this Part I.

This document also seeks the approval of Independent Shareholders to a waiver, which the Panel has agreed to give (subject to such approval), of the obligation that might otherwise arise under Rule 9 of the Takeover Code for the Concert Party to make a mandatory offer for the entire issued and to be issued share capital of Barkby.

At the same time as the Acquisitions, the Placing and Subscription, the Board is proposing other consequential proposals including the Share Consolidation and the Capital Reduction.

The Proposals are conditional, *inter alia*, on approval by Shareholders at a General Meeting to be convened and held at 10.00 a.m. on 6 January 2020, and Admission taking place by no later than 7 January 2020. Admission is expected to occur at 8.00 a.m. on 7 January 2020, and the Acquisitions are also expected to complete on Admission.

The purpose of this document is to give you further information regarding the matters described above and to seek your approval of the Resolutions at the General Meeting. The Notice of General Meeting is set out at the end of this document.

2. SUMMARY INFORMATION ON THE BARKBY GROUP

Barkby is currently admitted to trading on NEX. On 7 June 2018 Barkby announced the acquisition of the business and assets of Turf to Table Ltd, a boutique hospitality group focused on premium gastropubs, inns and function spaces in Gloucestershire and Oxfordshire. At the time of acquisition, the portfolio of pubs comprised The Five Alls in Filkins, The Plough Inn in Kelmscott and The Bull in Burpham. Since then, the Group has added The George in Fairford, The Queens Arms in East Garston and The Rose & Crown Inn in Ashbury to its portfolio.

The Company is in exclusivity and negotiations to acquire the freehold of The Star Inn at Sparsholt, Oxfordshire for total consideration of £1.2 million, which may be funded from the Bridging Facility. Following the acquisition of The Star Inn at Sparsholt, Barkby Pubs will comprise seven gastropubs containing a total of 65 hotel rooms. Detailed information on Barkby Pubs is set out in Part II of this document.

On 13 February 2019 Barkby acquired Centurian, an automotive dealership focusing on luxury used vehicles with a fast growing online digital presence for a maximum consideration of £0.45 million. Detailed information on Centurian is set out in Part II of this document.

In the 17 month period to 31 May 2019, the Barkby Group generated revenue of £6.3 million, profit before tax of £0.075 million and had net assets of £1.5 million.

3. SUMMARY INFORMATION ON THE DICKSON CONTROLLED ENTITIES

The Dickson Controlled Entities focus on two business areas:

Commercial Property Development

The New Board believes that the commercial property development business is a low risk business with a proven track record of sourcing and developing commercial property projects in South East England. The business is managed by Charles Dickson, Gary Langridge-Brown and Chris Reynolds and together the team has completed over 20 schemes in locations such as Tunbridge Wells, Stevenage, Evesham, St Albans and Basingstoke through various entities. The business specialises in projects with a gross development value of between £3.0 million and £20.0 million and targets an EBITDA margin of at least 18 per cent. on each project. The business model is to forward fund the development of its projects by securing long term anchor tenants (such as Aldi Limited, MKM Building Supplies Limited, Burger King Europe GmbH and Costa Limited) prior to

development commencing and pre-selling the site to property funds such as Aberdeen Standard Fund Managers Limited and Canada Life Limited, making the business model, in the view of the New Board, capital light and low risk. The business has expanded from its initial developments of trade parks to include retail warehouses, car dealerships and storage. The business has close relationships with a number of anchor tenants and property funds and has a pipeline of future developments.

Workshop Coffee

Workshop Coffee was established in 2011 and focuses on selling coffee and coffee related hardware through its wholesale B2B business, retail shops and online. Workshop Coffee focuses on specialty coffee and its operations comprise roasting, wholesale and a small chain of four coffee shops. Workshop Coffee focuses on wholesale and B2B customers and the New Board believes there is a significant opportunity to grow the Workshop Coffee business both organically, by way of acquisition, to expand overseas using an overseas distribution model and a franchise model.

Detailed information on the Dickson Controlled Entities is set out in Part III of this document.

Investments

In addition to the operating businesses detailed above, the Enlarged Group has the right to participate in the upcoming fundraisings for two private companies: Transcend and VivoPlex. Part of the use of proceeds from the Placing and the Subscription together with cash resources generated by the Enlarged Group will enable the Enlarged Group to take up these rights and participate in the fundraisings for Transcend and VivoPlex.

Origination of investments

Transcend was introduced to the Dickson Family in November 2018 as a disruptive high growth, global opportunity to create a sustainable and ethical packaging manufacturer. Transcend required significant further funding for expansion and the Dickson Family led a £2.0 million equity round in January 2019 with follow on investment of £2.0 million in July 2019.

As part of this process the Dickson Family were able to negotiate the Transcend Facility Agreement for the benefit of Barkby.

VivoPlex was introduced to the Dickson Family via contacts at the University of Southampton in 2015. The academic founders required funding to commercialise the technology and develop a novel medical device. The Dickson Family formed VivoPlex with the academic founders and begun funding the project. In 2018 VivoPlex completed a £3.0 million Series A funding round led by the Dickson Family.

The Dickson Family were able to negotiate the VivoPlex Option in respect of the VivoPlex Loan Notes which, following completion of the DevCo Acquisition, will be for the benefit of the Enlarged Group.

Transcend Packaging

Transcend was founded by Lorenzo Angelucci in 2018 to take advantage of the 'Blue Planet' movement to eliminate single use plastics. In March 2020 and April 2021, the UK and EU Parliaments will respectively ban plastic cutlery, cotton buds, straws and stirrers, as part of a series of regulations to prevent plastic waste that spoils beaches, pollutes oceans and harms wildlife.

Transcend's first product was a fully compostable paper straw, made to a significantly higher standard than the majority of those currently available in the UK and for which Transcend was awarded a contract to supply straws to McDonalds UK. Transcend is currently trialing production of the first single use fully compostable and recyclable disposable coffee cup and has a strong track record of innovative sustainable packaging research and development, including the imminent launch of the first commercially available paper U-bend straw for Tetra Pak-style cartons.

Transcend's contracted customers include: McDonald's Restaurants Limited, Kentucky Fried Chicken Limited, Plastico Limited, Bunzl and Muller. Transcend Packaging's contracts tend to have a duration of three to five years.

A total amount of approximately £6.5 million of equity has been invested into Transcend to date from various investors and the last funding round was at a post-money valuation of £13 million. The Dickson Family has invested a total of £0.54 million (£0.47 million in January 2019 and the balance in July 2019), meaning that they hold approximately 4 per cent. of the current issued share capital of Transcend (prior to the issue of the convertible loan being invested by the Enlarged Group).

The Enlarged Group has agreed to invest up to £4.0 million as a convertible loan with a coupon of 5 per cent. which is secured against Transcend by the Transcend Security entered into with other investors but with DevCo as the security trustee. This loan converts into equity at a discount of 25 per cent. at the next equity funding round where the share price is greater than £4.00 a share. The Transcend Facility Agreement is assignable to any member of the Enlarged Group, and the benefit of the Transcend Security is freely assignable. Further details of the Transcend Facility Agreement and Transcend Security are set out in paragraph 16.8.2 of Part VIII of this document.

VivoPlex

VivoPlex is a digital health company that has developed a wireless, battery free medical device that will measure pH, temperature and dissolved oxygen level in the uterus continuously for up to seven days.

The data from VivoPlex's device allows clinicians to optimise and personalise current fertility treatments, enabling improvements in IVF success rates. VivoPlex has successfully completed multiple animal trials and one human trial with a final human safety study planned for Q2 2020 with regulatory approval expected by the end of 2020.

The Series B investment round is ongoing at a pre-money valuation of £25.0 million. VivoPlex intends to raise a total of £6.0 million.

To date, the Dickson Family has invested approximately £1.0 million over the last four years in VivoPlex, representing approximately 45 per cent. of the current issued share capital.

Approximately £2.0 million from the proceeds of the Placing and Subscription will be invested in VivoPlex through the exercise of the VivoPlex Option which grants the right to DevCo to subscribe for up to £2.0 million of the Vivoplex Loan Notes and which is assignable to any member of the Enlarged Group. Further details of the VivoPlex Option and VivoPlex Loan Notes are set out in paragraph 16.8.1 of Part VIII of this document.

4. ABOUT THE DICKSON FAMILY

The Dickson Family has been investing in, growing and exiting businesses for over 35 years, including the following:

Yates Group PLC

Yates is a British pub chain that was founded as Yates Wine Lodge in 1884 and is Britain's oldest chain of pubs. Peter Dickson (father of Charles Dickson) led Yates through a high growth period between 1984 and 2001, taking the business public on the London Stock Exchange in 1994. The business was sold in June 2004 to GI Partners in a deal valuing the company at approximately £93.0 million.

The Medical Property Investment Fund Limited

Alongside Richard Burrell, Peter Dickson floated The Medical Property Investment Fund Limited on the London Stock Exchange in November 2003, raising £140 million of new capital. The

business went on to become the largest owner of primary health property in the UK and remains listed as Assura PLC with a market capitalisation of approximately £1.75 billion.

Portland Hotel Group

Alongside the Paton family, the Dickson Family invested in Portland Hotels in 2003, building a business with 536 rooms across five properties in Scotland. The business was sold to Leonardo Hotels for £42.5 million in August 2017. The business received approximately £0.85 million of funding from the founders and total returns to shareholders, including dividends, were approximately £29.0 million. Charles Dickson was a non-executive director for 11 years.

Tarncourt Group

Charles Dickson founded Tarncourt Group, the Dickson family office, in 2006 following the death of his father. He has built this into a diverse and successful business generating significant returns and value creation for the Dickson Family. The business is split into three arms: commercial property development; commercial property investment and venture capital investment.

Apache Capital Partners Limited

Alongside John Dunkerley, Richard Jackson and Paul Orchard-Lisle, Charles Dickson co-founded Apache Capital Partners in 2009 with a total investment of approximately £0.7 million. Apache Capital Partners is a private real estate investment manager specialising in the alternative real estate sectors. Apache Capital Partners now has assets under management (“AUM”) in excess of £2.0 billion. Charles Dickson remains a non-executive director and shareholder. The initial investment was returned to the founders a number of years ago.

5. THE ENLARGED GROUP MARKET AND MARKET OPPORTUNITY STRATEGY

The New Board believes that the Acquisitions will result in significantly accelerated growth for all businesses in the Enlarged Group, driven by a strong management team who will continue to focus on high growth opportunities.

The experienced and entrepreneurial management will continue to grow the Enlarged Group's market presence by investing in cash generative, exciting businesses with the ability to disrupt.

The Enlarged Group will operate within diverse markets and the New Board believes this will present Shareholders with a low risk investment with significant capital growth potential. It is intended that the Enlarged Group will pay a dividend in the financial year ended 30 June 2020 subject to the dividend policy summarised in paragraph 15 of this Part I.

6. USE OF PROCEEDS

The Placing and Subscription will raise gross proceeds for the Company of £5.0 million and net proceeds for the Company of approximately £4.4 million (after the deduction of estimated fees and expenses of approximately £0.6 million) whilst the Company will also have the benefit to draw down up to £3.5 million pursuant to the Bridging Facility. The New Board intends to use the net proceeds of the Placing, the Subscription and the Bridging Facility as follows:

Investment in commercial property development – working capital	£0.375m
Cash consideration to be paid to certain of the SPVCo Sellers on Completion in respect of the SPVCo Sellers	£0.375m
Payment to buy out earn out consideration pursuant to the acquisition of T2T on Admission	£0.08m
Centurian Automotive	£0.25m
Workshop Coffee – working capital and growth	£0.5m
Transcend Facility Agreement	£0.75m*
VivoPlex Group – Convertible Loan Note	£2.0m
Additional working capital	£0.07m
Re-finance of existing Tarncourt Investments LLP facilities	£1.75m
	£6.15m

*The Enlarged Group has committed to invest £3.5 million as a convertible loan note into Transcend Packaging Limited, £0.25 million of this has already been drawn, £0.75 million will be made available on completion of the Placing and Subscription and the remaining £2.5 million is expected to be drawn by Transcend Packaging Limited in May 2020, with the intention being that this will be funded by the Enlarged Group's cash balances at that time.

7. SUMMARY FINANCIAL INFORMATION

Summary historical financial information on Barkby

	<i>For the 17 months ended 31 May 2019</i>
	£'000
Revenue	6,286
Gross profit	2,657
Profit from operations	323
Profit after tax	75

Summary historical financial information on the Dickson Controlled Entities

Summary historical financial information on DevCo:

	<i>For the year ended 31 March 2018</i>	<i>For the year ended 31 March 2019</i>
	£	£
Revenue	1,587,954	9,948,073
Operating profit	117,899	3,642,714
Profit before payments to related parties	97,556	3,372,126
Profit after tax	79,214	437,495

Summary historical financial information on SPVCo:

	<i>For the year ended 31 March 2018</i>	<i>For the year ended 31 March 2019</i>
	£	£
Administrative expenses	(36,054)	(25,148)
Operating loss	(36,054)	(25,148)
Finance costs	(208,150)	(195,000)
Loss for the year	(244,204)	(220,148)

Summary historical financial information on Workshop:

	<i>For the year ended 31 March 2018</i>	<i>For the year ended 31 March 2019</i>
	£	£
Revenue	2,365,207	2,563,450
Operating loss	(1,261,641)	(1,003,585)
Loss for the year	(1,272,676)	(1,003,585)

8. CURRENT TRADING AND PROSPECTS

Barkby

Since the publication of the Company's results for the seventeen months ended 31 May 2019 on 23 September 2019, the Barkby Pubs have continued to trade well, albeit as is traditionally the case in the Directors' experience in the pub and hospitality industry, October and November this has been a quieter period resulting in trading marginally behind budget. However, the occupancy and cover bookings visibility coming into the critical Christmas trading period is encouraging. The level of bookings for December is ahead of last year and visibility and revenue expectation is slightly ahead of budget, which should compensate for the softer trading experienced pre-Christmas.

Given pre-bookings and reservations received to date, it is expected that there will be particularly strong trading days on Christmas Day and Boxing Day. Therefore, the Barkby Pubs as a whole is currently trading in line with management expectations and management is excited for the upcoming busy Christmas trading period.

Centurian is trading in line with management expectations, with the strategy being focused on continued destocking. Centurian's stock is down to around 105 cars and the business is seeing increasing online trade while executing its strategy of carrying less inventory.

This information relates to past performance. Past performance is not a reliable indication of future results.

The Dickson Controlled Entities

The financial year end for each of the Dickson Controlled Entities is 31 March 2019. This financial information is contained in Part VI of this document.

Trading since 1 April 2019 has been in line with the Board's expectations.

This information relates to past performance. Past performance is not a reliable indication of future results.

9. PRINCIPAL TERMS AND CONDITIONS OF THE ACQUISITIONS

Under the Acquisition Agreements, the Company has conditionally agreed to purchase the entire issued share capital of each of the Dickson Controlled Entities for a total aggregate consideration of approximately £30.6 million through the issue and allotment of 102,086,167 New Ordinary Shares (being the Consideration Shares) at the Issue Price of 30 pence per Consideration Share, cash consideration of £0.75 million of which £0.375 million is payable within 10 Business days of Admission to certain of the SPVCo Sellers, with the remaining £0.375 million being payable within 10 Business Days of DevCo receiving a final payment in respect of the Hastings site and the Contingent Deferred Consideration. The consideration payable in respect of each of the Dickson Controlled Entities is apportioned as follows:

Target	Total Consideration £	Number of Consideration Shares	Cash £
Workshop Trading Holdings Limited	4,750,850	15,936,166	—
Tarncourt Ambit Properties Limited	14,645,000	48,816,667	—
Tarncourt Ambit Limited	11,200,000	37,333,334	750,000
Total	30,595,850	102,085,167	750,000

Completion of each of the Acquisition Agreements is conditional, *inter-alia*, on Admission and completion of the Placing Agreement and all of the Acquisition Agreements.

The Dickson Family are not receiving any cash consideration in respect of the Acquisitions and will have converted existing debt owed to them and/or entities connected to them by the Dickson Controlled Entities amounting in aggregate to £3.145 million into equity prior to the Acquisitions.

As part of the acquisition of SPVCo £0.75 million will be paid to the non-Dickson Family co-founders (being Chris Reynolds, Gary Langridge-Brown and Peter Clayden) in equal proportions in return for their profit share in the commercial property development business in the financial year ending 30 June 2020, with £0.375 million being payable within 10 Business Days of Admission and £0.375 million being payable within 10 Business days of DevCo receiving a final payment in respect of its Hastings site.

Further details of the Acquisition Agreements are set out in paragraphs 16.1.1 to 16.1.3 of Part VIII of this document.

10. SHARE CONSOLIDATION

The Share Consolidation will take effect at 8.00 a.m. on 7 January 2020, assuming the Resolutions are passed at the General Meeting. The Share Consolidation will comprise the consolidation of every 193 Existing Ordinary Shares into 74 New Ordinary Shares.

Immediately prior to the date of this document, the Company had 42,164,167 Existing Ordinary Shares in issue. To effect the Share Consolidation, it was necessary to issue a further 157 Existing Ordinary Shares to increase this to 42,164,324, which is exactly divisible by 193. Since these additional Existing Ordinary Shares would only represent a fraction of an Existing Ordinary Share, this fraction will be sold pursuant to the arrangements for fractional entitlements.

An application has been made for the additional 157 Existing Ordinary Shares to be admitted to trading on NEX which is expected to occur by 24 December 2019.

Any fractional entitlements to New Ordinary Shares arising upon the consolidation of Existing Ordinary Shares will be aggregated and sold in the market following Admission and the proceeds of sale applied for the benefit of the Company or as it may direct.

Immediately following the Share Consolidation and before Admission, Shareholders will own the same proportion of ordinary shares in the capital of the Company as they did prior to the Share Consolidation (subject to fractional entitlements) but will hold fewer New Ordinary Shares than the number of Existing Ordinary Shares currently held.

The rights attaching to the New Ordinary Shares will be the same as the rights attaching to the Existing Ordinary Shares.

The Company will issue new share certificates to those Shareholders holding shares in certificated form to take account of the Share Consolidation. The share certificates will be dispatched by first class post at the risk of the shareholder entitled to them. Shareholders will still be able to trade in Existing Ordinary Shares using certificates for the Existing Ordinary Shares up until the record date being 6.00 p.m. on 6 January 2020 on the day of the General Meeting. Following the issue of new certificates, share certificates in respect of Existing Ordinary Shares will no longer be valid.

Shareholders whose shareholdings are in uncertificated form through CREST will have their CREST accounts adjusted to reflect their entitlements to New Ordinary Shares.

11. PROPOSED CAPITAL REDUCTION

Under the Act, save in certain limited circumstances, a public company may only declare dividends out of distributable profits. In the Company's accounts to 31 May 2019, the Company's called up share capital was £139,141,751.1, its share premium account was £6,347,000, and its capital redemption reserve was £3,078,000 while the deficit on its profit and loss account was £8,301,000.

It is proposed that a capital reduction is undertaken to reduce the amount standing to the credit of the share premium account and to cancel such amount standing to the credit of capital redemption reserve so as to offset against the profit and loss account in order to eliminate all of the deficit on the profit and loss account and create £1,124,000 of reserves. This would bring forward the time when the Company may be in a position to pay dividends pursuant to its dividend policy as summarised in paragraph 15 of this Part I and will also align the Company's share capital more closely with its available assets. This is subject to the protection of the interests of the Company's creditors.

Accordingly, at the General Meeting, Resolutions 7 and 8 will be proposed to approve the Capital Reduction and associated reduction of the share premium account and the cancellation of the capital redemption reserve. These are special resolutions which requires the approval of not less than three quarters of Shareholders who vote in person or by proxy. Voting will be on a show of hands, unless a poll is demanded, in which case those present in person or by proxy will be entitled to one vote for each Existing Ordinary Share held by them. Provided the Resolutions are duly passed, an application will then be made immediately to Court to approve the Capital Reduction. The Court will only approve the Capital Reduction once satisfied that the interests of the Company's creditors are not thereby prejudiced and the Company intends to put into place such form of creditor protection as the Court may require, if any. It is anticipated that the relevant Court approval will take approximately two months to obtain. The Capital Reduction will take effect upon registration of the Court order confirming it with the Registrar of Companies.

If the Resolutions are not all passed or the Court does not approve the Capital Reduction, the Capital Reduction will not take effect.

12. INFORMATION ON THE PLACING AND SUBSCRIPTION

The Company has conditionally raised £5.0 million (before fees and expenses) by way of a placing of 6,023,333 New Ordinary Shares and a Subscription for 10,643,334 New Ordinary Shares at an Issue Price of 30 pence per New Ordinary Share. The Placing Shares and Subscription Shares will represent approximately 12.3 per cent. of the Enlarged Share Capital. The Issue Price represents a premium of approximately 95.6 per cent. to the equivalent Closing Price of 15.34 pence per New Ordinary Share (as if the Share Consolidation has taken place) on 10 November 2019 (being the last Business Day before suspension of the Existing Ordinary Shares from trading on NEX). The Placing and Subscription are not being underwritten.

finnCap has agreed, as the Company's agent, on the terms and subject to the conditions of the Placing Agreement to use its reasonable endeavours to procure investors for the Placing Shares at the Issue Price. The Placing Agreement contains provisions (including customary market related provisions) entitling finnCap to terminate the Placing Agreement in certain limited circumstances at any time prior to Admission.

An application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. The Placing Shares and Subscription Shares will rank *pari passu* with the New Ordinary Shares on Admission. The Placing is conditional on the Placing Agreement becoming unconditional in all respects and not being terminated prior to Admission. The Placing Agreement is conditional, among other things, on the Acquisition Agreements and the Subscription

Letters becoming unconditional (other than as regards any condition relating to the Placing Agreement or Admission having taken place) and on Admission becoming effective by no later than 8.00 a.m. on 7 January 2020 (or such later time, not being later than 8.00 a.m. on 31 January 2020, as the Company and finnCap may agree). The Subscription is conditional on the Subscription Letters becoming unconditional in all respects and not being terminated prior to Admission. The Subscription Letters are conditional, amongst other things, on completion of the Acquisitions and the Placing and on Admission becoming effective by no later than 8.00 a.m. on 7 January 2020 (or such later time as the Company may determine, being no later than 31 January 2020). Admission is expected to become effective, and dealings in the Placing Shares and the Subscription Shares to commence, at 8.00 a.m. on 7 January 2020. Neither the Placing Agreement nor the Subscription Letters are subject to any right of termination after Admission.

Upon Admission, the Company's Enlarged Share Capital will comprise 135,235,066 New Ordinary Shares with voting rights. The Company does not hold any Ordinary Shares in treasury. This figure of 135,235,066 New Ordinary Shares may be used by Shareholders following Admission as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

Of the 10,643,334 Subscription Shares, 3,499,999 Subscription Shares will be settled on a delayed basis, by no later than 31 January 2020.

Further details of the Placing Agreement and the Subscription Letters are set out in paragraph 16.2.1 and paragraph 16.2.2 respectively of Part VIII of this document.

Related party transactions

Giles Clarke and Rupert Fraser have subscribed at the Issue Price for 250,000 and 666,667 New Ordinary Shares in the Placing and Subscription respectively.

Giles Clarke and Rupert Fraser are each considered a "related party" as defined under the NEX Rules due to their Board positions. Giles Clarke and Rupert Fraser's participation in the Placing and Subscription respectively constitute related party transactions for the purposes of Rule 52 of the NEX Rules.

13. DIRECTORS, PROPOSED DIRECTORS AND SENIOR MANAGEMENT

On Admission, the Board will be enhanced by the addition of the Proposed Directors, while Giles Clarke, Stephen Cook and Duncan Harvey will step down from the Board. Stephen Cook will remain with the Enlarged Group as Operations Director of Barkby Pubs.

Therefore, on Completion, the New Board will comprise three executive directors and three non-executive directors as follows:

Charles Dickson	(Executive Chairman)
Rupert Fraser	(Group Managing Director)
Emma Dark	(Finance Director)
Jeremy Sparrow	(Independent Non-Executive Director)
Jonathan Warburton	(Independent Non-Executive Director)
Matt Wood	(Independent Non-Executive Director)

New Group Chief Financial Officer

The New Board has identified a high calibre candidate to join the New Board to become Group CFO following Admission. The candidate gained his qualification with a 'big four' accounting firm, where his client focus was UK hospitality businesses, including managing the audit of a large AIM listed pub company.

He left to join an international quick food service business where he held roles of Chief Accountant and Group Financial Controller, reporting directly to the CFO. During this period, revenues and EBITDA increased significantly.

The candidate subsequently joined the management team of a fast-growing UK SME following external investment. He has held the board-level position of Finance Director for three years.

Biographical details

The biographical details of the Board, the Proposed Directors and the Senior Management are set out below:

Directors

The Board currently comprises the following Directors:

Giles Clarke, Non-Executive Chairman (age 66)

Mr Clarke is Chairman of Westleigh Investments Holdings Limited, Amerisur Resources PLC, and of several private organisations, in addition to being Non-Executive Chairman of Ironveld PLC and Kennedy Ventures PLC. He founded Majestic Wine Plc in 1981 and built it into a national chain of wine warehouses. He also co-founded Pet City Limited in 1990, which he expanded nationwide before it was listed and subsequently sold in 1996 for £150.0 million and co-founded Safestore Holdings Plc which was sold in 2003 for £40.0 million.

On Admission he will step down as a Director.

Rupert Fraser, currently Chief Executive officer to become Group Managing Director on Admission (age 51)

Mr Fraser has over 25 years of experience in the investment banking industry involving exposure to leading UK, US and international institutions. He was Head of Equities at Evolution Securities Limited from 2009 to 2011, prior to which he spent 16 years Dresdner Kleinwort Limited, where in 2005 he was appointed Managing Director, Global Head of Equity Distribution. Rupert was founding partner of Kildare Partners where he was responsible for investment origination across Europe and the United Kingdom. Rupert is a non-executive director of Woodforde's Brewery.

Stephen Cook, currently Group Operations Director to become Operations Director of Barkby Pubs (age 38)

Mr Cook has previously held several senior roles in the hospitality industry including, most recently, at the New Inn, Coln St Aldwyns and The Park Pub and Kitchen, Bedford. Mr Cook is highly experienced in running all operational aspects of hospitality businesses and has built a strong reputation within the industry for driving and delivering growth.

On Admission he will step down as a Director.

Emma Dark, Finance Director and Company Secretary (age 40)

Ms Dark is a chartered accountant with 18 years' experience across varied industries including hospitality, manufacturing and asset management. Her previous roles have required leadership across general ledger, cost and variance analysis, cash management, compliance and forecasting. She has also spent 11 years as a specialist in streamlining processes and implementing best practices across organisations. Emma has strong internal auditing skills and experience in implementation of numerous financial IT systems.

Duncan Harvey, *Non-Executive Director (age 40)*

Mr Harvey is an independent management consultant with 15 years' experience across strategy, operating model design and business development. Formerly a strategy consultant with Accenture Plc, he has worked across numerous industries including financial services, manufacturing, resources, technology, FMCG and hospitality.

As an independent advisor Duncan is focused on helping management teams to increase shareholder value.

On Admission he will step down as a Director.

Jeremy Sparrow, *Non-Executive Director (age 52)*

Mr Sparrow is an adviser to Black Swan Equity Partners, the independent multi-family office, and has over 25 years of extensive deal making experience leading equity teams that have raised a combined total of over \$23 billion. He was most recently head of Investec Resource Investment Banking for Asia and Australia, after serving as CEO of Renaissance Capital, where he established the company's first Asian office. Previously, he spent 12 years with Renaissance Capital, as a Managing Director being head of Equity Products in New York and the UK and has also served a Vice President at Morgan Stanley & Co International Plc.

Proposed Directors

On Admission, it is proposed that the following individuals will be appointed to the New Board:

Charles Dickson, *Executive Chairman (age 37)*

Mr Dickson has over 15 years' experience running the Dickson family office, Tarncourt Group, which he has built into a successful and diverse business. Charles began his career with Ernst & Young LLP, where he qualified as a Chartered Accountant before moving to work in Corporate Finance with McQueen Limited (now Houlihan Lokey Limited). Charles is a non-executive director of Apache Capital Partners Limited.

Jonathan Warburton, *Non-Executive Director (age 62)*

Mr Warburton assumed control of the Warburton bakery business in 1991. He first joined the company at the age of 23 after spending time in organisations outside Warburtons to gain insight into the baking industry, as well as experience in sales and marketing experience through his time spent with Unilever. He joined the family business as a member of the Sales Team, progressing to National Account Manager and to Sales Director before he set up the Marketing Team. As Marketing Director, he led the development of Warburtons first ever TV advert. In the decade that followed, Jonathan held the role of Commercial Director and joint Managing Director. Since Jonathan became Chairman in 2001, Warburtons has grown from a small, regional business into the second biggest UK grocery brand behind Coca-Cola Plc. Jonathan has also held non-executive director positions with AG Barr and Samworth Brothers.

Matthew ("Matt") Wood, *Non-Executive Director (age 46)*

An experienced plc non-executive director, Mr Wood graduated with a First Class honours degree in Economics in 1996 and qualified as a chartered accountant in 1999. He subsequently joined the corporate finance department of Beeson Gregory in 2000 where he advised growing companies on transactions including IPOs, secondary fundraisings, M&A and corporate restructuring. Matt also advised corporate clients on the UK regulatory framework including the Listing Rules, the AIM Rules, the Takeover Code and general corporate governance matters. He left Beeson Gregory, by then Evolution Securities, in 2006 to set up ONE Advisory Group, a London-based corporate advisory group providing its Plc clients with corporate administration, Company Secretarial services, outsourced finance function, IFRS conversions, FPPP preparation and FCA regulated activities.

Senior Management

On Admission the following will comprise the senior management of the Enlarged Group:

Stephen Cook, *Operations Director of Barkby Pubs*

See above

Paul Harding, *Managing Director of Centurian*

Mr Harding was the founder of Centurian Automotive and has spent his 25-year career in the supply of leather and vehicles to the high-end luxury sector, working with brands such as Fairline Yachts Limited, Sunseeker International Limited, Princess Yachts Limited, Koenigsegg, Aston Martin Plc and Ascari Limited.

James Dickson, *CEO of Workshop Coffee*

Mr Dickson qualified as a Chartered Surveyor and subsequently moved into the specialty coffee sector by founding Workshop Coffee. As CEO of Workshop Coffee, he oversees the planning and execution of the business strategy across all departments, as well as identifying new areas for development and expansion. James holds a Bachelor of Arts degree in Politics from the University of Nottingham and a Master of Science degree in Corporate Real Estate Finance and Strategy from Cass Business School.

Gary Langridge-Brown, *Director of Commercial Property Development*

Mr Langridge-Brown is responsible for site acquisitions, planning and lettings. He has specialist knowledge of the trade occupier market, developed over the past 18 years, and more recently has used his acquisition skills in other sectors, including retail warehousing and leisure.

He has over 25 years' of experience with a background in commercial agency before moving to the client side with Wickes Building Supplies Limited and then as a director of a specialist retail warehousing and leisure practice.

Chris Reynolds, *Director of Commercial Property Development*

Chris has over 25 years of diverse experience starting in investment agency and then moving to fund management, with Guardian, playing a key role in expanding the development programme of a fund there.

In addition to investment and site acquisitions, he is responsible for appraisal and funding of development and investment projects and coordinates joint venture relationships.

14. IRREVOCABLE UNDERTAKINGS

The Company has received irrevocable undertakings from Duncan Harvey (or persons connected with him) to vote in favour of all the Resolutions in respect of 2,777,778 Existing Ordinary Shares, representing approximately 6.6 per cent. of the Existing Share Capital.

The Company has received irrevocable undertakings from the following Directors (or persons connected with them) to vote in favour of Resolutions 1, 3, 4, 5, 6, 7, 8 and 9 in respect of the following number of Existing Ordinary Shares:

<i>Director</i>	<i>Aggregate number of Existing Ordinary Shares voted in favour</i>	<i>% of Existing Share Capital</i>
Giles Clarke	3,585,859	8.5
Rupert Fraser	2,818,181	6.7

In addition to the Directors (and persons connected to them), certain other Shareholders have irrevocably undertaken to vote in favour of the Resolutions in respect of Existing Ordinary Shares in which they are interested, as follows:

<i>Name of Shareholder</i>	<i>Aggregate number of Existing Ordinary Shares voted in favour</i>	<i>% of Existing Share Capital</i>
Turf to Table Ltd	5,777,778	13.7
Michinoko Limited	4,033,333	9.6
Sir David Ord*	3,770,706	8.9
Paul James Harding	2,108,208	5.0
Rachael Michala Harding	2,108,208	5.0

* Including Existing Ordinary Shares registered in the name of David Ord Limited, a company controlled by Sir David Ord.

15. DIVIDEND POLICY

Declaration and payment of dividends by the Company will be dependent upon the financial position, cash requirements, future prospects and profits available for distribution of the Enlarged Group and other factors regarded by the New Board as relevant at the time. It is expected (assuming the Capital Reduction is approved by the Court) that the Enlarged Group will generate sufficient distributable reserves and free cash flow to allow the New Board to consider paying dividends for the financial year to 30 June 2020 and beyond, and it is the New Board's intention to put in place a progressive dividend policy.

There can be no assurance as to whether dividend distributions will occur as expected, the amount of dividend payments or the timing of any such payment.

The New Board will consider the following general principles when recommending dividends for approval by Shareholders or when declaring any interim dividends:

- (a) the Enlarged Group's level of cash, marketable financial assets and level of indebtedness;
- (b) the Enlarged Group's required and expected cashflows, interest expenses, profit, return on equity and retained earnings;
- (c) the Enlarged Group's expected results from operations and the anticipated future level of operations; and
- (d) the Enlarged Group's projected levels of capital expenditure and other investment plans including future acquisitions.

In the event that the Company receives a supernormal profit, such as from the successful exit from one of its businesses or investments, the New Board will evaluate needs of the Enlarged Group at that time and may choose to declare a special dividend. The declaration of a special dividend will be subject to the factors listed above.

16. LOCK-IN ARRANGEMENTS

Each member of the Dickson Family, the other SPVCo Sellers (being Christopher Mark Reynolds, Peter Richard Hector Clayden and Gary Mark Langridge-Brown and the Locked-In Director has given lock-in and orderly market undertakings pursuant to the terms of the Lock-in Agreements so that, subject to certain specified exemptions:

- they cannot dispose of any interest in New Ordinary Shares for a period of 12 months from Admission; and
- then for a further period of 12 months they will only dispose of any New Ordinary Shares through finnCap (or the broker for the time being of the Company) in such manner as to ensure an orderly market in the New Ordinary Shares.

Each of the Locked-in and Orderly Market Parties have also undertaken to use all reasonable endeavours to ensure that their associates (as defined in paragraph (c) of the definition of 'relevant party' in the AIM Rules) comply with these restrictions.

Further details of these Lock-in Agreements are set out in paragraph 16.3 of Part VIII of this document.

17. CORPORATE GOVERNANCE

AIM quoted companies are required to adopt a recognised corporate governance code on Admission, however there is no prescribed corporate governance regime in the UK for AIM companies. The Directors recognise the importance of sound corporate governance commensurate with the size and nature of the Group and the interests of its Shareholders.

The QCA has published the QCA Corporate Governance Code 2018 (the "QCA Code"), a set of corporate governance guidelines, which include a code of best practice, comprising principles intended as a minimum standard, and recommendations for reporting corporate governance matters. The Board has adopted the QCA Code with effect from Admission.

The New Board

Following Admission, the New Board will comprise six Directors, three of whom will be Executive Directors and three of whom will be Non-Executive Directors reflecting a blend of different experience and backgrounds.

Three of the Non-Executive Directors – Jonathan Warburton, Jeremy Sparrow and Matt Wood – are considered to be independent.

The New Board will meet monthly and will be responsible for strategy, performance, approval of any major capital expenditure and the framework of internal controls. Briefing papers will be distributed to all Directors in advance of board meetings and all Directors will have access to the advice and services of the Finance Director and Company Secretary, who will be responsible for ensuring that board procedures are followed and that applicable rules and regulations are complied with, in accordance with the QCA Code.

The Board has delegated specific responsibilities to the committees referred to below all of which have written terms of reference and formally delegated duties.

Audit Committee

The Group has established an Audit Committee, which will comprise Jonathan Warburton as Chairman, Jeremy Sparrow and Matt Wood with effect from Admission. It will meet at least three times each year and at any other time when it is appropriate to consider and discuss audit and accounting related issues. The Audit Committee is responsible for determining the application of the financial reporting and internal control principles, including reviewing regularly the effectiveness of the Enlarged Group's financial reporting, internal control and risk-management procedures and the scope, quality and results of the external audit.

Remuneration Committee

The Group has established a Remuneration Committee, which will comprise Jonathan Warburton as Chairman, Jeremy Sparrow and Matt Wood with effect from Admission, which will review the performance of the Executive Directors and set the scale and structure of their remuneration and the basis of their service agreements with due regards to the interests of Shareholders. In determining the remuneration of Executive Directors, the Remuneration Committee will seek to enable the Enlarged Group to attract and retain executives of the highest calibre. The Remuneration Committee also makes recommendations to the board concerning the allocation and administration of Options. No Director is permitted to participate in discussions or decisions concerning their own remuneration.

Nomination Committee

The Group has established a Nomination Committee, which will comprise Charles Dickson as Chairman, Jeremy Sparrow, Jonathan Warburton and Matt Wood with effect from Admission and will be responsible for reviewing the structure, size and composition of the board, preparing a description of the role and capabilities required for a particular appointment and identifying and nominating candidates to fill board positions as and when they arise.

18. SHARE DEALING CODE

The Company has adopted, with effect from Admission, a share dealing code for all its directors and employees for the purpose of ensuring compliance with the provisions of Rule 21 of the AIM Rules for Companies and the Market Abuse Regulation (MAR) which relates to dealings in the Company's securities. The New Board consider that this share dealing code is appropriate for a Company whose ordinary shares are admitted to trading on AIM. The Company will take all reasonable steps to ensure compliance by its directors and any other applicable employees with the terms of this code.

19. TAXATION

The attention of investors is drawn to the information regarding taxation which is set out at paragraph 12 of Part VIII of this document. These details are, however, only intended as a guide to the current taxation law position in the UK.

Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own independent financial adviser immediately.

20. THE TAKEOVER CODE AND THE RULE 9 WAIVER

20.1 *Background*

As a UK plc which has its registered office in the UK and has shares admitted to trading on NEX, the Company is subject to the Takeover Code. Under Rule 9 of the Takeover Code, any person who acquires an interest in shares (as defined in the Takeover Code) which, taken together with shares in which he/she is already interested and shares in which persons acting in concert with him/her are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him/her, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person. An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him/her, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

Shareholders in a private company who sell their shares in that company in consideration for the issue of new shares in a company to which the Takeover Code applies, or who, following the re-registration of that company as a public company in connection with an initial public offering or otherwise, become shareholders in a company to which the Takeover Code applies.

When members of a concert party hold more than 50 per cent. of the voting rights in a company, no obligations under Rule 9 normally arise from acquisitions of further interests in shares by any member of the concert party. They may accordingly increase their aggregate interests in shares without incurring any obligation under Rule 9 to make a general offer,

although individual members of a concert party will not be able to increase their percentage interests in shares through or between a Rule 9 threshold without Panel consent.

20.2 *Outline of the Concert Party*

For the purposes of the Takeover Code, the Concert Party is the Dickson Family together with certain other individuals with whom they have a close association.

Charles Dickson, Davina Dickson, James Dickson, Tarncourt Properties Limited, Mark Lewis and Alan Halsall are regarded to be acting in concert as they are shareholders in one of the Dickson Controlled Entities who are selling their shares in one of those companies in consideration for the issue of New Ordinary Shares in Barkby, a company to which the Takeover Code applies.

Apache Capital Partners Limited are participating in the Subscription. They have been adjudged to be part of the Concert Party due to their close relationship with Charles Dickson.

Richard Burrell is participating in the Subscription. He has been adjudged to be part of the Concert Party due to his close relationship with the Dickson Family.

David Holdsworth is participating in the Subscription. He has been adjudged to be part of the Concert Party due to his close relationship with Charles Dickson.

Charles Dickson, Davina Dickson, James Dickson, Tarncourt Properties Limited, Apache Capital Partners Limited, Mark Lewis, Alan Halsall, Richard Burrell and David Holdsworth are regarded by the Company and finnCap to together form the “Concert Party” and would, if the Transaction completes, hold in aggregate following Admission 90,726,256 New Ordinary Shares, representing approximately 67.1 per cent. of the Enlarged Share Capital as follows:

	<i>Current interests in Barkby</i>		<i>Proposed interests in Barkby on Admission</i>	
	<i>Number of Existing Ordinary Shares</i>	<i>% of Existing Share Capital</i>	<i>Number of New Ordinary Shares</i>	<i>% of Enlarged Share Capital</i>
Charles Dickson	469,696	1.1	33,279,757	24.6
Davina Dickson	–	–	27,802,167	20.6
James Dickson	–	–	17,803,167	13.2
Tarncourt Properties Limited	–	–	4,166,667	3.1
Apache Capital Partners Limited	–	–	3,333,333	2.5
Mark Lewis	–	–	1,762,666	1.3
Alan Halsall	–	–	1,411,833	1.0
Richard Burrell	–	–	833,333	0.6
David Holdsworth	–	–	333,333	0.2

While the Concert Party holds more than 50 per cent. of the voting rights in the Company, no obligations under Rule 9 normally arise from acquisitions of further interests in shares by any member of the Concert Party unless the acquisition by the individual member of the Concert Party results in their individual percentage interests in shares passing through or between a Rule 9 threshold without Panel consent.

Further information on the Concert Party is set out in Part IV of this document.

20.3 *Panel Waiver*

The Panel has agreed that, subject to the approval of the Independent Shareholders of the Waiver Resolution at the General Meeting, it will waive the obligation on any member of the

Concert Party to make a general offer that would otherwise arise as a result of the issue of the New Ordinary Shares to the Concert Party upon Admission.

Accordingly, the Waiver Resolution is being proposed at the General Meeting and will be taken on a poll to be called at the General Meeting.

21. INDEPENDENCE

Charles Dickson, as a member of the Concert Party and a Shareholder of the Company, will not be entitled to vote on the Waiver Resolution.

Giles Clarke, Rupert Fraser and Sir David Ord will not be entitled to vote on the Waiver Resolution as they are existing Shareholders and participants in the Placing or Subscription.

THE CONCERT PARTY HAS NO RELATIONSHIPS (PERSONAL, FINANCIAL AND COMMERCIAL), ARRANGEMENTS AND/OR UNDERSTANDINGS WITH ANY OF THE SHAREHOLDERS OR ANY PERSON WHO IS, OR IS PRESUMED TO BE, ACTING IN CONCERT WITH ANY SUCH SHAREHOLDER.

22. RELATIONSHIP AGREEMENT

Conditional on Admission, the Dickson Family will control the voting rights attached to an aggregate of 83,051,758 New Ordinary Shares representing approximately 61.4 per cent. of the Company's Enlarged Share Capital and will exercise control over the Company. Accordingly, conditional on Admission they will enter into a relationship agreement with the Company and finnCap to regulate the relationship between the parties on an arm's length and normal commercial basis following (and conditional on) Admission.

Pursuant to the Relationship Agreement, the Dickson Family have agreed, *inter alia*, to certain restrictions on the exercise of the voting rights attached to the New Ordinary Shares in which they have an interest and to ensure that at all times there are not less than two independent directors on the New Board. In addition, for such time as the members of the Dickson Family (together with their associates) hold not less than 20 per cent. of the voting rights attached to the New Ordinary Shares, they are entitled to nominate one director for appointment to the New Board. The initial such nominated director is Charles Dickson.

The terms of the Relationship Agreement apply until the members of the Dickson Family (together with their associates) cease to hold an interest in 20 per cent. or more of the voting rights attached to the New Ordinary Shares or there are only independent directors on the New Board.

Further details of the terms of the Relationship Agreement are set out in paragraph 16.2.5 of Part VIII of this document.

23. WARRANTS AND OPTIONS

The Company has granted warrants to subscribe for an aggregate 8,242,422 Existing Ordinary Shares, exercisable at subscription prices from 3.3 pence to 7.59 pence. Following the Share Consolidation, these warrants will apply in respect of, in aggregate, 3,160,306 New Ordinary Shares and will have a subscription price of 8.60 to 19.79 pence per New Ordinary Share. Further details of these warrants are set out in paragraphs 5.16 to 5.19 of Part VIII of this document.

At the General Meeting, the Company is passing a resolution to adopt the rules of a company share option plan ("CSOP"), further details of which are set out in paragraph 10 of Part VIII. Following Admission, the New Board intends to review and consider whether any options should be granted to senior employees of the Enlarged Group in order to incentivise and motivate them.

24. GENERAL MEETING

Set out at the end of this document is a notice convening the General Meeting to be held at The Bull Hotel, Market Place, Fairford GL7 4AA at 10.00 a.m. on 6 January 2020 at which the following Resolutions will be proposed, of which Resolutions 1 to 5 (inclusive) will be proposed as ordinary resolutions and Resolutions 6 to 9 will be proposed as special resolutions, with all the Resolutions being inter-conditional:

- Resolution 1 is an ordinary resolution to approve the Acquisitions for the purposes of the NEX Exchange Rules.
- Resolution 2 is an ordinary resolution to approve the waiver of the obligation on the Concert Party which would otherwise arise under Rule 9 of the Takeover Code in relation to the issue of the New Ordinary Shares to the Concert Party pursuant to the Acquisition, Placing and the Subscription, respectively. This Resolution will be taken on a poll and must be approved by Independent Shareholders entitled to vote who together represent a simple majority of the Existing Ordinary Shares held by such Independent Shareholders being voted (whether in person or by proxy) at the General Meeting.

IMPORTANT NOTE: Shareholders who are members of the Concert Party or participants in the Placing or Subscription are not entitled to vote on Resolution 2. All Shareholders are entitled to vote on the other Resolutions.

- Resolution 3 is an ordinary resolution to approve the consolidation of every 193 Existing Ordinary Shares into 74 New Ordinary Shares as described in paragraph 10 above.
- Resolution 4 is an ordinary resolution to authorise the Directors under section 551 of the Act to allot equity securities up to an aggregate nominal amount of (i) £878,630.81 for the issue of the Consideration Shares; (ii) £143,445.95 for the issue of the Placing Shares and Subscription Shares; (iii) £2,716.30 for the issue of the Fee Shares; (iv) £116,393.53 in respect of the grant of any options or other subscription rights; (v) £174,590.29 otherwise following Admission; and (vi) £174,590.29 in connection with an offer by way of rights issue.
- Resolution 5 is an ordinary resolution to approve the adoption by the Company of the new company share option plan described in more detail in paragraph 10 of Part VIII.
- Resolution 6 is a special resolution to approve the disapplication of statutory pre-emption provisions to allot equity securities for cash other than on a non pre-emptive basis (i) in connection with an offer by way of rights issue; (ii) up to an aggregate nominal amount of £878,630.81 in connection with the issue of the Consideration Shares; (iii) up to an aggregate nominal amount of £143,445.95 in connection with the Placing and Subscription Shares; (iv) up to an aggregate nominal amount of £2,716.30 in connection with the Fee Shares; (v) up to an aggregate nominal amount of £116,393.53 in respect of the grant of any options or other subscription rights and (vi) up to an aggregate nominal amount of £174,590.20 otherwise following Admission.
- Resolution 7 is a special resolution to approve the reduction of the Company's share premium account by £6,347,000, further details of which are set out in paragraph 11 above.
- Resolution 8 is a special resolution to approve the reduction of the Company's capital redemption reserve from £3,078,000 to £0.00, further details of which are set out in paragraph 11 above.
- Resolution 9 is a special resolution to approve the cancellation of the Company's Ordinary Shares from trading on NEX.

The attention of Shareholders is also drawn to the recommendations by and voting intentions of the Directors as set out in paragraph 28 of this Part I.

25. ADMISSION, SETTLEMENT AND CREST

As the Acquisitions constitute a reverse takeover of the Company under the NEX Exchange Rules, Shareholder consent to the Acquisitions is required at the General Meeting. If the Resolutions are duly passed at the General Meeting, the admission of the Company's Existing Ordinary Shares to trading on NEX will be cancelled (immediately prior to Admission) and the Enlarged Share Capital will be admitted to trading on AIM.

Application has been made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. Admission is expected to take place at 8.00 a.m. on 7 January 2020.

The Placing Shares are eligible for CREST settlement. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument in accordance with the requirements of CREST. The Articles permit the holding and transfer of Ordinary Shares to be evidenced in uncertificated form in accordance with the requirement of CREST. Accordingly, following Admission, settlement of transactions in the Placing Shares may take place within the CREST system if the relevant Shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

26. RISK FACTORS

Your attention is drawn to the Risk Factors set out in Part V of this document.

27. ACTION TO BE TAKEN

Please check that you have received a Form of Proxy for use in relation to the General Meeting with this document.

Whether or not you intend to be present in person at the General Meeting, you are strongly encouraged to complete, sign and return your Form of Proxy in accordance with the instructions printed on it so as to be received, by post or, during normal business hours only, by hand to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR as soon as possible but in any event so as to arrive by not later than 10.00 a.m. on 2 January 2020 (or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any part of a day that is not a Business Day)).

Appointing a proxy will enable your vote to be counted at the General Meeting in the event of your absence.

The completion and return of a Form of Proxy will not preclude you from attending and voting in person at the General Meeting, or any adjournment thereof, should you wish to do so.

28. RECOMMENDATIONS

Resolutions 1, 3, 4, 5, 6, 7, 8 and 9

The Directors, having been so advised by finnCap, consider Resolutions 1, 3, 4, 5, 6, 7, 8 and 9 to be fair and reasonable and in the best interests of the Shareholders and the Company as a whole.

Accordingly the Directors unanimously recommend Shareholders vote in favour of Resolutions 1, 3, 4, 5, 6, 7, 8 and 9 to be proposed at the General Meeting as they have irrevocably undertaken to do in respect of their holdings of Existing Ordinary Shares, representing approximately 21.8 per cent. of the Existing Issued Share Capital.

Resolution 2

Giles Clarke and Rupert Fraser, as participants in the Placing and Subscription respectively, are deemed not to be independent for the purposes of making a recommendation to Shareholders on Resolution 2.

As a result the Independent Directors in respect of Resolution 2 are Stephen Cook, Emma Dark, Duncan Harvey and Jeremy Sparrow, who, having been so advised by finnCap, are satisfied that the waiver granted by the Panel of any obligation that would otherwise arise under Rule 9 of the Takeover Code as a result of the issue of New Ordinary Shares to the Concert Party pursuant to the Acquisitions, the Subscription and the Placing is fair and reasonable and in the best interests of the Company and the Independent Shareholders as a whole. In so doing, finnCap has taken into account the Independent Directors' commercial assessments.

Accordingly the Independent Directors unanimously recommend Independent Shareholders vote in favour of Resolution 2 to be proposed at the General Meeting, as they have irrevocably undertaken to do in respect of their holdings of Existing Ordinary Shares, representing approximately 6.6 per cent. of the Existing Issued Share Capital.

29. FURTHER INFORMATION

You should read the whole of this document and not just rely on the information contained in this Part I. Your attention is drawn to the additional information set out in Parts II to VIII of this document.

Yours faithfully

Giles Clarke
Chairman

PART II

DETAILED INFORMATION ON THE BARKBY GROUP

BARKBY PUBS

1. BUSINESS OVERVIEW

Barkby Pubs is a boutique hospitality business focused on premium gastropubs, inns and function spaces in Oxfordshire, Gloucestershire, Berkshire and West Sussex. The business was founded by Sebastian Snow in 2008 and acquired by Barkby in June 2018 from T2T.

Barkby Pubs currently operates six premises with a total of 57 hotel rooms, offering a wide range of high-quality drinks and food tailored to the local market. Barkby Pubs' proposition is led by excellence in food and service, showcasing the best of English produce with a convivial atmosphere and modern style. Barkby Pubs seeks to create premium individual gastropubs with accommodation to address what the Board believes is a trend away from branded pubs and large hotels and the demand for quality food and local produce.

T2T acquired the lease for its first gastropub, The Five Aills, in August 2012 and then bought the freehold of The Plough Inn in March 2015. The tenancy lease for The Bull Hotel was entered into in August 2016 and, following a major refurbishment with a substantial amount invested by the freeholder brewery, Arkell's Brewery Limited, it reopened for trading in July 2017. On 30 November 2018 the Company announced a new ten-year lease for The George at Burpham, a 17th century gastropub in the village of Burpham in the South Downs. On 4 March 2019 the Company announced that it had entered into an eight-year operating agreement with the Queens Arms in East Garston, Berkshire. On 24 May 2019, the Company entered into a three-year lease with Arkell's Brewery Limited for The Rose and Crown Inn in Ashbury, a 16th century coaching inn located in the heart of the village of Ashbury, just below the Ridgeway on the border of Oxfordshire, Wiltshire and Berkshire.

The Enlarged Group intends to apply part of the proceeds of the Placing, Subscription and Bridging Facility to purchase the freehold of The Star Inn at Sparsholt for £1.2 million, which the Company has exclusivity on until 31 December 2019 and believes is complementary to the current Barkby Pubs portfolio.

2. CURRENT SITES

The Five Aills, Filkins, Gloucestershire

T2T acquired an operating lease to The Five Aills in August 2012. T2T refurbished the pub and implemented a new strategy prior to its acquisition by the Company. The Five Aills is located within a small Cotswold village and has two bar areas, a spacious garden, two restaurant areas with 110 covers and nine hotel rooms (four of which were built in a new building in the grounds).

The Five Aills has received numerous accolades, including:

- Best Pub in the Southwest region and Best Pub in Gloucestershire by the National Pub & Bar Awards 2016;
- 38th out of the best 50 pubs in the UK in the 'Good Food Guide' 2016; and
- Luxury Traditional Hotel of the Year (Luxury Travel Guide Awards) 2016.

The Company negotiated and agreed an extended lease for The Five Aills for 21 years, further details of which are set out in paragraph 14.2 of Part VIII of this document.

The Plough Inn, Kelmscott, Oxfordshire

The freehold to The Plough Inn was acquired by T2T in March 2015. It is located on the edge of a small Cotswold village near a river and a stately home tourist attraction. The property has a bar and restaurant with 73 covers, a private bar function room, eight hotel rooms and a picturesque surrounding garden, as well as a separate staff accommodation cottage.

Although operating, the property was in disrepair when it was first acquired and has been extensively remodelled and refurbished.

The Plough Inn has received good reviews, including:

- Recommended by the Good Pub Guide and highly rated on travel sites such as TripAdvisor (4.5/5); and
- Reviewed in The Telegraph as: “the quintessential charming country pub. A sensitive update has retained its authentic appeal, and the food is a complete treat”.

The Bull Hotel, Fairford, Gloucestershire

T2T acquired an operating lease to The Bull Hotel in August 2016 which was due to expire in early October 2019. The Company negotiated and agreed a new lease, on the same commercial terms for a further ten years, further details of which are set out in paragraph 14.2 of Part VIII of this document.

The Bull Hotel is a prominent building located on the market square of a picturesque Cotswold village and has a large bar area, two restaurant areas with 147 covers, a private dining room, 21 hotel rooms and an outside area including a permitted fishing ground, as well as a separate staff accommodation cottage.

The property was extensively remodelled and refurbished in the first half of 2017, with Arkell's Brewery Limited, the freeholder, contributing a substantial amount to renovations. The Bull Hotel reopened in July 2017.

The Bull Hotel is recommended by the Good Pub Guide, which states: “Fine renovation of an old coaching inn with character bars and dining rooms and a thoughtful choice of good food and drink”.

The George at Burpham

In November 2018 Barkby entered into a new ten-year leasehold agreement for The George at Burpham, a 17th century gastropub located near Arundel in West Sussex. Following a refurbishment in 2013, The George at Burpham has been awarded TripAdvisor's Certificate of Excellence for the previous four years.

Upon taking over the lease, Barkby undertook an overhaul of the existing management. The menu was redesigned and made more focused to allow for higher quality dishes. A newly installed general manager has greater control over the staff and the stock levels. As the clientele of the George is largely focused on passing tourists, Barkby has introduced a discount incentive for the local residents to use, as well as live music evenings, quiz nights and themed food evenings to drive visitors to the pub.

The Queens Arms, East Garston

In March 2019 the Company announced that it had entered into an eight-year operating agreement with the Queens Arms in East Garston, Berkshire. The Queens Arms is an award-winning 18th century pub, restaurant and hotel located in an area of outstanding natural beauty in Berkshire, approximately equidistant from London and the West Country. The Queens Arms' has 12 rooms and also benefits from an up to 100-capacity function room, the Queens Lodge.

Barkby has undertaken a refurbishment of the hotel rooms and modernised the facilities to reflect those that visitors expect. The menu has been modernised and is now focused on quick, lighter snacks to replace the large a la carte menu that was in place previously.

The Rose and Crown Inn, Ashbury

In May 2019 the Company entered a new three-year leasehold agreement with Arkell's Brewery Limited for The Rose and Crown Inn in Ashbury, near Swindon.

The Rose and Crown Inn is a 16th century coaching inn located in Ashbury, nestled just below the Ridgeway on the border of Oxfordshire, Wiltshire and Berkshire.

The Rose and Crown inn has seven en-suite bedrooms and featured in The Guardian's 2017 list of best Sunday lunches.

Proposed acquisition of the The Star Inn at Sparsholt

The Star Inn is a gastropub with eight high quality rooms that serves locals and visitors alike. The Star Inn is popular with visitors to the area and sits at the foot of the ancient Ridgeway path, making it a common stopping point for walkers who visit the area.

The Star Inn was named a top 50 pub in the Waitrose Food Guide and was named Oxfordshire dining pub of the year in the Good Pub Guide in 2017.

The Company has the benefit of an exclusivity agreement for the acquisition of The Star Inn; the benefit of such exclusivity expires on 31 December 2019.

3. BUSINESS MODEL, STRATEGY & CUSTOMERS

Barkby Pubs' aim is to offer customers local market-leading gastropub food and exemplary service. The Company aims to provide classic and sophisticated modern British cuisine with seasonal and artisan ingredients, as well as local produce.

Barkby Pubs has developed a high-quality food offering for each gastropub which is freshly prepared and cooked to order and includes creative vegetarian food. Menus are developed individually for each gastropub, as well as for special events and occasions and the Board believes they offer good value across a wide range of choice. The gastropubs offer a varied choice of craft and traditional beers and lagers, together with a wide selection of wines and other drinks.

The business designs the interior of each gastropub to create an appropriate ambience suited to its target customers and local characteristics and values. The aim is to provide a convivial atmosphere and contemporary style, with each gastropub providing accommodation which aims to be modern and comfortable, providing a boutique hotel experience. Each room is individually designed and decorated to a high-end, with en-suite bathroom facilities and premium complementary products.

Each gastropub has its own website to take bookings, display menus, advertise upcoming events and give an impression of the atmosphere. Marketing is managed at head office level with regular newsletters and local media being a focus, as well as social media.

The Board believes that all this helps to attract a broad range of customers and believe it results in each of the pubs generating higher turnover than an average pub.

The customers vary and include local residents, those living within a reasonable driving distance looking for a high-end dining experience and, being located in the attractive rural locations, day tourists and weekenders, who may also make use of the accommodation provided by each gastropub.

For the local breweries that are the freeholders of The Five Alls and The Bull Hotel, T2T (before it's business was acquired by the Company in 2018) demonstrated a proven method for updating

and rejuvenating run-down or underperforming sites, which has resulted in an increased throughput of own products (ales, ciders etc.) and improved brand position in the local market.

4. CUSTOMERS & COMPETITION

In the Board's opinion, the hospitality business has in recent years established a reputation in the local market for quality of food served and a high-end gastropub experience and atmosphere. The estimated average spend per head places its restaurants alongside many other high-end gastropub restaurants in the sector. There is a range of varied and sizeable gastropub offerings in the UK. The Board believes that the competition, including boutique accommodation offerings, is plentiful and diverse at similar price points, although geographically spread. Barkby Pubs seeks to differentiate itself by quality of food and service and an overall better experience than is offered by competitors. The Board believes that Barkby Pubs offers destination venues in unique settings with limited immediate local competition. The Board believes that the outlook for high end gastropub offerings is positive as consumers seek a better-quality offering and move away from high street chains.

CENTURIAN AUTOMOTIVE

1. BUSINESS OVERVIEW

Centurian is an automotive dealership that specialises in selling pre-owned 'affordable' luxury vehicles, generally valued between £20k and £80k. Centurian operates from a single site in Kettering, Northamptonshire and has a strong and fast growing online digital presence. Centurian prides itself on best-in-class customer experience, which has been demonstrated by recently being chosen by Auto Trader Group Plc from 13,000 motor dealers in the UK to represent the benchmark for all dealership training, marketing and master classes.

Centurian was acquired by Barkby in February 2019 for an initial consideration payable of approximately £0.2 million, satisfied by the issue of Existing Ordinary Shares and deferred consideration of up to approximately £0.25 million over three years based on performance targets, subject to Admission to be satisfied by the issue of New Ordinary Shares.

2. KEY STRENGTHS & STRATEGY

The New Board believes that Centurian differentiates itself from other automotive dealerships through its excellent customer service, offering extra services such as clay polishing, ceramic coating, enhanced servicing and guarantees. The New Board believes this sets Centurian apart from other dealerships who offer a less personalised and customised service. The New Board intends to grow Centurian by opening additional sites, with an initial extra site likely to be located in Wiltshire to add to Centurian's geographic reach.

The business model is to purchase used vehicles through British Car Auctions Limited, with the decisions of which cars to purchase being made by leveraging management's expertise and knowledge of the used luxury vehicle market. Centurian acquires some cars when customers purchasing new cars use part exchange with their current cars. If these cars are in keeping with Centurian's desired stock they are added to the inventory and subsequently sold; if not in keeping with Centurian's normal stock, they are sold immediately using the British Car Auction platform.

All cars for sale are physically displayed at the Kettering site and, at any given time, Centurian stocks approximately 100 'affordable' luxury vehicles of varying models and ages, with the average sale price being approximately £20k to £80k.

Customers are able to pay for cars with cash via bank transfer, with their own financing arrangements or with financing offered by Centurian via MotoNovo Finance Limited ("MotoNovo"). Centurian refers all eligible customers to MotoNovo for financing, for which it earns variable commission.

Centurian is developing systems and ordering processes to enable customers to undertake the entire vehicle purchasing journey online. Centurian's 'test drive' at home' service enables sales to be made to individuals who would not otherwise be able to visit the Kettering site to view their desired vehicle.

Looking ahead, the New Board believes Centurian is well placed to take advantage of the increasing digitisation of the used vehicle market.

3. MARKETING

Centurian's marketing channels for its vehicles are as follows:

- Auto Trader Group Plc – the platform is the largest car marketplace in the UK, capturing 90 per cent. of the overall market. Approximately 65 per cent. of all Centurian's sales originate through Auto Trader Group Plc;
- repeat business – Centurian has built up a network of loyal buyers who return periodically to change their cars, sometimes part exchanging their existing vehicle;
- social media – Centurian has recently successfully tested using Facebook's targeted advertising to place adverts and sell vehicles to specific demographics; and
- Vindis Group Limited – for some slow-moving stock, Centurian transfers its cars to Cambridge Bentley, a part of Vindis Group Limited to sell. If successful, Cambridge Bentley charges a fee on each sale.

4. CUSTOMERS & COMPETITION

The used vehicle market is an especially competitive market. The New Board believes Centurian differentiates itself from competitors by offering superior customer service and targeting the 'affordable' luxury end of the market, where competitors are fewer than, for example, family vehicles or hatchbacks.

5. LOCATION

Currently Centurian has a single site in Kettering, Northamptonshire. The New Board intends to consider growing the Centurian business by developing an additional showroom.

PART III

DETAILED INFORMATION ON THE DICKSON CONTROLLED ENTITIES

COMMERCIAL PROPERTY DEVELOPMENT

1. BUSINESS OVERVIEW

The New Board believes the Enlarged Group's commercial property development is a low risk property development business, specialising in developing contract backed sites in South East England. Since inception the commercial property development team has completed over 20 schemes, in locations such as Tunbridge Wells, Gillingham, Milton Keynes, Hounslow and Hastings. The business specialises in projects with a gross development value of between £3.0 million and £20.0 million and targets an EBITDA margin of at least 18 per cent. on each project. The business model is to forward fund the development of its projects by securing long term anchor tenants prior to development commencing and pre-sell the site to property funds, making the business model capital light and low risk. The business has expanded from its initial developments of trade parks to include retail warehouses, car dealerships and storage and has close relationships with a number of anchor tenants and property funds and the New Board believes it has a strong pipeline of future developments.

2. KEY STRENGTHS & BUSINESS MODEL

The business has a capex light business model which the New Board believes de-risks the development process and enables good visibility over the entire lifecycle of a scheme by not purchasing the land they develop, instead arranging to purchase land subject to obtaining acceptable planning consent.

Due to strong relationships with future tenants of the developments, and good visibility on where these tenants want a future retail presence, the team focuses its projects where it knows there is a tenant with an interest in the scheme proposed to be developed. The team generally has a threshold to pre-let 70 per cent. of the gross development value of a project in the pre-construction phase.

Once a contracted development site has been obtained, planning applications are submitted, and prospective tenants execute 'agreement to lease' documentation.

Once planning has been granted and the future tenants are legally committed to the scheme, the development is forward funded with an institutional buyer, who refunds all costs incurred to date, pays a planning profit and commits to fully fund construction through to completion via monthly payments. The scheme is then built on a fixed price contract.

The completed scheme is then delivered to the tenant to fit out at practical completion, at which point the institutional buyer completes the purchase and pays the completion profit due.

3. TRACK RECORD: EXAMPLE DEVELOPMENTS

Rooksley, Milton Keynes

In summer 2016, the team agreed to acquire a site located in the established Rooksley Employment Area, subject to planning, from Milton Keynes Development Partnership.

Planning was granted for a new circa 20,000 sqft builders' merchant, pre-let to MKM Building Supplies Limited and a trade park extending to approximately 23,000 sqft. Pre-lets for the trade park were secured to Sixt Rent a Car Limited and Just Tyres Limited.

With planning and pre-lets in place, the site was sold in March 2017 on a full forward funding basis to Canada Life Limited for a total consideration of £9.6 million. The development was completed in November 2018 and the balancing profit payment of £3.3 million was received.

Acrewood, St. Albans

In 2014, the team agreed to acquire an existing building, subject to planning, from a local business. Planning permission was obtained to refurbish and substantially extend the existing building to create a 31,500 sqft scheme. The team obtained pre-lets to Halfords Limited, Screwfix Direct Limited, Formula One Autocentres Limited, J&S Accessories Limited and Toolstation Limited.

With planning and pre-lets in place, later in 2014 the site was sold to Aberdeen Standard Fund Managers Limited for total consideration of £6.1 million. The development was completed in 2015 and the balancing profit payment of £1 million was received.

4. KEY RELATIONSHIPS & COMPETITION

The New Board do not consider there to be any specific competitors to the commercial property development business, however there are numerous property developers throughout the UK constructing similar developments and schemes.

The New Board believes that the development team's strong, long term relationships with national occupiers gives it a competitive advantage in knowing desirable location that might be suitable for a new scheme and the track record and experience of the team in completing developments adds to this competitive advantage.

Typical tenants of schemes include Aldi Stores Limited, Greggs Plc, Costa Limited, MKM Building Supplies Limited, Travis Perkins plc, Halfords Group Plc and others.

5. PIPELINE

Under construction

Hastings, Kent

In April 2017, the team agreed to acquire three sites, subject to planning, on Bexhill Road in Hastings. Planning permission was obtained in June 2018 and work has commenced on the redevelopment of the site. The scheme will comprise three units, two of which have been pre-let to Aldi Limited and Greggs Plc and the third is in legal negotiations to be let to Costa Coffee. The total floor area of the scheme is 22,100 sqft.

In September 2018, the scheme was sold on a forward funding basis to Hastings Borough Council, with Close Asset Management Limited providing construction funding. The scheme is scheduled to complete in March 2020, at which time the balancing profit payment of £1.5 million will be received. To date there has been a £5.2 million balancing payment.

While Hastings is under construction and on timetable to complete in March 2020, should there be a material delay in the project and to its completion the New Board would need to consider delaying certain other anticipated investment activities.

Held for sale/Ready for development

Saffron Walden

Planning permission has been obtained to construct 37 live work-units. The site has an estimated gross development value of £13.9 million and the team has forecast an operating profit of £2.7 million to be generated. However, the team are in receipt of an indicative offer for the land from a reputable third-party developer, which the team is pursuing with the intention being to complete the sale of the Saffron Walden land by end of March 2020. The site is therefore currently held for sale and is no longer expected to incur development costs.

Should the sale of Saffron Walden not complete or be delayed the New Board would need to consider delaying certain other anticipated investment activities.

Contracts exchanged

Wellingborough, Northamptonshire

It is intended that this site will be anchored by Aldi Limited with a Burger King Europe GmbH 'drive-thru' also on the site. Construction is expected to start in mid-2020. The site has an estimated gross development value of £9.9 million and the team forecasts an operating profit of £1.9 million to be generated.

In legal negotiations

Stafford, Staffordshire

It is intended that the site will be anchored by MKM Building Supplies Limited. Construction is expected to start in early 2020. The site has an estimated gross development value of £7.1 million and the team forecasts an operating profit of £1.4 million to be generated.

Huntingdon, Cambridgeshire

This site will be an MKM Building Supplies Limited and trade scheme. The site has an estimated gross development value of £10.3 million and the team forecasts an operating profit of £2.2 million to be generated.

WORKSHOP COFFEE

1. BUSINESS OVERVIEW

Workshop Coffee was established in 2009 by James Dickson and sells coffee and coffee related hardware through its retail shops, wholesale business and online.

Workshop Coffee sources, roasts, packages and serves specialty coffees, sourced from around the world and sold in four coffee shops in central London.

Workshop Coffee has a focus on wholesale and B2B customers and the New Board believes there is a significant opportunity to grow the Workshop Coffee business both organically and also by way of acquisition.

2. STRATEGY

Whilst Workshop Coffee has four retail outlets in central London (as described below), management's focus is on driving growth through the expansion of selling coffee through the wholesale and B2B channels rather than direct to consumers.

The target customer profile for this area of the business is much more varied, including small independently run cafes, large hotel chains and businesses wanting to supply specialty coffees in their offices, for which Workshop Coffee also provides equipment.

In the year ended 31 March 2019, Workshop Coffee generated 43 per cent. of revenue through the wholesale and B2B channels.

The management of Workshop Coffee intend to keep an estate of central London based coffee shops in select locations, largely as a marketing tool and method of showcasing the brand and the coffees that are sourced by the Workshop Coffee management and then roasted at Workshop Coffee's roastery in Bethnal Green, London.

3. CURRENT SITES & ROUTES TO MARKET

In addition to coffee, Workshop Coffee sells cold beverages, sandwiches, snacks and alcohol in some of its retail stores.

Marylebone Coffee bar

The Marylebone Coffee bar first opened in April 2011 and moved locations in January 2015 to Barrett Street.

Fitzrovia Coffee bar

The Fitzrovia Coffeebar opened in June 2014 on Mortimer Street, part of the Crown Estate.

White Collar Factory

The White Collar Factory coffee shop is located on Old Street Yard and opened in June 2017. The outlet is located on the ground floor of the White Collar Factory office building. Other tenants of the building include Adobe, Capital One, BGL Group and Egress Software Technologies. Workshop Group has a small bar (with an alcohol licence) on the rooftop terrace of the WCF office building.

The Pilgrim, Paddington

The Pilgrim coffee bar opened in August 2018 and is located in the lobby of The Pilgrim Hotel, very close to the commuter hub of Paddington train station. The coffee bar serves guests of the hotel, including the breakfast and restaurant service, as well as members of the public.

Wholesale

Workshop Coffee supplies and supports over 90 wholesale partners across more than 30 countries and a range of industries, including independent coffee shops, hotels, caterers, restaurants, bars, offices and general retailers.

Existing customers include Mandarin Oriental Hotel Group, Claridge's Limited, The Fat Duck Group, Lane Crawford (Hong Kong) Limited, Yotel Limited and Qatar Airways Company Q.C.S.C.

Workshop Coffee works with distribution partners in other territories such as the GCC (including Saudi Arabia), and Ireland, who on sell to local customers.

Online

The online channel is managed in Workshop Coffee's head office in Bethnal Green, London.

In addition to selling one-off packs of coffee beans, customers can subscribe to recurring coffee orders through the website, as well as purchasing coffee related hardware products, such as brewer stands and coffee grinders.

4. SOURCING

Workshop Coffee has two employees that travel to various coffee producing regions (including Nicaragua, Honduras, Kenya, Guatemala and Colombia) to test and select new products. The key suppliers are importers who work with various coffee bean farmers around the world and for some regions, such as Guatemala and Peru, Workshop Coffee works with importers that specialise in one region.

The coffee beans are imported from farms around the world and delivered to the production facility in Bethnal Green where the beans are roasted and packaged. The coffee packages are then shipped to retail stores, sold to wholesale customers and sold online.

Workshop Coffee offers three types of coffee: espresso, filter and decaffeinated. At any one time, Workshop Coffee typically has eight or nine variations of the three coffees (i.e. four filter, four espresso and one decaffeinated) on sale.

The product range evolves through the year and season in the various coffee producing countries. Workshop Coffee sources new flavours/variations of espresso on an 8-12 week cycle, filter coffee on a 4-10 week cycle and decaffeinated coffee on a six month cycle.

In addition to coffee beans, Workshop Coffee supplies coffee equipment such as La Marzocco commercial espresso machines, Mazzer coffee grinders and BWT water filtration. As well as commercial equipment, it also sells a range of consumer focused coffee brewing equipment.

5. COMPETITION & THE MARKET

There is significant competition in London for coffee shops, ranging from large retail chains such as Costa Limited, Starbucks Coffee Company (UK) Limited, Pret a Manger Limited and Café Nero Group Holdings Limited to smaller specialty coffee brands that source, roast and package its own coffee such as Caravan Coffee Roasters and Grind.

It is for this reason that management took the strategic decision to focus on the B2B and wholesale channels, where Workshop Coffee's product offering is in the premium specialty end of the market and, as such, the New Board believes there are fewer competitors, such as Ozone Coffee, Square Mile Coffee Roasters and Origin Coffee Roasters.

In the UK, the specialty roasted coffee market is valued at £80 million per annum and is predicted to grow to £168 million by 2020, as the market continues to undergo premiumisation.

PART IV

RULE 9 WAIVER INFORMATION

1. INFORMATION ON THE CONCERT PARTY

The members of the Concert Party comprise the following:

Charles Dickson

Mr Dickson has over 15 years' experience running the Dickson family office, Tarncourt Group, which he has built into a successful and diverse business. Charles began his career with Ernst & Young LLP, where he qualified as a Chartered Accountant before moving to work in Corporate Finance with McQueen Limited (now Houlihan Lokey Limited). Charles is a Non-Executive Director of Apache Capital Partners Limited and resigned from his position as a non-executive director of Transcend Packaging Limited on 22 November 2019. On Admission Mr Dickson will be appointed as Executive Chairman of the Enlarged Group.

James Dickson

Mr Dickson qualified as a Chartered Surveyor and subsequently moved into the specialty coffee sector by founding Workshop Coffee. As CEO of Workshop Coffee, he oversees the planning and execution of the business strategy across all departments, as well as identifying new areas for development and expansion. James holds a Bachelor of Arts degree in Politics from the University of Nottingham and a Master of Science degree in Corporate Real Estate Finance and Strategy from Cass Business School.

Davina Dickson is the mother of Charles and James Dickson. In addition to the Consideration Shares she will receive pursuant to the SPVCo Acquisition Agreement, the DevCo Acquisition Agreement and the Workshop Holdings Acquisition Agreement, Mrs Dickson is subscribing for 893,334 New Ordinary Shares in the Subscription. Her participation is being funded from her own personal resources.

Tarncourt Properties Limited

Tarncourt Properties Limited is a company that is wholly owned by Tarncourt Group Holdings LLP which is owned equally by Charles Dickson, James Dickson and Davina Dickson. It focuses on investing in property related assets.

Apache Capital Partners Limited

Apache Capital Partners Limited is a private real estate investment manager specialising in investing institutional capital into the alternative sectors, in the UK. Including their secured development pipeline, Apache Capital Partners Limited manages in excess of £2 billion of assets. Charles Dickson co-funded Apache Capital Partners Limited and remains a non-executive director.

Apache Capital Partners Limited is subscribing for 3,333,333 New Ordinary Shares in the Subscription. Their participation is being funded from their existing cash balances.

Mark Lewis

Mr Lewis currently works for Barclays Bank plc in Singapore. He was one of the original investors in Workshop Coffee in 2011 and made further investments in Workshop Coffee as it grew. Mr Lewis joined the board of Workshop Coffee on December 2015 and stepped down on September 2019. In addition, Mr Lewis has recently invested the Series B funding round for VivoPlex.

In addition to the Consideration Shares he will receive pursuant to the Workshop Holdings Acquisition Agreement, Mr Lewis is subscribing for 333,333 New Ordinary Shares in the Subscription. His participation is being funded from his own personal resources.

Alan Halsall

Mr Halsall trained as a lawyer and subsequently took over his family business, Halsall Toys, in 1979. He then acquired Silver Cross, a UK pram manufacturer out of receivership in 2002. Silver Cross was sold in 2015 to Fosun Group. Mr Halsall was an early investor in Workshop Coffee and he joined the board of Workshop Coffee to support the growth of the business in December 2015.

Richard Burrell

Mr Burrell became CEO of Aggregated Micro Power Holdings plc in 2013. Prior to this he worked in investment banking at UBS from 1988 to 1999 and ING from 1999 to 2001. In 2002, Mr Burrell launched the Westbury Property Fund (now Stobart Group) and in August 2007 he led a series of transactions which transformed the business into a multi-modal transport and logistics business. In 2003, Mr Burrell also launched The Medical Property Investment Fund Limited (now Assura Group) and was Chief Executive until 2010. Mr Burrell has known the Dickson family for approximately 18 years.

Mr Burrell is subscribing for 833,333 New Ordinary Shares in the Subscription. His participation is being funded from his own personal resources.

David Holdsworth

Mr Holdsworth is a solicitor and has known Charles Dickson as a friend for approximately 10 years. Mr Holdsworth has invested in VivoPlex. Mr Holdsworth is subscribing for 333,333 New Ordinary Shares in the Subscription. His participation is being funded from his own personal resources.

2. INTERESTS OF THE CONCERT PARTY

By virtue of their participation in the Placing, Subscription or through the issue of Consideration Shares, conditional on Admission, the Concert Party would hold an interest in 90,726,256 New Ordinary Shares, representing approximately 67.1 per cent. of the Enlarged Share Capital. Details of each member of the Concert Party's existing interests in Barkby and their proposed interests in the Enlarged Share Capital at Admission are set out below:

	<i>Current interests in Barkby</i>		<i>Proposed interests in Barkby on Admission</i>	
	<i>Number of Existing Ordinary Shares</i>	<i>% of Existing Share Capital</i>	<i>Number of New Ordinary Shares</i>	<i>% of Enlarged Share Capital</i>
Charles Dickson	469,696	1.1	33,279,757	24.6
Davina Dickson	—	—	27,802,167	20.6
James Dickson	—	—	17,803,167	13.2
Tarncourt Properties Limited	—	—	4,166,667	3.1
Apache Capital Partners Limited	—	—	3,333,333	2.5
Mark Lewis	—	—	1,762,666	1.3
Alan Halsall	—	—	1,411,833	1.0
Richard Burrell	—	—	833,333	0.6
David Holdsworth	—	—	333,333	0.2

3. DISCLOSURE OF INTERESTS AND DEALINGS IN ORDINARY SHARES

3.1 For the purposes of this paragraph, the following definitions apply:

3.1.1 “acting in concert” has the meaning attributed to it in the Takeover Code;

3.1.2 “arrangement” includes any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;

- 3.1.3 “connected adviser” has the meaning attributed to it in the Takeover Code;
- 3.1.4 “connected person” has the meaning attributed to it in sections 252 to 255 of the Act;
- 3.1.5 “control” means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of Barkby which are currently exercisable at a general meeting, irrespective of whether the holding or aggregate holding gives de facto control;
- 3.1.6 “dealing” or “dealt” includes the following:
- (a) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of voting rights attached to relevant securities, or of general control of relevant securities;
 - (b) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a trade option contract) in respect of any relevant securities;
 - (c) subscribing or agreeing to subscribe for relevant securities;
 - (d) the exercise or conversion of any relevant securities carrying conversion or subscription rights (whether in respect of new or existing securities);
 - (e) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities;
 - (f) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
 - (g) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;
- 3.1.7 “derivative” includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;
- 3.1.8 “disclosure date” means 18 December 2019, being the latest practicable date prior to the publication of this document;
- 3.1.9 “disclosure period” means the period commencing on 18 December 2018, being the date 12 months prior to the date of publication of this document and ending on the disclosure date;
- 3.1.10 being “interested” in relevant securities includes where a person:
- (a) owns relevant securities;
 - (b) has a right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them;
 - (c) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
 - (d) is party to any derivative whose value is determined by reference to their price and which results, or may result, in his having a long position in them;

- 3.1.11 “relevant Barkby securities” means shares in Barkby (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof;
- 3.1.12 “relevant Concert Party securities” means interests in a Concert Party entity (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof;
- 3.1.13 “relevant securities” means relevant Barkby securities and relevant Concert Party securities; and
- 3.1.14 “short position” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, agreement to sell or any delivery obligation or right to require any other person to purchase or take delivery.

3.2 ***Dealings in Shares***

- 3.2.1 There have been no dealings in Existing Ordinary Shares by members of the Concert Party during the disclosure period.
- 3.2.2 There have been no dealings in Existing Ordinary Shares by Directors, their respective immediate families and related trusts, persons acting in concert with the Company or persons with whom the Company or persons acting in concert with the Company have an arrangement during the disclosure period.
- 3.3 At the close of business on the disclosure date:
- (a) no member of the Concert Party (including any members of their respective immediate families, related trusts or connected persons) has any interest in or a right to subscribe for, or has any short position in relation to any relevant securities of the Company;
 - (b) no person acting in concert with the Concert Party has any interest in, or right to subscribe for, or has any short position in relation to any relevant securities of the Company;
 - (c) no member of the Concert Party (including any members of their respective immediate families, related trusts or connected persons) nor any person acting in concert with the Concert Party has borrowed or lent any relevant securities of the Company, save for any borrowed shares which have either been on-lent or sold; and
 - (d) no member of the Concert Party (including any members of their respective immediate families, related trusts or connected persons) nor any person acting in concert with the Concert Party has dealt in relevant securities of the Company during the disclosure period.
- 3.4 At the close of business on the disclosure date, save as disclosed in paragraph 7.2 of Part VIII of this document:
- (a) none of the Directors or the Proposed Directors (including any members of these Directors’ respective immediate families, related trusts or connected persons) has any interest in or a right to subscribe for, or has any short position in relation to any relevant securities of the Company;
 - (b) no person acting in concert with the Company has any interest in, or right to subscribe for, or had any short position in relation to any relevant securities of the Company; and
 - (c) none of the Directors or the Proposed Directors (including any members of their respective immediate families, related trusts or connected persons) nor any person acting in concert with the Company nor the Company has borrowed or lent any

relevant securities of the Company, save for any borrowed shares which have either been on-lent or sold.

4. ADDITIONAL DISCLOSURES REQUIRED BY THE TAKEOVER CODE

- 4.1 Save as disclosed in this document, none of the Directors or the Proposed Directors have any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased to, the Company and no contract or arrangement exists in which a Director or a Proposed Director is materially interested and which is significant in relation to the business of the Enlarged Group.
- 4.2 Save as disclosed in this document, there is no agreement, arrangement or understanding (including, without limitation, any compensation arrangement) which exists between the Concert Party or any person acting in concert with the Concert Party and any of the Directors, the Proposed Directors, recent directors of the Company, Shareholders or recent Shareholders or any person interested in or recently interested in shares in the Company which are connected with or dependent on the outcome of the Proposals.
- 4.3 There is no agreement, arrangement or understanding whereby the legal and/or beneficial ownership of any New Ordinary Shares to be issued to the Concert Party pursuant to the Acquisitions will be transferred to any other person as a result of the Proposals or otherwise.
- 4.4 The Bridging Facility and the Relationship Agreement only take effect should the Proposals be approved at the General Meeting.
- 4.5 No person has made, or will make an investment in the Concert Party to give an equity interest in the Company.

5. INTENTIONS OF THE CONCERT PARTY

The New Board has determined the strategy of the Enlarged Group going forward as set out in paragraph 5 of Part I of this document. The Concert Party is supportive of this strategy.

Following Admission, save as set out in paragraph 5 of Part I of this document and subject to the prior approval of the Board, the Concert Party is not intending to seek any material changes in respect of:

- i. the future business of the Company including any research and development functions of the Company;
- ii. the continued employment of the employees and management of the Company and of its subsidiaries, including any material change in the conditions of employment or in the balance of the skills and functions of the employees and management, save for the appointment of Charles Dickson as the new Executive Chairman, Jonathan Warburton and Matt Wood as new non-executive directors and the resignations of Giles Clarke as non-executive chairman, Duncan Harvey as a non-executive director and Stephen Cook as Group Operations Director (as described in paragraph 13 of Part I of this document);
- iii. the location of the Enlarged Group's places of business, headquarters and headquarter functions, other than changing the registered office of the Company as set out in paragraph 3.5 of Part VIII of this document;
- iv. any redeployment of the fixed assets of the Company; or
- v. the trading of the New Ordinary Shares, save for the delisting of the Company from NEX and Admission of the Company to trading on AIM as set out in paragraph 1 of Part I of this document.

The Company does not have any defined benefit pension schemes.

The Concert Party has confirmed that, there is no agreement, arrangement or understanding for the transfer of their Ordinary Shares to any third party.

The Concert Party does not intend to make an offer for the Company. This is a statement to which Rule 2.8 of the Takeover Code applies.

Under Note 2 on Rule 2.8 of the Takeover Code, the Concert Party, and any person acting in concert with the Concert Party, reserves the right to set aside the restrictions in Rule 2.8 in the following circumstances: (i) with the agreement of the board of Barkby; (ii) if a third party announces a firm intention to make an offer for Barkby; (iii) if Barkby announces a “whitewash” proposal (see Note 1 of the Notes on Dispensations from Rule 9) or a reverse takeover (as defined in the Takeover Code); or (iv) if there has been a material change of circumstances (as determined by the Panel).

Shareholders should note that, should the Waiver Resolution be passed, and if the Transaction completes such that the holding of the Concert Party exceeds 50 per cent. of the then issued voting rights, the Concert Party would, for so long as it continues to hold more than 50 per cent. of such voting rights, be able to acquire further New Ordinary Shares (and accordingly increase its aggregate interest in the Company’s voting rights) without incurring an obligation to make a general offer for the Company under Rule 9 of the Takeover Code, unless the acquisition by an individual member of the Concert Party results in their individual percentage interests in shares passing through or between a Rule 9 threshold without Panel consent.

6. MIDDLE MARKET QUOTATIONS

The following table shows the Closing Price on the first Business Day of each of the six months prior to the suspension of the Existing Ordinary Shares from trading on NEX and on 10 November 2019, being the last Business Day prior to the suspension of the Existing Ordinary Shares from trading on NEX.

<i>Date</i>	<i>Closing price (pence)</i>
10 November 2019	5.88
1 November 2019	5.88
1 October 2019	4.75
2 September 2019	4.75
1 August 2019	4.75
1 July 2019	4.75
3 June 2019	4.70

7. RATINGS AND OUTLOOK

As at the date of this document, no member of the Concert Party had any ratings or outlooks publicly accorded to it by any ratings agencies.

As at the date of this document, the Company does not have any ratings or outlooks publicly accorded to it by any ratings agencies.

PART V

RISK FACTORS

An investment in Ordinary Shares involves a high degree of risk. Accordingly prospective investors should carefully consider the specific risk factors set out below in addition to the other information contained in this document before investing in Ordinary Shares. The Board considers the following risk factors to be the most significant for potential investors in the Enlarged Group, but the risks listed do not necessarily comprise all those associated with an investment in the Enlarged Group and are not set out in any particular order of priority.

If any of the following risks actually occur, the Enlarged Group's business, financial condition, capital resources, results or future operations could be materially adversely affected. In such a case, the price of Ordinary Shares could decline and investors may lose all or part of their investment.

Additional risks and uncertainties not currently known to the Board may also have an adverse effect on the Enlarged Group's business and the information set out below does not purport to be an exhaustive summary of the risks affecting the Enlarged Group. In particular, the Enlarged Group's performance may be affected by changes in the market and/or economic conditions and in legal, regulatory and tax requirements.

An investment in Ordinary Shares described in this document is speculative. Potential investors are accordingly advised to consult a person authorised for the purposes of FSMA who specialises in advising on the acquisition of shares and other securities before making any investment decisions. A prospective investor should consider carefully whether an investment in the Enlarged Group is suitable in the light of his or her personal circumstances and the financial resources available to him or her. If you are in any doubt about the action you should take, you should consult your independent professional adviser authorised under FSMA.

RISKS RELATING TO THE ENLARGED GROUP

The planned development and expansion of the Enlarged Group's business may not be achieved

Any failure of the Enlarged Group to ensure that its products and businesses remain competitive in the marketplace may have a material impact on the Enlarged Group's financial performance. The Enlarged Group plans to continue to grow and develop but there can be no assurance that the Enlarged Group will be able successfully to grow its business as planned or that new developments will be successful or that the business they generate will be profitable.

The Enlarged Group is subject to significant competition, which may increase

The Enlarged Group competes with a number of competitors, some of which have greater financial, marketing and other resources than the Enlarged Group. These competitors may seek to compete with the Enlarged Group's current businesses and they may also adopt more aggressive pricing policies or undertake more extensive marketing and advertising campaigns. This may have a negative impact on sales volumes or profit margins achieved by the Enlarged Group in the future. The Enlarged Group would face an increase in competition if existing competitors further developed their businesses or if there were new entrants to the market with comparable or competitively superior business offerings.

The Enlarged Group may not be successful in developing new businesses and appropriately pricing its new and existing offering

The Enlarged Group's continued success is dependent on the successful development and growth of the businesses it controls and the investments it makes, in particular those which differentiate it from its competitors and which anticipate the evolving needs of its customers. Any failure to do this on a timely basis and to price new and existing products appropriately may affect the quality of services delivered to customers and adversely impact the reputation and financial condition of the Enlarged Group.

Acquisition and investment risk

The Enlarged Group may acquire other businesses or invest in other businesses if suitable opportunities become available. Any future acquisition or investment poses integration and other risks which may significantly affect the Enlarged Group's results or operations. To the extent that suitable opportunities arise, the Enlarged Group may expand its business through the identification and acquisition or investment in companies, products and services.

There can be no assurance that the Enlarged Group will identify suitable acquisitions or opportunities, obtain the financing necessary to complete and support such acquisitions or acquire businesses on satisfactory terms, or that any business acquired will prove to be profitable. In addition, the acquisition and integration of independent companies/businesses is a complex, costly and time-consuming process involving a number of possible problems and risks, including possible adverse effects on the Enlarged Group's operating results, diversion of management's attention, failure to retain personnel, failure to maintain customer service levels, disruption to relationships with customers and other third parties, risks associated with unanticipated events or liabilities and difficulties in the assimilation of the operations, technologies, systems, services and products of the acquired companies/businesses.

No assurance can be given that the Enlarged Group will be able to manage future acquisitions profitably or to integrate such acquisitions successfully without substantial costs, delays or other problems and any failure to achieve successful integration of such acquisitions could have a material adverse effect on the results of operations or financial condition of the Enlarged Group. If the Enlarged Group is unable to attract and retain key officers, managers and technical personnel, its ability to execute its business strategy successfully and to provide quality services to its customers could be materially and adversely affected.

Operating results may deteriorate and current operating results may not be an indicator of results in the future

The Enlarged Group's operating results may fluctuate significantly in the future due to a variety of factors, many of which are outside of its control. Accordingly, investors should not rely on comparisons with the Enlarged Group's results to date as an indication of future performance. Factors that may affect the Enlarged Group's operating results include, without limitation, the potential for increased competition in the UK hospitality sector, or a negative change in the macro-economic environment impacting consumer confidence and discretionary spend.

There can be no assurance that a material deterioration in the Enlarged Group's operating results would not lead to violations of the Enlarged Group's debt facility agreements, which could have a material adverse effect on the financial position and prospects of the Enlarged Group. If the Enlarged Group's operating results fall below the expectations of securities analysts or investors in the future, the trading price of the Ordinary Shares may decline significantly.

The Enlarged Group's computer and IT systems may not function properly

If any of the Enlarged Group's operational, 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, sabotage or cyberattack) notwithstanding the controls put in place by the Enlarged Group to prevent such disablement or failure to operate, the Enlarged Group could

suffer disruption to its business, loss of revenues, loss of data, regulatory intervention or reputational damage. This could have an adverse impact on the Enlarged Group's operating results, financial condition and prospects.

Changes in accounting standards

Changes in accounting standards, rules and regulations (including the implementation of IFRS 16) may have a significant impact on the reported financial results of the Enlarged Group, and it is impossible to specify or ascertain the effect of such changes or new standards, which is dependent on the financial position of the Enlarged Group at the time. Moreover, in connection with financial reporting under new or amended accounting standards, the Enlarged Group will make its own accounting judgements and elections in the future, which cannot be determined at this time.

Changes in taxation, statutory charges and compliance costs.

As an employer of a large number of employees, the Enlarged Group is subject to a number of tax and duties levied by the government. The Enlarged Group's operating and other expenses could increase, without a corresponding rise in revenues, as a result of increases in taxation arising from changes in taxation policies and/or other statutory charges (including, without limitation, increases in business rates across the Enlarged Group's estate or reductions in capital allowance rates). The Enlarged Group's financial results may also be adversely affected by other changes in laws, regulations or government policies that lead to increased costs of compliance.

Reliance on key personnel

The Enlarged Group believes that its growth is largely attributable to the efforts and abilities of its key senior personnel including members of the Board and of its senior management team, who have played and continue to play an important role in the business. Loss of key management or other key personnel, particularly to competitors, could have adverse consequences for the Enlarged Group. Whilst the Enlarged Group has entered into service agreements and/or letters of appointment/engagement with each of its Directors and certain senior employees, the retention of their services cannot be guaranteed. Furthermore, as the Enlarged Group expands it will need to recruit and integrate additional personnel in a competitive market for suitably qualified candidates.

The Enlarged Group may not be successful in identifying and engaging suitably qualified people or integrating them into the Enlarged Group which may impact the performance of its business.

Insurance

There can be no certainty that the Enlarged Group's insurance cover is adequate to protect it against every eventuality. The Enlarged Group's position, financial performance, prospects and business could be materially adversely affected if an event occurred for which the Enlarged Group did not have adequate insurance cover.

Financial resources

In the opinion of the Directors and Proposed Directors, having made due and careful enquiry, taking into account the existing facilities available to the Enlarged Group and the net proceeds of the Placing and Subscription and the Bridging Facility, the working capital available to the Enlarged Group will be sufficient for its present requirements, that is for at least the next 12 months from the date of Admission. The Enlarged Group's future capital requirements will, however, depend on many factors, including economic and market conditions and the Enlarged Group's ability to grow sales, control costs and execute its expansion programme. In the future, the Enlarged Group may require additional funds and may attempt to raise additional funds through equity or debt financings or from other sources. Any additional equity financing may be dilutive to Shareholders and any debt financing, if available, may require restrictions to be placed on the Enlarged Group's future financing and operating activities. The Enlarged Group may be unable to obtain additional financing on acceptable terms or at all if, for example, market and economic conditions, the

financial condition or operating performance of the Enlarged Group or investor sentiment (whether towards the Enlarged Group in particular or towards any market sector in which the Enlarged Group operates) are unfavourable.

The Enlarged Group's inability to raise additional funding may hinder its ability to grow in the future or to maintain its existing levels of operation.

Bridging Facility

Tarncourt Investments LLP is providing the Bridging Facility to the Enlarged Group, details of which are set out in paragraph 16.2.3 of Part VIII. Tarncourt Investments LLP is not a traditional bank lender so there can be no certainty that Tarncourt Investments LLP Investments LLP will not default on its obligations under the Bridging Facility. The Enlarged Group's position, prospects and business could be materially adversely affected in an event of default by Tarncourt Investments LLP which would result in the New Board having to delay certain planned acquisitions and investment activities. The New Board intend to replace the Bridging Facility with a traditional banking facility following Admission. Discussions with traditional lenders have already commenced.

Past performance

The past performance of the Enlarged Group is not a guide to future performance of the Enlarged Group and no representation is made or warranty given regarding future performance of the Enlarged Group.

Disruption or failure of networks and information systems, the internet or other technology

The Enlarged Group's business is dependent on the availability of network and information systems, the internet and other technologies, including reservation and point-of-sale systems and software. Shutdowns or service disruptions caused by events such as criminal activity, sabotage or espionage, computer viruses, hacking and other cyber-security attacks, router disruption, automated attacks such as denial of service attacks, power outages, natural disasters, accidents, terrorism, equipment failure or other events within or outside the Enlarged Group's control could adversely affect the Enlarged Group and its customers. Furthermore, such issues cannot always be immediately detected, which means that the Enlarged Group may not be in a position to promptly address the problems or to implement adequate preventative measures. Such events could result in large expenditures necessary to recover data, or repair or replace such networks or information systems or to protect them from similar events in the future. Significant incidents could result in a disruption of parts of the Enlarged Group's business, customer dissatisfaction, damage to the Enlarged Group's brands, legal costs or liability, and a loss of customers or revenues and affect the Enlarged Group's financial performance and prospects.

Macroeconomic risk

Any economic downturn either globally or locally in any area in which the Enlarged Group operates may have an adverse effect on the demand for the Enlarged Group's products and services. A more prolonged economic downturn may lead to an overall decline in the volume of the Enlarged Group's sales, restricting the Enlarged Group's ability to realise a profit and negatively impact its financial position and prospects. The markets in which the Enlarged Group offers its products and services are directly affected by many national and international factors that are beyond the Enlarged Group's control.

Impact of Law and Governmental Regulation

Government authorities at all levels are actively involved in the promulgation and enforcement of regulations relating to taxation, land use and zoning and planning restrictions, building regulations, environmental protection, health and safety and other matters. The Enlarged Group must comply with such current regulations and future UK regulations. The institution and enforcement of such

regulations could have the effect of increasing the expense and lowering the income or rate of return from, as well as adversely affecting the value of, the Enlarged Group's assets and therefore impacting the Enlarged Group's financial position and prospects.

Material litigation, claims or arbitration or legal uncertainties

Save as set out in paragraphs 14 and 16 Part VIII of this document, the Enlarged Group is not engaged in any material litigation, claim and arbitration, either as claimant or defendant, that has or could have a material effect on its financial position, and the Directors and Proposed Directors do not know of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the Enlarged Group's position or business. However, there can be no assurance that there will be no such proceedings in the future that could affect the reputation, business or performance of the Enlarged Group.

The Enlarged Group may be subject to privacy or data protection failures and fraudulent activity, and/or incur liabilities as a result of violations of applicable legislation

The Enlarged Group is subject to regulation regarding its use of personal customer data. These regulations include but are not limited to the UK's Data Protection Act 2018, the General Data Protection Regulation (Regulation (EU) 2016/679) ("GDPR") the Privacy and Electronic Communications (EC Directive) Regulations 2003 ("PECR") and other applicable legislation. After Brexit the Enlarged Group will also be subject to any measure that succeeds the GDPR in the UK. The Enlarged Group processes customer data as part of its business, some of which may be personal data. The Enlarged Group therefore must comply with the applicable data protection and privacy laws and regulations. These laws restrict the Enlarged Group's ability to collect and use personal information relating to customers and potential customers including the use of that information for marketing purposes. Further there can be no assurance that the Enlarged Group's systems will be effective in preventing cyber security related incidents.

The Enlarged Group uses customer email addresses for marketing purposes. Under applicable regulations, this typically requires consent in a form that meets the requirements of the GDPR, and such consents may not have been obtained by the Enlarged Group in the required form and/or in all cases. The Enlarged Group is conducting a review to monitor ongoing compliance of its marketing processes in light of the GDPR and other data protection regulation. Therefore, there is a risk that this review may identify instances where the Enlarged Group's use of customer email addresses for marketing purposes has involved a breach of the GDPR and/or PECR. Breach of these rules can lead to third party liability, regulatory action or a fine of up to the greater of four per cent. of turnover or €20 million, as well as adverse publicity, any of which could have a material adverse effect on the Enlarged Group's prospects. Further, there can be no assurance that future compliance with the relevant regulations and the absence of required consents will not curtail the Enlarged Group's ability to conduct marketing activities to its customer base, which could also adversely affect the Enlarged Group's business and prospects.

The Enlarged Group is also exposed to the risk that personal data could be wrongfully appropriated, lost or disclosed, stolen or processed and that the Enlarged Group may be in breach of applicable data protection and privacy laws and regulations. If the Enlarged Group or any of the third party service providers on which it relies fails to store or transmit customer information in a secure manner, or if any loss of personal customer data were otherwise to occur, the Enlarged Group could be subject to investigative or enforcement action by relevant regulatory authorities and could face liability under data protection and privacy laws and regulations. This could result in liability to data subjects, regulatory action and/or a fine of up to four per cent. of global turnover or, if greater, €20 million. The Enlarged Group could also be subject to various forms of fraudulent activity if it does not have appropriate cyber security protections. The Enlarged Group is also subject to a number of requirements relating to the processing of credit card data, and there can be no assurance that these requirements have always been met. Any violations may result in the Enlarged Group incurring liabilities to, for example, card scheme providers, which may have an adverse effect on the Enlarged Group's financial position, business and prospects.

Any of the events referred to above could also result in the loss of the goodwill of its customers, damage to reputation and deter new customers which could have a material adverse effect on the Enlarged Group's business, financial condition, results of operation and prospects.

The United Kingdom's anticipated withdrawal from the European Union could adversely affect the Enlarged Group

On 23 June 2016, a majority of UK voters voted in favour of the United Kingdom's exit from the European Union (commonly referred to as "Brexit") in a national referendum, and on 29 March 2017, the UK government triggered Article 50 of the Treaty on European Union, which initiated the withdrawal procedure pursuant to which the United Kingdom is currently due to exit the EU by no later than 31 October 2019. Brexit has created significant political, social and macroeconomic uncertainty for the United Kingdom and Europe and could lead to legal uncertainty and potentially divergent national laws and regulations as the United Kingdom determines which European Union laws to replace or replicate.

Worsening of general economic conditions in the UK could significantly affect the Enlarged Group's activities in the UK, including, through a negative impact on consumer confidence and sentiment. As negotiations with the European Union are ongoing, it is not clear what the impact on the Enlarged Group will be when the United Kingdom eventually withdraws from the European Union. However, any of the aforementioned possible effects of Brexit, and others the Enlarged Group cannot anticipate, could materially adversely affect the Enlarged Group's business, prospects, results of operations and financial position.

In addition to the general economic risk that Brexit poses to the Enlarged Group's business, withdrawal from the European Union may inhibit the Enlarged Group's ability, and the ability of its suppliers, to source the supplies required for the Enlarged Group's operations and disruptions to the Enlarged Group's supply chain may deprive the Enlarged Group of certain meat, produce, and other fresh ingredients and/or non-perishable items, which could impair the Enlarged Group's daily operations across its estate, and result in a material adverse effect on the Enlarged Group's business, prospects, and financial position. This risk is enhanced by the Enlarged Group's dependence on particular suppliers of fresh ingredients that are sourced from outside the United Kingdom.

Additionally, a disruption to the Enlarged Group's supply chain, and the need to find alternative sources of meat, produce and other products either in the UK, the EU or internationally, may result in significantly higher prices for certain products necessary to the Enlarged Group's daily operations and adversely affect the Enlarged Group's business, prospects and financial position. This shortage of such fresh ingredients and non-perishable items imported from abroad, together with the inflationary effects arising from a deterioration in the foreign exchange rate of the pound sterling against foreign currencies and increased demand for ingredients and items sourced from within the United Kingdom, may lead to a long-term and sustained upwards trend in the cost of the Enlarged Group's supplies, which could negatively impact the Enlarged Group's business, prospects and long-term financial position.

While the Enlarged Group can implement contingency plans in anticipation of potential disruptions on its supply chain, including pre-stocking non-perishable items and products that can be kept frozen:

- (i) there is no guarantee that such contingency plans would be effective for all products required for the Enlarged Group's operations; and
- (ii) the implementation of such contingency plans may result in additional costs for the Enlarged Group.

Furthermore, the Enlarged Group may face increased competition for personnel given a potential shortage of suitable workers across labour markets following the United Kingdom's withdrawal from the European Union, leading to potentially higher labour costs and difficulties in contracting

and retaining staff. Such shortage of personnel may have an adverse impact on the Enlarged Group's operations, business and prospects.

Increase in minimum contribution rates for automatic enrolment pensions

UK pension automatic enrolment regulations require that qualifying workers are automatically enrolled into a pension plan with minimum contribution rates. The total minimum contribution is currently five per cent. of qualifying earnings (inclusive of at least a two per cent. employer contribution) but this increased to eight per cent. (inclusive of at least a three per cent. employer contribution) from April 2019. As the Enlarged Group currently contributes the minimum contribution in respect of a vast majority of its employees, the increase in minimum contribution rates will result in an overall increase in the Enlarged Group's costs, which may lead to an adverse effect on the Enlarged Group's financial position, profitability and results of operations.

Financial controls and internal reporting procedures

The Enlarged Group has systems and controls in place to allow it to produce accurate and timely financial statements and to monitor and manage risks. If any of these systems or controls were to fail the Enlarged Group may be unable to produce financial statements accurately or on a timely basis or expose the Enlarged Group to risk. Any concerns investors may have over the potential lack of available and current financial information and the controls the Enlarged Group has in place could adversely affect the Enlarged Group's share price.

RISKS RELATING TO THE ORDINARY SHARES

The New Ordinary Shares will not be admitted to the Official List

The New Ordinary Shares will be traded on AIM rather than the Official List. The rules of AIM are less demanding than those of the Official List and an investment in New Ordinary Shares traded on AIM may carry a higher risk than an investment in New Ordinary Shares quoted on the Official List. In addition, the market in the New Ordinary Shares on AIM may have limited liquidity, making it more difficult for an investor to realise its investment on AIM than to realise an investment in a company whose shares are quoted on the Official List. Investors should therefore be aware that the market price of the New Ordinary Shares may be more volatile than that of shares quoted on the Official List and may not reflect the underlying value of the net assets of the Enlarged Group.

Investors may therefore not be able to sell at a price which permits them to recover their original investment.

Valuation of Ordinary Shares

Prospective investors should be aware that the value of the New Ordinary Shares could go down as well as up and investors may therefore not recover their original investment. The market price of the New Ordinary Shares may not reflect the underlying value of the Enlarged Group and the Issue Price has been determined by the Enlarged Group, and may not relate to the Enlarged Group's net asset value, net worth or any established criteria or value. There can be no guarantee that the New Ordinary Shares will be able to achieve higher valuations or, if they do so, that such higher valuations can be maintained.

Volatility of New Ordinary Share price

The Issue Price may not be indicative of the market price for the New Ordinary Shares following Admission. The subsequent market price of the New Ordinary Shares may be subject to wide fluctuations in response to many factors, including those referred to in this Part V, as well as stock market fluctuations and general economic conditions or changes in political sentiment that may substantially affect the market price of the New Ordinary Shares irrespective of the Enlarged Group's actual financial, trading or operational performance. These factors could include the performance of the Enlarged Group, large purchases or sales of the New Ordinary Shares (or the perception that the same may occur, as, for example in the period leading up to the expiration of

the various lock-in agreements to which certain Shareholders are subject), legislative changes and market, economic, political or regulatory conditions.

Liquidity of New Ordinary Shares

Admission to AIM should not be taken as implying that a liquid market for the New Ordinary Shares will either develop or be sustained following Admission. The liquidity of a securities market is often a function of the volume of the underlying New Ordinary Shares that are publicly held by unrelated parties. If a liquid trading market for the New Ordinary Shares does not develop, the price of the New Ordinary Shares may become more volatile and it may be more difficult to complete a buy or sell order for such New Ordinary Shares.

Market perception

Market perception of the Enlarged Group may change, potentially affecting the value of investors' holdings of New Ordinary Shares and the ability of the Enlarged Group to raise further funds by the issue of further New Ordinary Shares or otherwise. Negative perceptions of the Enlarged Group's competitors may result in negative market perception of the sectors in which the Enlarged Group operates, which would have an adverse effect on price of the New Ordinary Shares as well as the Enlarged Group's ability to raise further funds either publicly or privately.

Substantial sales of New Ordinary Shares and Lock-in Agreements

There can be no assurance that certain Directors or other Shareholders, such as the Sellers, will not elect to sell their New Ordinary Shares following the expiry of the Lock-in Agreements and orderly marketing arrangements, details of which are set out in paragraph 16.3 of Part VIII of this document, or otherwise. The market price of New Ordinary Shares could decline as a result of any such sales of New Ordinary Shares or as a result of the perception that these sales may occur. In addition, if these or any other sales were to occur, the Enlarged Group may in the future have difficulty in offering New Ordinary Shares at a time or at a price it deems appropriate.

Additional capital and dilution

It is possible that the Enlarged Group may require or choose to raise extra capital in the future to finance the development of the Enlarged Group's business, to further its strategy, to take advantage of acquisition opportunities or respond to new competitive pressures. If the Enlarged Group is unable to obtain this financing on terms acceptable to it then it may be forced to curtail its development. If additional funds are raised through the issue of new equity or equity-linked securities of the Enlarged Group other than on a pro rata basis to existing Shareholders, the percentage ownership of such Shareholders may be substantially diluted. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for New Ordinary Shares at the same price as the Issue Price or higher.

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

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

Dividends

There can be no assurance as to whether the Enlarged Group will grant any dividends or to the level of future dividends, if any. The declaration, payment and amount of any future dividends of the Enlarged Group is subject to the discretion of the Shareholders or, in the case of interim dividends, to the discretion of the Directors and will depend upon, among other things, the proposed Capital Reduction taking effect, the Enlarged Group's earnings, financial position, cash

requirements and availability of profits, as well as the provisions of relevant laws and generally accepted accounting principles and practice from time to time.

Forward-looking Statements

This document contains forward-looking statements that involve risks and uncertainties. All statements, other than those of historical fact, contained in this document are forward-looking statements. The Enlarged Group's actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors. Investors are urged to read this entire document carefully before making an investment decision.

The forward-looking statements in this document are based on the relevant Directors' beliefs and assumptions and information only as of the date of this document, and the forward-looking events discussed in this document might not occur. Therefore, investors should not place any reliance on any forward-looking statements.

Except as required by law or regulation, the Directors undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future earnings or otherwise.

Tax considerations

The attention of potential investors is drawn to paragraph 12 of Part VIII of this document headed "Taxation".

The tax rules, including stamp duty provisions and their interpretation relating to an investment in the Enlarged Group may change during the life of the Enlarged Group.

The levels of, and reliefs from, taxation may change. The tax reliefs referred to in this document are those currently available and their value depends upon the individual circumstances of investors. Any change in the Enlarged Group's tax status or the tax applicable to holding Ordinary Shares, or in taxation legislation or its interpretation, could affect the value of investments held by the Enlarged Group, affect the Enlarged Group's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Statements in this document concerning the taxation of the Enlarged Group and its investors are based upon current tax law and practice which is subject to change.

Substantial Shareholders

On Admission, the Dickson Family will hold, in aggregate, approximately 61.4 per cent. of the Enlarged Share Capital. Notwithstanding the terms of the Relationship Agreement, the Articles and applicable laws and regulations, these Shareholders will be able to exercise significant influence over the Enlarged Group and the Enlarged Group's operations, business strategy and those corporate actions which require the approval of Shareholders.

Conditionality of the Placing and Subscription

The Placing and Subscription are each conditional upon, among other things, Admission. In the event that any condition to which the Placing or the Subscription is subject is not satisfied or, if capable of waiver, waived, Admission will not occur.

RISKS RELATING TO THE ACQUISITIONS

The Acquisitions may not complete

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

There is no guarantee that these (or other) conditions will be satisfied (or waived) in which case the Acquisitions will not be completed and in those circumstances the Placing and Subscription will also not complete.

Post-Acquisition Risk

Operating several established businesses together is a complex exercise and carries associated risks. If not managed carefully, the operational effectiveness and efficiency of the Enlarged Group could be negatively affected, impacting upon profitability and cash generation as well as relations with key stakeholders.

The costs related to the Acquisitions may exceed the Board's expectations.

The Enlarged Group expects to incur a number of costs in relation to the Acquisitions, including integration and post completion costs in order to successfully combine the operations of the Enlarged Group and the Acquisitions. The actual costs of the integration process may exceed those estimated and there may be further additional and unforeseen expenses incurred in connection with the Acquisitions. In addition, the Enlarged Group will incur legal, accounting, transaction fees and other costs relating to the Acquisitions, some of which are payable regardless of whether or not the Acquisitions complete. Although the Directors and Proposed Directors believe that the integration and costs of the Acquisitions will be more than offset by the benefits of the Acquisitions, this net benefit may not be achieved in the short-term or at all, particularly if the Acquisitions are delayed or do not complete. In addition, the costs incurred by the Enlarged Group in complying with the ongoing UK regulatory regimes are likely to exceed the costs currently incurred by the Group. These factors could adversely affect the Enlarged Group's operations and/or financial condition.

RISKS RELATING TO THE COMMERCIAL PROPERTY DEVELOPMENT BUSINESS

Delays in completion of projects or delays to sale of land

The commercial property development business has a pipeline that is reliant on certain larger projects, with a relatively fluctuating or lumpy revenue profile. If any project or development experiences material delays in its completion or the sale of the land to a third party this could materially adversely affect the Enlarged Group and the New Board would have to consider delaying certain planned investment activities until the projects have successfully completed or a sale of land has completed.

Construction contracts

There is a possibility that changes in terms and conditions of construction contracts expose the Enlarged Group to major financial and design liability risks. Amid declining margins in the construction industry, additional focus is being placed on contractual terms which may lead to disadvantageous changes in the terms and conditions being sought.

Development of appropriate property assets

Despite the experience of the key management, there is a risk that the sites that they choose to develop might not be marketable assets for both tenants and the investment community. In addition, delays caused by planning and statutory services may impact delivery of such development sites.

Site sourcing

The inability to source, acquire and develop appropriate sites will have a detrimental effect on the Enlarged Group's financial performance, development portfolio, and reputation. Whilst this might initially only have an impact on the financial performance of the Enlarged Group, a prolonged period of inactivity of development might impact the Enlarged Group's relationships with prospective tenants, developers and investors.

Unsuccessful development costs

There is a risk that the Enlarged Group may incur legal, financial and other advisory expenses arising from unsuccessful developments, which may include expenses incurred in dealing with transaction documentation and legal, accounting and other due diligence.

RISKS RELATING TO CENTURIAN

The markets in which Centurian operates are highly competitive

The UK car market is highly competitive. Customers have many choices of retailers of such vehicles, including franchised dealerships, other car supermarkets, small independent retailers, vehicle auctions, online comparison websites and private sellers. Centurian primarily competes on the basis of a customer proposition which is focused on choice, value and service. If Centurian fails to compete effectively in any of these areas, it may fail to attract new customers and lose repeat customers to other market participants.

Centurian may be materially adversely affected by new entrants in the vehicle market

Competitive pressures from one or more retailers, or Centurian's inability to adapt effectively and quickly to a changing competitive landscape, could affect its prices, its margins or demand for Centurian's vehicles and ancillary products, which may have a material adverse effect on Centurian's business, financial condition, results of operations and prospects.

The Directors believe that the pricing of vehicles is one of the primary competitive factors in the market in which Centurian operates. Centurian's competitors may reduce retail prices in order to attempt to gain a competitive advantage. In addition, car manufacturers, through their franchised dealer networks, continue to offer, and may extend further offers of, consumer credit to customers at low rates, thereby reducing customers' monthly payments to an extent which renders Centurian less able to compete on price with some or all of such franchised dealers. If Centurian does not match or remain within a reasonable margin of its competitors' pricing, or if it is unable to offer customers access to vehicle financing and ancillary products at competitive rates, its margins and results of operations could be materially adversely affected.

Centurian relies on the continued appetite of third parties to provide vehicle financing and ancillary products to customers

A substantial proportion of vehicle sales in the UK are financed through credit facilities. Centurian is exposed to the risk of lending institutions reducing, terminating or materially altering the terms and conditions on which they are willing to offer consumer credit to Centurian's customers. If Centurian becomes unable to offer consumer credit to its customers, or if such credit becomes more expensive, this may reduce customer demand for Centurian's vehicles and thus impact its revenue from vehicle sales.

In addition, Centurian generates revenue by acting as a regulated credit broker to lenders who provide vehicle finance to Centurian's customers and through offering ancillary products provided by third parties (including Motonovo Finance (a division of FirstRand Bank Limited)). Such revenue could be adversely affected if either the number of such arrangements reduces or the structure and amount of the commissions earned by Centurian pursuant to the provision of such products is altered or if Centurian's authorisation with the FCA is adversely in any way. Any of these changes could have a material adverse effect on Centurian's business, financial condition, results of operations and prospects.

Changes in Centurian's supply chain could have a material adverse effect on Centurian's business, prospects, financial condition and results of operations

Historically, a substantial portion of the vehicles sourced and sold by Centurian have been purchased using the BCA Marketplace. Centurian does not have a long-term contractual supply arrangement with BCA and it cannot give any assurance that they will continue to supply it with vehicles or that Centurian would be able to replace the volumes of vehicles provided by BCA were

they to materially decrease. However, the Directors believe that Centurian's relationship with BCA is strong.

If the financial condition of BCA or another one of Centurian's vendors were to deteriorate, or if a vendor were to restructure its operations or make a material change to its business model such that Centurian's source of vehicles diminished, such changes could have a material adverse effect on Centurian's business, prospects, financial condition and results of operations. The Directors believe that Centurian has a number of mitigating actions available to it in the event that a supplier was no longer willing or able to supply. For instance, the Directors believe additional vehicle supply is available from other existing suppliers evidenced by volumes of vehicles which have historically been offered to Centurian but not purchased. The Directors further believe that new suppliers exist which could further expand Centurian's access to vehicle supply. Additionally, if Centurian were to relax its retail criteria (either price point, age or mileage) or increase the price it is willing to pay to acquire vehicles the Directors believe greater supply would be available to Centurian.

As Centurian's current business strategy is to focus on sourcing vehicles which are primarily at the luxury end of the market, any of the changes described above could result in vehicles which meet Centurian's typical criteria not being available for purchase by Centurian.

Whilst Centurian's criteria are not fixed, and Centurian may decide to source vehicles outside these parameters, the Directors believe that Centurian's current business strategy offers it a competitive advantage in being able to offer luxury, nearly-new vehicles at prices which are competitive in comparison to other market participants, in particular franchised dealers. In the event that Centurian is unable to source at scale vehicles which satisfy their criteria, this could adversely impact Centurian's business, prospects, financial condition and results of operations.

Centurian relies on the strength of its brands and it may be unable to further develop, protect and reinforce trust in its brands, or it may attract negative publicity

Developing and maintaining the reputation of, and value associated with, Centurian's brands is of importance to the success of Centurian. Brand strength is a critical factor in attracting new and repeat customers, the latter being a very important source of business. Centurian is reliant, to a certain extent, on its natural search result rankings and paid advertising to increase its brand awareness and recall. Centurian has expended, and will continue to expend, time and resources on marketing and customer relations, but its marketing efforts and other promotional activities may not achieve the desired results.

Centurian's reputation and brand is influenced by the customer experience that it provides. Any failure by Centurian to offer high quality products across a range of vehicle brands and price points, or excellent customer service could damage its reputation and brand and result in a loss of customer confidence and a reduction in sales. Unfavourable publicity concerning Centurian or the industry in which it operates could also be damaging to Centurian.

Maintaining or increasing the number of customer visits to, and the number of reservations made through, Centurian's website is important to Centurian's success. Other important factors include Centurian's ability to:

- maintain a convenient and reliable user experience as customer preferences evolve; and
- develop new and existing sales channels, and manage technologies including smartphones and tablets.

Any failure to properly manage these factors could negatively affect Centurian's brand and reputation, its ability to attract new and repeat customers and the level of its sales, which could have a material adverse effect on Centurian's business, financial condition, results of operations and prospects.

Centurian's retail site(s) or other operating locations and stock may be damaged by accidents, extreme weather or other unforeseen events or Centurian may suffer other damage which is not covered by insurance

Centurian stores all of its vehicles on its site. Extreme weather (such as hail storms and flooding) or other catastrophic events (such as terrorism, fires and large-scale accidents) have the potential to damage Centurian's vehicles and/or its retail sites. Any such event may result in an increase in Centurian's costs or cause delays to, or cancellations of, sales which could have a material adverse impact on Centurian's revenue and/or profitability. Centurian's failure to meet its customers' demands in such situations could adversely affect its reputation, damage relationships with both vendors and customers and/or result in a loss of future business.

Centurian maintains customary insurance cover for risks including property damage, business interruption, employers' and public liability. However, Centurian may suffer loss which is not covered by Centurian's insurance or which is in excess of Centurian's insurance coverage.

Furthermore, Centurian may be unable in future to obtain or maintain insurance coverage on acceptable terms, without substantial premium increases or at all, particularly if there is deterioration in Centurian's claims history. A successful claim against Centurian which is not covered by, or which is in excess of, Centurian's insurance coverage could have a material adverse effect on Centurian's business, prospects, financial condition and results of operations.

Changes to search engine's algorithms or terms of service could cause Centurian's websites to be excluded from or rank lower in natural search results

A significant number of Centurian's customers access Centurian's websites by clicking on a link contained in search engines' "natural" listings (i.e. listings not dependent on advertising or other payments). Search engines rely on algorithms to determine which websites are included in the results of a search query. Search engines frequently modify their algorithms and ranking criteria to prevent their natural listings from being manipulated. These algorithms and ranking criteria may be confidential or proprietary information and Centurian does not have complete information on the methods used to rank its websites. If Centurian is unable to recognise and adapt quickly to such modifications in search engine algorithms, or if the effectiveness of Centurian's search engine optimisation ("SEO") activities is affected for any other reason, Centurian could suffer a significant decrease in traffic to its websites and, in turn, revenue or an increase in marketing costs to maintain revenue.

As part of their terms of service, search engines may also prohibit the use of any software, process or service which sends automated queries to determine the ranking of a website or webpage (an important tool in developing successful SEO techniques), or the use of particular methods deemed by the search engine to be manipulative. A violation of a search engine's terms of services may result in a website's exclusion from that search engine's natural listings. If a search engine were to modify its terms of service or interpret existing or modified terms of service in a manner such that Centurian's SEO practices were deemed to violate such terms, Centurian's websites could be excluded from the search engine's natural listings. Such exclusion could significantly affect Centurian's ability to direct customer traffic to Centurian's websites and materially adversely affect Centurian's business, financial condition, results of operations and prospects.

Centurian relies on its website to generate a significant proportion of its sales leads. Customer acceptance of online purchasing of vehicles may not be sustained or increase, and Centurian may be unable to adapt effectively to changes in customer behaviour or preferences in connection with online vehicle purchasing

Although Centurian currently has a retail site in Northamptonshire and concludes some of its vehicle sales at those sites, many of its customers commenced their vehicle purchase journey through Centurian's website. Centurian's success will depend to a substantial extent on the willingness of customers to maintain, and increase, their use of the internet to source vehicles. Centurian's success will also depend on Centurian's ability to effectively adapt to changes in

customer behaviour or preferences in connection with the sourcing of vehicles online (for example, developments in connection with mobile commerce on smartphones and tablets). If demand for online sourcing of vehicles materially changes or if Centurian is unable to adapt effectively to developments in customer behaviour or preferences in connection with online vehicle sourcing, Centurian's business, financial condition, results of operations and prospects could be materially adversely affected.

Centurian may face online security breaches and service disruptions due to hacking and vandalism

Centurian cannot guarantee absolute protection against unauthorised attempts to access its IT systems, including malicious third-party applications that may interfere with or exploit security flaws in its products and services. Viruses, worms and other malicious software programmes could, amongst other things, jeopardise the security of information stored in a customer's computer or in Centurian's computer systems or attempt to change the internet experience of customers by interfering with Centurian's ability to connect with its customers. Groups of hackers may also act in a coordinated manner to launch denial of service attacks or other coordinated attacks that may cause Centurian's websites or other systems to experience service outages or other interruptions. Centurian takes measures designed to prevent the occurrence of such breaches and disruptions. If, however, any compromise in Centurian's security measures were to occur, or if Centurian's websites or other systems were to experience service outages or other interruptions, Centurian's reputation may be harmed and its business, financial condition and results of operations may be materially adversely affected.

In addition, there can be no assurance that advances in computer capabilities, new discoveries in the field of cryptography, or other events or developments will not result in a compromise or breach of the processes used by Centurian to protect customer transaction data. If any such compromise or breach were to occur, it could have a material adverse effect on Centurian's reputation, business, financial condition and results of operations.

Centurian Non-compliance with changing legal or regulatory regimes may lead to fines, prosecution, cessation of certain business activities, public reprimand and/or reputational damage

Centurian considers the following further legal and regulatory risks to be the most relevant to its business:

- Risks relating to online retail regulations – the growth and development of the market for online retail may lead to more stringent consumer protection laws which may impose additional burdens on Centurian, or which may require Centurian to alter the way it carries out its business and increase its costs of business, all of which may have a material adverse effect on Centurian's business.
- Risks relating to changes in taxation rates or law change – changes in taxation rates, including changes to taxation rates applicable to vehicles sold by Centurian such as VAT, or law, or misinterpretation of the law or any failure to manage tax risks adequately could result in increased charges and costs, financial loss (including penalties) and reputational damage.
- Risks relating to employment law – changes to employment law and regulations, or a new interpretation of existing law and regulations, could increase Centurian's costs or expose it to liabilities. For example, as a result of recent case law, Centurian may be liable to make payments to its employees in the future for underpaid holiday pay. Pending a definitive ruling on these issues, there remains uncertainty about how to deal with any claims for underpaid holiday and how to calculate holiday pay going forward. A recent case has held that sales based commission payments should be taken into account in calculating holiday pay, however it is understood that the employer in that proceeding is seeking permission to appeal this decision and thus the position is still unclear.

- Risks relating to health and safety regulation – Centurian must comply with laws and regulations concerning risk assessment, the management and control of health and safety risks, the safety of premises, physical locations, equipment, processes and systems of work, asbestos present at Enlarged Group premises, the control of contractors, driver and vehicle operation safety, vulnerable and young workers' safety, employee occupational health surveillance, employee welfare, the control and use of energy and the disposal of electrical and electronic equipment.
- Risks relating to environmental regulation – Centurian must comply with environmental laws and regulations concerning air pollution, land pollution, water pollution, waste management and waste waters (including trade effluent), vehicle movements, industrial noise and nuisance, energy efficiency, the storage of petroleum products and the control of other hazardous substances.
- Risks relating to commercial activities – changes to past business and commercial practices. From time to time Centurian has made changes to historic business and commercial practices where such activities did not meet, or may not have met, applicable laws or regulations (whether civil, criminal, regulatory or other) or the commercial and ethical values of Centurian. Notwithstanding their discontinuation, certain aspects of these historic business and commercial practices could result in administrative, criminal, financial, regulatory or other action or proceedings and such actions or proceedings could have an adverse effect on Centurian's reputation, business, financial condition and operating results.

RISKS RELATING TO THE INDUSTRY

Fluctuations in prices in the nearly-new and used vehicle market could impact Centurian's financial performance.

Centurian's financial performance may be affected by fluctuations in prices in the nearly-new and used vehicle market. Such fluctuations could impact Centurian's business as it maintains a significant inventory of such vehicles. The nearly-new vehicle market can be more susceptible to volatility due to factors including price and finance incentives on new vehicle purchases, availability of supply, fluctuations in fuel prices and the steeper rate of depreciation in the earlier years of a vehicle's life. A decline in nearly-new and used vehicle values could detrimentally affect Centurian's financial performance.

Centurian is dependent on the existing model of vehicle distribution being maintained.

If the current model of vehicle distribution changes, the competitiveness of Centurian's offering might be altered and, consequently, Centurian's business, results of operations and financial condition may be materially adversely affected.

If the current model of individuals purchasing and owning their own vehicles changes significantly, demand for Centurian's services could be adversely affected. Technological advancements could create a different model for owning, buying and selling vehicles which could challenge Centurian's model. Similarly, given that the cost of fuel is a major part of the costs associated with vehicle ownership, a significant increase in fuel pump prices could restrict customer demand for vehicles.

Any of these developments could result in Centurian's business, results of operations and financial condition being materially adversely affected.

Centurian is dependent on the continued volume of supply of new vehicles into the UK market.

A weakening of Sterling relative to the Euro, could have an impact on the supply of new vehicles into the UK which may in future reduce the supply of nearly-new vehicles to Centurian. Similarly, an undersupply of new vehicles due to, for example, a slowdown in production by OEMs, a delay in the supply of vehicles, or trade restrictions, could impact Centurian's ability to meet customer demand. This could affect Centurian's reputation and could have an impact on its performance.

Changes to laws and regulation applicable to the motor industry could have an adverse impact on Centurian's business, results of operations and financial condition.

Changes to law and regulation in transport, such as changes to road taxes, vehicle excise duty or fuel duty, and emission standards for new passenger vehicles, could have an adverse impact on the vehicle retail sector and therefore Centurian's performance.

Decreased availability or the withdrawal of stocking facilities could have a material adverse effect on Centurian's business.

As is common in the UK vehicle retail sector, Centurian finances a significant proportion of its working capital requirements using a committed stock financing facility provided by BCA which is secured against vehicle stocks owned by Centurian.

The stock financing facility is used to finance the majority of Centurian's vehicle stock. There is a risk that the pricing of the facility could increase, for example, following a general increase in interest rates in the UK or Europe, and that funding parameters and facility limits could be reduced. If BCA was to withdraw its facility or Centurian was not able to renew the facility as it expired, Centurian's ability to trade could be significantly reduced or Centurian could be required to dispose of assets at below their market value or at a substantial discount.

RISK FACTORS RELATING TO BARKBY PUBS AND WORKSHOP

Potential future site acquisitions

The continuing growth of Barkby Pubs and Workshop Coffee is dependent on the ability to identify and execute acquisitions of sites. If the Enlarged Group is unable to find suitable acquisition targets at an acceptable price, this may have a material and adverse effect on the Enlarged Group's future success. The price of such properties may be affected by factors outside of the Enlarged Group's control.

In addition to the limited number of properties that will meet the Enlarged Group's acquisition criteria, the Enlarged Group may face competition from other organisations, which may be larger or better funded than the Enlarged Group, either within or outside of the premium hospitality sector, when seeking to acquire new properties.

Financial effects of further site acquisitions

Acquisitions by the Enlarged Group may require the use of significant amounts of cash, dilutive issues of equity securities and the incurring of debt, each of which could materially and adversely affect the Enlarged Group's business, results of operations, financial condition or the market price of the Ordinary Shares. In addition, acquisitions involve numerous risks, including difficulties in assimilating the operations of any acquired business or company and the diversion of management's attention from existing business.

Often the acquired properties will require significant investment in order to bring them up to the standard required by the Enlarged Group. This may also require substantial management time and resources.

In addition, there is no guarantee that the Enlarged Group will continue to be able to find appropriate acquisition targets at suitable prices or that it will be able to renovate them on schedule and within budget or that the acquired property or business will be sufficiently profitable to repay the cost of acquisition and renovation.

Any such failure could have an adverse impact on the Enlarged Group's operating results, financial condition and prospects.

In identifying and acquiring further businesses, the Enlarged Group will incur certain third-party costs, including in connection with financing, valuations and professional services associated with the sourcing and analysis of suitable assets. This may affect the Enlarged Group's financial

position as there can be no guarantee that the Enlarged Group will be successful in its negotiations to acquire any given property.

Integrating further acquisitions

The Enlarged Group's existing portfolio of pubs and coffee shops has been created through a series of acquisitions of sites. The main driver of future revenue and profit growth will be the Enlarged Group's ability to retain its existing portfolio and add additional quality new sites.

Often the acquired sites require significant investment in order to bring them up to the standard required by the Enlarged Group and the renovation and relaunch of an acquisition requires substantial management time and resources and any subsequent increase in profitability may not be sufficient to repay the costs of acquisition and renovation.

In addition, there can be no guarantee that the Enlarged Group will continue to be able to find appropriate targets for acquisition at suitable prices or that it will be able to renovate them on schedule and within budget or that the relaunched business will be sufficiently profitable to repay the cost of acquisition and renovation. Any such failure could have an adverse impact on the Enlarged Group's operating results, financial condition and prospects and management's ability to execute its growth plan and meet its financial targets. There are also certain legal, commercial and tax risks inherent in any acquisition of a group or a going concern business.

In addition, the Enlarged Group will need to identify suitable acquisition opportunities, investigate and pursue such opportunities and negotiate property acquisitions on suitable terms, all of which require significant expenditure. The Enlarged Group therefore will incur certain third-party costs, including in connection with financing, valuations and professional services associated with the sourcing and analysis of suitable assets. There can be no assurance as to the level of such costs and, given that there can be no guarantee that the Enlarged Group will be successful in its negotiations to acquire any given property, the greater the number of potential acquisitions that do not reach completion, the greater the likely adverse impact of such costs on the Enlarged Group's financial condition, business, prospects and results of operations.

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

- the ability to identify and secure available and suitable sites in its target locations on an acceptable legal and financial basis;
- the ability to secure all necessary approvals and licences to begin operating on such new sites in a timely manner and on acceptable terms;
- the competition for sites;
- delays in the development of new sites; and
- general economic conditions.

The New Board believe that the risk of finding sites will be mitigated through the significant number of opportunities they are presented with on a regular basis by the agent community as well as landlords with significant portfolios and the number of new sites they already have in their pipeline.

Acquisition due diligence may not identify all risks and liabilities

Prior to entering into an agreement to acquire property, the Enlarged Group will perform due diligence on the proposed property. In so doing, it would typically rely in part on professional third parties to conduct specialist aspects of this due diligence, including legal reports on title and independent property valuations. To the extent that the Enlarged Group or its third-party advisors underestimate or fail to identify risks and liabilities associated with the investment in question, the Enlarged Group may incur unexpected liabilities, for example, defects in title, an inability to obtain permits, or environmental, structural or operational defects requiring remediation.

If there is a failure of due diligence, there may be a risk that properties are or have been acquired which are not consistent with the Enlarged Group's acquisition strategy or that properties are or have been acquired that fail to perform in line with expectations.

Risks relating to any future property disposals

On a disposal of a property, the Enlarged Group may be required to give warranties to the purchaser and accordingly the Enlarged Group may be exposed to liabilities in relation to future warranty claims or contingent liabilities in respect of any disposals. The Enlarged Group may be required to pay damages (including but not limited to litigation costs) to a purchaser to the extent that any representations or warranties given to a purchaser prove to be inaccurate or to the extent that it has breached any of its covenants or obligations contained in contracts for sale. The purchaser may in rare circumstances also have the ability to rescind a contract for sale.

When properties disposed of are leasehold properties, the Enlarged Group remains liable to perform the tenant's obligations in the lease in the event the purchaser fails to do so. Although purchasers are required to indemnify the Enlarged Group against this contingent liability, should the purchaser fail to comply with the tenant's lease obligations, and the Enlarged Group is unable to recover pursuant to the indemnity due to the insolvency of the purchaser or otherwise, the Enlarged Group may suffer a loss as a result of its obligation to continue performing the tenant's obligations (including the payment of rent under the lease).

Certain other obligations and liabilities associated with the ownership of such assets (such as certain environmental liabilities) can also continue to exist notwithstanding any disposal. The Enlarged Group may also remain liable for any debt or other financial obligations related to that property. This may have a material adverse effect on the Enlarged Group's performance and financial condition.

Fluctuations in the property market in the United Kingdom could reduce the value of the Enlarged Group's properties

Although the Enlarged Group's principal activity is not the holding of properties as an investment, the Enlarged Group does own two freehold properties. The property market in the United Kingdom is subject to fluctuations and a national downturn in the property market could lead to a sustained reduction in the Enlarged Group's freehold property values.

There can be no certainty that following any such downturn, property values would recover at any particular time, or at all. In addition, valuations are impacted by the trading performance of the asset, with poorer trading generally leading to lower valuations. The valuation of property and property-related assets is inherently subjective. As a result, valuations are subject to uncertainty. Moreover, all property valuations are made on the basis of assumptions which may prove not to reflect the true position. There is no assurance that valuations of the Enlarged Group's pubs and related assets will reflect actual sale prices. In addition, there can be no certainty that if any property impairments were required to be made in the future pursuant to the Enlarged Group's accounting policies, they would be able to be made from the Enlarged Group's revaluation reserves. This could have an adverse impact on the Enlarged Group's operating results, financial condition and prospects.

RISKS RELATING TO COMPANIES OPERATING IN THE HOSPITALITY AND LEISURE SECTOR

General economic climate

The Enlarged Group's sites are located in England and all of its sales occur in the United Kingdom and therefore, the hospitality and leisure business is subject to general economic conditions in the United Kingdom. In particular, the revenue and results of the Enlarged Group will be affected by the level of consumer confidence and expenditure on leisure activities and discretionary spend. Economic factors such as rising interest rates, declining wages, higher unemployment, tax

increases, lack of consumer credit and falling house prices could, amongst other things, all adversely affect the level of consumer confidence and expenditure which could adversely affect the Enlarged Group's operating results, financial condition and prospects.

In addition, the Enlarged Group's operations and the results of its operations are subject to a number of factors that could adversely affect the Enlarged Group's business, many of which are common to the leisure and hospitality industry and beyond the Enlarged Group's control, including the following:

- changes in travel patterns or in the structure of the travel industry, including any increase in, or the imposition of new taxes on travel may reduce the volume of visitors to the geographic locations in which the Enlarged Group operates;
- seasonal variations in demand, as the Enlarged Group may experience changes in the levels of customers and room occupancy during different seasons;
- changes in consumer demands for accommodation (i.e. a preference for rented flats or hotels) may adversely affect room rates and occupancy levels in the Enlarged Group's hospitality properties, or otherwise cause a reduction in the Enlarged Group's income.

Such factors (or a combination of them) may adversely affect room rates and occupancy levels and general levels of custom at the Enlarged Group's gastropubs and hotel rooms, and in either such case could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and prospects.

Events affecting domestic and international travel

The Enlarged Group's business and operations could be adversely affected by events such as actual or threatened acts of terrorism or war, epidemics, travel-related accidents, travel related industrial action, increased transportation and fuel costs, increased transport related taxes and natural or other local factors impacting individual hospitality properties. Incidents and uncertainties of this type may have an adverse impact on the Enlarged Group's operations, prospects and financial results.

Changing consumer habits

Aside from general economic climate conditions, the Enlarged Group's financial results can be materially impacted by a material change in other consumer habits. Examples of other changes in consumer habits that may impact the Enlarged Group's financial performance include the increasing breadth of choice of leisure amenities in the United Kingdom.

Changes in consumer tastes, increased demand for gluten free, allergen free and other specialist foods or methods of preparation, impact of any 'sugar tax' and demographic trends may also affect the appeal of the Enlarged Group's pubs to consumers, especially if the Enlarged Group does not anticipate, identify and respond to such changes by evolving its food and drink offering adequately and sufficiently promptly, which could have a negative impact on the Enlarged Group's financial performance and prospects.

Food related health concerns and liability

The food and beverage industries can be adversely affected by litigation and complaints from customers or regulatory authorities resulting from quality, illness, injury or other health concerns or other issues stemming from one product or a number of products including products and services provided by the Enlarged Group.

The Enlarged Group cannot guarantee that its internal controls and training will be fully effective in preventing all food borne illnesses. Furthermore, some food borne illness incidents could be caused by third party food suppliers and transporters outside of the Enlarged Group's control. One or more instances of food borne illness at one of the Enlarged Group's sites could result in

increased costs and/or reduced turnover, and negatively affect the Enlarged Group's profitability and prospects. Furthermore, if any person becomes ill, or alleges becoming ill, as a result of food or drink at one of the Enlarged Group's premises, the Enlarged Group may be liable for damages, or be subject to regulatory action or adverse publicity. Such litigation, concerns and complaints and any adverse publicity surrounding such issues may have a material adverse effect on the Enlarged Group or on the leisure sector generally and therefore on the Enlarged Group.

The Enlarged Group is susceptible to major local, national or international food or beverage contamination or other health scares (for example, salmonella and E. coli, "swine flu" or "H1N1" and other airborne diseases) affecting the type of food and beverages sold in, and customer levels at, the Enlarged Group's premises.

Such contamination or scares could affect consumer confidence and preferences, resulting in reduced customer footfall or expenditure at the Enlarged Group's premises, or could lead to increased costs for the Enlarged Group (including in relation to sourcing alternative suppliers or products). In addition, a serious contamination or scare at one of the Enlarged Group's premises could negatively affect the reputation of that gastropub or coffee shop.

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

Complaints or litigation from customers, landlords, local authorities and/or third parties

The Enlarged Group could be the subject of complaints or litigation from individuals or groups of customers and/or class actions alleging illness or injury (e.g. passive smoking or alcohol abuse) or raising other health or operational concerns, and from other third parties in relation to nuisance and negligence. It may also incur additional liabilities as a freehold and/or leasehold property owner (including environmental liability). If the Enlarged Group were to be found liable in respect of any complaint or litigation, this could adversely affect the Enlarged Group's results or operations and could also adversely affect the Enlarged Group's reputation and prospects.

Licences, permits and approvals

The Enlarged Group's pubs and certain coffee shops are subject to laws and regulations that affect their operations, including in relation to employment, minimum wages, premises and personal licenses, alcoholic drinks control, entertainment licences, competition, health and safety, sanitation and data protection. These laws and regulations impose a significant administrative burden on the Enlarged Group, as managers have to devote significant time to compliance with these requirements and therefore have less time to dedicate to the business. If additional or more stringent requirements were to be imposed in the future, it would increase this burden, which could adversely affect the Enlarged Group's operating results (as a result of increased costs or lower revenues) and, in turn, adversely affect the Enlarged Group's financial condition and prospects.

The hospitality industry in the UK is highly regulated at both national and local levels and operators require licences, permits and approvals. Delays and failures to obtain or maintain the required licences or permits could adversely affect the operations of the Enlarged Group. These laws and regulations impose a significant administrative burden on each site of the Enlarged Group and additional or more stringent requirements could be imposed in future. To the extent that this increases costs or reduces the Enlarged Group's operations or ability to sell food or alcoholic beverages, it could have an adverse impact on the Enlarged Group's operating results, financial conditions and prospects.

Each of the Enlarged Group's existing and planned future pubs (and certain coffee shops) is or will need to be 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 Enlarged Group's pubs. Should any of the Enlarged Group's licences be withdrawn or amended, the ability of the Enlarged Group's pubs/relevant coffee shops to sell alcoholic drinks may be reduced and the profitability of any such pub/relevant coffee shops could

be adversely impacted and this in turn, may have an adverse effect on the Enlarged Group's operating results, financial condition and prospects.

Health and Safety regulation

The Enlarged Group is subject to regulation in areas such as health and safety and fire safety. Whilst the Enlarged Group believes it has appropriate policies and procedures in place to address such regulatory requirements, these may need to adapt which may require additional expenditure. Furthermore, in order to ensure the Enlarged Group's sites remain fully compliant with legislative requirements there will always be the need to maintain premises, not only generally but if an ad hoc issue arises, which again will require capital expenditure. Failure by the Enlarged Group to comply with the relevant legislative requirements may result in fines, penalties, closure of sites and/or litigation which could adversely affect the Enlarged Group's reputation and business, results of operations, financial condition, or prospects.

Competitive Risk

The Enlarged Group's sites compete for customers with a wide variety of other pubs, restaurants, off-licences, supermarkets, takeaways and coffee shops, some of which may offer higher amenity levels or lower prices and be backed by greater financial and operational resources. The Enlarged Group also faces competition from other leisure activity providers, home entertainment providers and hotel operators or other providers of accommodation. Continuing and increased competition from other operators, off-licences, restaurants, retailers, alternative leisure activity providers, home entertainment providers and hotel operators could adversely affect the Enlarged Group's operating results, financial condition and prospects.

The hospitality industry in the UK has undergone periods of consolidation through joint ventures, mergers and acquisitions. Further consolidation in the hospitality industry in the UK could lead to the emergence of larger competitors, who may have greater financial and operational resources than the Enlarged Group. The Enlarged Group may not be able to respond to the pricing pressures that may result from further consolidation of the hospitality industry in the UK and may not be able to compete successfully for the acquisition of sites with larger competitors.

Supplier Risks

The Enlarged Group has agreements, formal and informal, with all of its key suppliers. Termination of these agreements, variation of their terms or the failure of a key supplier to comply with its obligations under these agreements (including if a key supplier were to become insolvent or experience other significant financial difficulties) could have a negative impact on the Enlarged Group's ability to ensure that its properties are properly supplied with food and beverage and other products and could increase costs if it becomes necessary to find alternative suppliers.

The food side of the Enlarged Group's operations depend on timely deliveries of, and the quality of fresh ingredients, including coffee beans, fresh produce and dairy products. The Enlarged Group depends substantially on third party distributors and suppliers for such deliveries. Delivery delays and/or a reduction in the quality or volume of produce received from suppliers could adversely impact the Enlarged Group's business and ability to service its customers to the required standard if the Enlarged Group is unable to obtain replacement quality ingredients on commercially agreeable terms in the open market. In the event of a major disruption to the timely supply of quality, fresh ingredients, alternative suppliers of good and/or distribution services (as the case may be) may not be available or may be available only on unacceptable commercial terms and could have an adverse impact on the Enlarged Group's operating results, financial conditions and prospects.

Negative Publicity

Negative publicity relating to one of the Enlarged Group's sites, food quality, food contamination, health inspection scores, accommodation quality, or employee relationships may have a negative

impact on the trading performance of the relevant pub and potentially the Enlarged Group's other sites, regardless of whether the allegations are valid or whether the Enlarged Group is at fault.

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

Leasehold properties

The Enlarged Group is subject to rent reviews and increases in the rents, rates and other costs associated with leasehold premises (including the obligation to purchase all beers and non-beer drinks from the landlord) and termination of leasehold interests, all of which may be out of the Enlarged Group's control and could adversely affect its operating results, financial condition and prospects.

Each lease agreement provides that the lessor may terminate the lease for a number of reasons, or the lease may not be renewed at the end of its term. Termination or non-renewal of any of the Enlarged Group's leases could harm the results of the Enlarged Group's operations. The Enlarged Group can offer no assurances that it will succeed in obtaining lease extensions in the future, or that any such extensions will be at rental rates that the Enlarged Group believes to be reasonable. In addition, the Enlarged Group cannot guarantee that it will be able to secure new leases in desired locations at rents that it believes to be reasonable, in accordance with its growth strategy.

At the expiry or termination of its leases, the Enlarged Group may have to pay sums of money to its landlords for dilapidations as required under the leases. In addition, in accordance with their terms, each of The Bull Hotel lease and the Rose & Crown lease can be terminated on one month's notice if certain personnel cease to be actively involved with the business at The Bull Hotel and the Rose & Crown. If the lease agreements were to be terminated, the financial position and operations of the Enlarged Group could be materially affected.

Capital expenditure requirements

Operating hospitality properties may give rise to the following risks:

- possible structural and environmental problems;
- construction cost over-runs and delays;
- disruption in service and room availability causing reduced demand, occupancy and rates;
- possible shortage of available cash to fund construction and capital improvements and the related possibility that financing for these capital improvements may not be available to the Enlarged Group on affordable terms; and
- uncertainties as to market demand or a loss of market demand after construction capital improvements have begun.

The cost of capital improvements could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

Changes in the cost of labour and employment risk could adversely affect the Enlarged Group's financial performance

An increase in labour and employee benefit costs may adversely affect the Enlarged Group's operating costs. Any shortage in the labour pool or other general inflationary pressures or changes will increase the Enlarged Group's labour costs. Any increases in labour costs could have a material adverse effect on the Enlarged Group's prospects, results of operations and financial condition.

Furthermore, as a result of recent case law and government consultation surrounding whether certain types of overtime, tips, bonus, commission payments and other variable remuneration should be included in holiday pay, there may be potential future liabilities or increase in labour costs as the Enlarged Group may have to make additional payments to its employees in future.

Increases in the National Minimum Wage and availability of minimum wage workers in certain areas may impact the business, results of operations and financial condition of the Enlarged Group. The National Minimum Wage is a prescribed minimum hourly rate of pay which employers must legally pay to most of their workers dependent on the employee's age. From 1 April 2019 the minimum rates of pay (across all age groups) has increased. The minimum hourly rates applicable to workers aged 25 or over (i.e. the "National Living Wage") increased by approximately 4.9 per cent. and the size of any future increases are unknown.

A significant proportion of the Enlarged Group's employees are paid at the National Minimum Wage and, therefore, an increase in the National Living Wage will increase the Enlarged Group's labour costs. As labour costs are a large proportion of the Enlarged Group's overall costs, it is possible that future increases could have a material adverse effect on the Enlarged Group's business, profitability and results of operations. The complex nature of legislation and regulations governing the National Minimum Wage and the National Living Wage may lead to increased compliance costs and/or unintentional breaches of such legislation and/or regulations, and there is no guarantee that the Enlarged Group would be able to rectify such non-compliance without incurring costs in the form of fines, or suffering from negative publicity.

Potential unionisation of employees or workers

While none of the Enlarged Group's workforce are currently members of a labour union, there is no guarantee that the Enlarged Group's workforce will not unionise in the future given the growth of unions in the hospitality sector.

Unionisation of the workforce in the future may decrease the Enlarged Group's bargaining power in negotiating employment terms and conditions, which would lead to higher costs of labour through increased wages and other employment benefits. A unionised workforce may hinder operational flexibility by inhibiting the Enlarged Group's ability to hire and terminate employees and workers.

Maintaining a positive dialogue with a unionised workforce may lead to increased operational and compliance costs. The failure to maintain such positive relations may lead to labour action, which would adversely affect the Enlarged Group's business, operations prospects, and lead to negative publicity for the Enlarged Group.

Risks relating to the Enlarged Group's investments

Investor returns may be dependent upon the performance of any investments and the Enlarged Group may experience fluctuations in the performance of its investments

The Enlarged Group may experience fluctuations in its operating results due to changes in the values of investments made by the Enlarged Group. Such variability may lead to volatility in the trading price of the New Ordinary Shares and cause the Enlarged Group's results for a particular period not to be indicative of its performance in a future period.

The Enlarged Group's investments may be illiquid and may be difficult or impossible to realise at any particular time

The Enlarged Group may invest in certain businesses, including Transcend and Vivoplex. Such investments are illiquid and may be difficult for the Enlarged Group to sell and the price achieved on any such realisation may be at a discount to the prevailing valuation of the relevant investment which may materially and adversely impact the net asset value and the earnings of the Enlarged Group.

Investment valuation is inherently subjective and uncertain

The valuation of the investments that the Enlarged Group makes could be subjective, in part because all investments are made on the basis of assumptions which may not prove to be accurate, and, in part, because of the individual nature of each investment. This is particularly so where there has been more limited transactional activity in the market against which the Enlarged Group's investments can be benchmarked by the Enlarged Group. Valuations of the Enlarged Group's investments may not reflect actual values even where any such sales occur shortly after the relevant valuation date.

The Enlarged Group may be unable to execute further investments

In part, the growth of the Enlarged Group depends upon the ability of the Directors to identify, select and execute future investments which offer the potential for satisfactory returns. There can be no assurance that the Directors will be successful in sourcing suitable investments or that the Enlarged Group will make any further investments.

The Enlarged Group's due diligence may not identify all risks and liabilities in respect of an investment

Prior to entering into an agreement to invest, the New Board will perform due diligence, on behalf of the Enlarged Group, on the proposed investment. In doing so, it would typically rely, in part, on third parties to conduct a significant portion of this due diligence (including, where appropriate, financial and legal due diligence). To the extent that the New Board or other third parties underestimate or fail to identify risks and liabilities associated with the investment in question, the Enlarged Group may be subject to defects in title, to environmental, structural or operational defects requiring remediation, or the Enlarged Group may be unable to obtain necessary permits which may materially and adversely impact the net asset value and the earnings of the Enlarged Group.

A due diligence failure may also result in investments that are acquired failing to perform in accordance with projections which may materially and adversely impact the net asset value and the earnings of the Enlarged Group.

Any costs associated with potential investments that do not proceed to completion will affect the Enlarged Group's performance

The Enlarged Group may be required to incur certain third-party costs in respect of potential investments, including in connection with financing, valuations and professional services associated with the sourcing and analysis of suitable investments. There can be no assurance as to the level of such costs or whether they would be repaid in the event that any potential investment that does not proceed to completion.

It should be noted that the risk factors listed above are not intended to be exhaustive and do not necessarily comprise all of the risks to which the Enlarged Group is or may be exposed or all those associated with an investment in the Enlarged Group. In particular, the Enlarged Group's performance is likely to be affected by changes in market and/or economic conditions, political, judicial, and administrative factors and in legal, accounting, regulatory and tax requirements in the areas in which it operates and holds its major assets. There may be additional risks and uncertainties that the Directors and Proposed Directors do not currently consider to be material or of which they are currently unaware, which may also have an adverse effect upon the Enlarged Group.

PART VI

FINANCIAL INFORMATION

SECTION A: FINANCIAL INFORMATION ON THE BARKBY GROUP

The historic financial information relating to The Barkby Group plc is publicly available on the Company's website. This information has been appended below, without further adjustment, from the audited financial results for the 12 month period ended 31 December 2016, the audited financial results for the 12 month period ended 31 December 2017 and the audited financial results for the 17 month period ended 31 May 2019.

All reports referenced above can be found at the following website address:

<https://barkbygroup.com/reports-presentations/>

SOVEREIGN MINES OF AFRICA PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2016

*Registered in England & Wales
Company number 07139678*

SOVEREIGN MINES OF AFRICA PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2016

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SOVEREIGN MINES OF AFRICA PLC

OFFICERS AND ADVISERS

Directors

C G Clarke

R M Fraser

N A Steinberg (resigned 22 June 2016)

J A S Sparrow (appointed 18 July 2016)

R H D Street (appointed 26 October 2016)

Registered Office

Lakeside

Fountain Lane

St Mellons

Cardiff

CF3 0FB

Company Secretary

Cargil Management Services Limited

27/28 EastCastle Street

London

W1W 8DH

Company Registration Number

07139678

Auditor

Crowe Clark Whitehill LLP

St Bride's House

10 Salisbury Square

London EC4Y 8EH

Registrars

Share Registrars Limited

Suite E, First Floor

9 Lion and Lamb Yard

Farnham

Surrey GU9 7LL

Corporate Advisor and Broker

Shore Capital and Corporate Limited

Bond Street House

14 Clifford Street

London W1S 4JU

SOVEREIGN MINES OF AFRICA PLC

CHAIRMAN'S STATEMENT

Year ended 31 December 2016

During 2016, the Board completed a strategic review of the Company's assets and activities. The review included changes to the Board's composition as well as a decision not to continue funding the development of its Guinean assets and resulted, post-period, in the successful sale of its 75% interest in the Mandiana Gold Project ("Mandiana") in Republic of Guinea, West Africa to Volcanic Gold Mines Inc. ('Volcanic'), a Canadian publicly listed mining company.

In consideration for the sale, the Company received 2,502,489 common shares in Volcanic representing 9.9% of the outstanding share capital of Volcanic at the time of transaction. On 20 January 2017, the date the transaction was completed, Volcanic's share price was CAD\$0.45 per share (approximately £0.28 per share). It was an important step for the Company and realised immediate value for shareholders whilst retaining an interest in the future of Mandiana.

During the second half of the financial year, the Company appointed Jeremy Sparrow as Non-Executive Director in July 2016 and Rupert Street as Chief Executive Officer in October 2016, both of whom bring extensive years of directly relevant experience to the Company.

Following the successful farm out of its interest in Mandiana, the Company is now deemed a cash shell under AIM Rule 15, pursuant to which it is required to make an acquisition which constitutes a reverse takeover under Rule 14. The Board continues to assess acquisition opportunities and is committed to executing our plans for the business which may well involve the pursuit of an acquisition which would trigger a reverse takeover under the AIM Rules.

The loss in the year of £201,547 represents the costs of running the Company during this transitional phase compared with a loss of £1,991,490 in 2015, which included the impairment of its exploration assets of £1,278,059.

The Company had cash resources of £399,446 at 31 December 2016 which will provide sufficient finance to cover the Company's ongoing expenditure for the foreseeable future.

C G Clarke
Chairman
31 May 2017

SOVEREIGN MINES OF AFRICA PLC

STRATEGIC REPORT

Year ended 31 December 2016

The Directors present their Strategic report on the Group for the year ended 31 December 2016.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The principal activity of the Group in the period under review was that of exploration of gold concessions in the Republic of Guinea in West Africa. The principal activity of the parent Company, the ultimate parent of the Group, is that of a holding company that is listed on the Alternative Investment Market (AIM), a sub-market of the London Stock Exchange.

The Group's financial performance for the year reflected market conditions. The Group loss after taxation for the year to 31 December 2016 amounted to £201,547 (2015 restated: £1,991,490 which included an impairment of intangible assets of £1,278,059).

No dividends were paid during the year and none is proposed.

A review of the activity of the business and likely future prospects is contained in the Chairman's Statement on page 4 which accompanies these financial statements.

KEY PERFORMANCE INDICATORS

The key indicator of performance for the Group is its success in identifying, acquiring, developing and divesting investments in projects so as to create shareholder value.

Control of bank and cash balances is a priority for the Group and these are budgeted and monitored closely to ensure that it maintains adequate liquid resources to meet financial commitments as they arise.

At this stage in its development, quantitative key performance indicators are not an effective way to measure the Group's performance. However, a qualitative summary of performance in the period is included in the Chairman's Statement.

PRINCIPAL RISKS AND UNCERTAINTIES

In common with other companies operating in natural resources exploration, the Group's activities are speculative and involve a high degree of risk.

The Group's exploration work involves participation in geological work programmes. Interpretations of the results of these programmes are dependent on judgements and assessments that are speculative and these interpretations are applied in designing further work programmes to which the Company can commit significant resources.

Work programmes often involve drilling and other geological work that present significant engineering challenges that are subject to unexpected operational problems. Furthermore, activities generally take place in remote locations that can be subject to unexpected climate events, possible acts of terrorism, criminal threats, piracy and potential environmental risks.

SOVEREIGN MINES OF AFRICA PLC

STRATEGIC REPORT

Year ended 31 December 2016

FINANCIAL RISK MANAGEMENT

The Group's operations expose it to financial risks that include credit risk, liquidity risk, and market risks. The Group does not have any debt and is not therefore required to use derivative financial instruments to manage interest rate costs nor is hedge accounting applied.

1. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. In keeping with similar sized exploration groups, the Group's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital. The Directors are confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed.

2. Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instrument. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return on risk.

(i) Pricing and risks

The Directors consider there to be minimal price risk to the business.

(ii) Interest rate cash flow risk

The Group does not have interest-bearing liabilities. Interest bearing assets are only cash balances that earn interest at a floating rate.

(iii) Foreign exchange risk

The Group's exploration activities are principally transacted in US Dollars. The Directors believe that the contracts for transfers of funds to Africa are so small, that there would be no benefit gained from hedging these contracts in the market. As such currency is bought at the spot rates prevailing on the day the transfers are to take place. This situation is monitored on a regular basis.

3. Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to continue individually as going concerns, while maximising the return to shareholders through the optimisation of debt and equity balances. The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust its capital structure, the Group may adjust or issue new shares or raise debt. No changes were made to the objectives, policies or processes during the year ended 31 December 2016.

SOVEREIGN MINES OF AFRICA PLC

STRATEGIC REPORT

Year ended 31 December 2016

3. Capital risk management (continued)

The capital structure of the Group consists of equity attributable to equity holders of the Parent, comprising issued capital, reserves and retained losses as disclosed in the Consolidated Statement of Changes in Equity.

4. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The Group and the Company's financial assets comprise receivables and cash and cash equivalents. The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies. The exposure of the Group and the Company to credit risk arises from default of its counterparty, with maximum exposure equal to the carrying amount of cash and cash equivalents in the Group's Statement of Financial Position. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are connected entities.

The Group does not hold any collateral as security.

On behalf of the board

C G Clarke
Chairman
31 May 2017

SOVEREIGN MINES OF AFRICA PLC

DIRECTORS' REPORT

Year ended 31 December 2016

The Directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2016.

DIRECTORS

The Directors who have held office during the period are listed on page 3. Their interests in the Company's issued ordinary share capital are as follows:

Director	At 31 December 2016 Shares held	At 31 December 2016 Options/Warrants	At 31 December 2015 Shares held	At 31 December 2015 Options
C G Clarke	100,000,000	125,000,000	100,000,000	125,000,000
R M Fraser	125,000,000	125,000,000	125,000,000	125,000,000
N A Steinberg	21,100,000	3,000,000	21,100,000	3,000,000
J A S Sparrow	-	22,000,000	-	-

Details of the remuneration paid to the Directors are disclosed in Notes 5 and 17 to the financial statements.

DIRECTORS INDEMNITY

The Company's articles of association provide, subject to the provisions of UK legislation, that the Company may indemnify any Director in respect of any losses, charges, expenses or liabilities that may be incurred in relation to his duties/powers/office including any liabilities incurred to defend any legal proceedings brought against him as an office or employee of the Company in which judgement is given in his favour or he is acquitted.

GOING CONCERN

These consolidated financial statements are prepared on a going concern basis which the Directors believe to be appropriate for the reasons given in Note 3 to the financial statements.

CORPORATE GOVERNANCE

Sovereign Mines of Africa's Board of Directors and management strongly support the principles of good corporate governance, and are committed to building the Group's reputation for integrity. For the financial year ended 31 December 2016, due to the size of the Group the Board did not consider it appropriate to follow the provisions of the Corporate Governance Code for Small and Mid-size Quoted Companies (the "QCA code") but followed governance procedures appropriate to the Group's size, having due regard to the principles of the Code.

SOVEREIGN MINES OF AFRICA PLC

DIRECTORS' REPORT

Year ended 31 December 2016

CORPORATE GOVERNANCE (continued)

Health and safety

The Group takes the health and safety of its employees and contractors seriously, and strives to exceed statutory obligations and achieve best practice. To this end, a new safety management system was implemented in 2015 for its exploration operations.

Environment

The Group operates in strict adherence to local and Governmental standards with regard to environmental impact on the local community. This procedure includes pre-exploration checks and post-exploration remediation programs. Currently, no unfulfilled commitments exist to remediate land upon which the Company has conducted exploration work.

Community

The Group is committed to working consultatively and co-operatively within the communities in which it operates, which includes local subsistence farmers and pastoralists and firmly believes that future mining operations should be to the benefit of all.

To this end, personnel participate in cultural awareness programs and have forged close ties with landholders and maintain a constructive dialogue with the Department of Environment and local community representatives.

Corporate Governance

For the financial year ended 31 December 2016, due to the size of the Group the Board did not consider it appropriate to follow the provisions of the Corporate Governance Code for Small and Mid-size Quoted Companies (the "QCA code") but followed governance procedures appropriate to the Group's size, having due regard to the principles of the Code. As the Group grows, the Board will consider establishing an audit and risk management committee and will consider developing further policies and procedures which reflect the principles of good governance.

The Company has adopted, and will operate where applicable, a share dealing code for directors and senior executives under the same terms as the Model Code on directors' dealings in securities, published from time to time by the UK Listing Authority. As required, the Company will comply with the provisions of the AIM Rules, as amended from time to time, which govern the operation and administration of the AIM market, including the arrangements for the admission of securities to AIM and ongoing requirements once admitted to trading.

The Board of Directors comprises one executive director and two non-executive directors. The Board, through the Chairman and non-executive director, maintain regular contact with its

SOVEREIGN MINES OF AFRICA PLC

DIRECTORS' REPORT

Year ended 31 December 2016

CORPORATE GOVERNANCE (continued)

advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of major shareholders about the Company.

The Board meets at least four times a year. The board is responsible for formulating, reviewing and approving the Group's strategy, financial activities and operating performance. Day-to-day management is devolved to the managing director of the local subsidiary who is charged with consulting with the board on all significant financial and operational matters. Consequently, decisions are made promptly and following consultation among Directors concerned where necessary and appropriate.

All necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively, and all Directors have access to independent professional advice, at the Company's expense, as and when required.

The participation of both private and institutional investors at the Annual General Meeting is welcome by the Board.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply

SOVEREIGN MINES OF AFRICA PLC

DIRECTORS' REPORT

Year ended 31 December 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)

with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the group web-site www.sovmines.com. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information of which the group's auditors are unaware, and each Director has taken all steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

INFORMATION SET OUT IN THE STRATEGIC REPORT

In accordance with section 414c of the Companies Act 2006, the Directors have chosen to set out the following information in the Strategic report which would otherwise be required to be contained in the Directors' report:

- Domicile and legal form of the Group;
- Performance of the business;
- Financial review;
- Going concern;
- Principal risks and uncertainties;
- Likely future developments; and
- Dividends.

POST BALANCE SHEET EVENTS

On 20 January 2017, the Company announced the completion of the sale of the Company's wholly owned subsidiary Sovereign Mines of Africa Ltd, which has a 75% interest in the Mandiana Gold Project in West Africa, to Volcanic Gold Mines Inc. ('Volcanic;'). The sale constitutes a cessation of all of the Company's existing trading business pursuant to Rule 15 of the AIM Rules for Companies ("AIM Rules"). The Company is now classified as an AIM Rule 15 cash shell, pursuant to which it must make an acquisition or acquisitions which constitute a reverse takeover under AIM Rule 14 within six months, failing which the Exchange will suspend trading in the Company's shares pursuant to AIM Rule 40. In consideration for the sale the Company has received 2,502,489 common shares in Volcanic, a company listed on the TSX Venture Exchange, in exchange for 100%

SOVEREIGN MINES OF AFRICA PLC

DIRECTORS' REPORT

Year ended 31 December 2016

of the Company's shares in Sovereign Mines of Africa Limited. At the date of the transaction Volcanic's shares had a share price of CAD\$0.45 (approximately £0.28 per share).

POLITICAL DONATIONS

The Company has not made donations to any political party or other political organisation in the EU during the period.

AUDITORS

The auditors, Crowe Clark Whitehill LLP, will be proposed for re-appointment in accordance with Section 489 of the Companies Act 2006.

On behalf of the board:

C G Clarke
Director
31 May 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOVEREIGN MINES OF AFRICA PLC

We have audited the financial statements of Sovereign Mines of Africa Plc for the year ended 31 December 2016 which comprise the Consolidated Statements of Comprehensive Income, the Consolidated and parent Company Statements of Financial Position, the Consolidated and Company Cash Flow Statements, the Consolidated and parent Company Statement of Changes in Equity and the related Notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2016 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SOVEREIGN MINES OF AFRICA PLC**

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Stephen Bullock
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
London
31 May 2017

SOVEREIGN MINES OF AFRICA PLC

CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2016

		2016	Restated 2015
	Note	£	£
Administrative costs			
Impairment of intangible assets	11	-	(1,278,059)
Other administrative expenses	6	(207,683)	(713,988)
		(207,683)	(1,992,047)
Finance income	7	6,136	557
Loss on ordinary activities before taxation		(201,547)	(1,991,490)
Taxation	8	-	-
Loss for the year		(201,547)	(1,991,490)
Other comprehensive income		-	-
Total comprehensive loss for the year		(201,547)	(1,991,490)
Loss for the period and total comprehensive loss attributable to:			
Owners of the parent		(201,547)	(1,991,490)
Loss per ordinary share (pence) from continuing operations: basic and diluted	10	(0.02)p	(0.64)p

The notes on pages 22 to 40 form an integral part of these consolidated financial statements.

SOVEREIGN MINES OF AFRICA PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	2016 £	Restated 2015 £
NON CURRENT ASSETS			
Intangible assets	11	-	-
CURRENT ASSETS			
Other receivables	15	2,438	-
Cash at bank		399,446	501,170
Assets classified as held for sale	13	-	-
		401,884	501,170
TOTAL ASSETS		401,884	501,170
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	49,883	37,443
TOTAL LIABILITIES		49,883	37,443
NET ASSETS		352,001	463,727
EQUITY			
Share capital	16	3,163,589	3,163,589
Share premium account	16	5,563,520	5,563,520
Reconstruction reserve		(586,100)	(586,100)
Share-based payment reserve	17	690,126	600,305
Profit and loss account		(8,479,134)	(8,277,587)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		352,001	463,727

The financial statements on pages 15 to 40 were approved and authorised for issue by the Board of Directors on 31 May 2017.

Signed on behalf of the Board of Directors

.....

C G Clarke

Director

Registered in England & Wales with company number 07139678

The notes on pages 22 to 40 form an integral part of these financial statements

SOVEREIGN MINES OF AFRICA PLC

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

		2016	Restated
	Note	£	2015
			£
NON CURRENT ASSETS			
Investments	12	-	-
CURRENT ASSETS			
Other receivables	15	2,438	-
Cash at bank		399,446	501,013
Assets classified as held for sale	13	-	-
		401,884	501,013
TOTAL ASSETS		401,884	501,013
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	49,883	37,443
TOTAL LIABILITIES		49,883	37,443
NET ASSETS		352,001	463,570
SHAREHOLDERS EQUITY			
Share capital	16	3,163,589	3,163,589
Share premium account	16	5,563,520	5,563,520
Share-based payment reserve	17	690,126	600,305
Profit and loss account		(9,065,234)	(8,863,844)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		352,001	463,570

The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company income statement. The loss for the financial year dealt with in the financial statements of the parent company was £201,390 (2015 restated: loss of £1,991,490).

The financial statements on pages 15 to 40 were approved and authorised for issue by the Board of Directors on 31 May 2017

Signed on behalf of the Board of Directors

.....

C G Clarke

Director

Registered in England & Wales with company number 07139678

The notes on pages 22 to 40 form an integral part of these financial statements.

SOVEREIGN MINES OF AFRICA PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<u>2015 (restated)</u>	Share capital	Share premium	Reconstruction reserve	Share based payment reserve	Profit & loss account	Total
	£	£	£	£	£	£
Balance at 1 January 2015	3,108,589	5,099,544	(586,100)	14,454	(6,286,097)	1,350,390
Loss and total comprehensive income for the year	-	-	-	-	(1,991,490)	(1,991,490)
Share-based payment expense	-	-	-	585,851	-	585,851
Issue of shares, net of share issue costs	55,000	463,976	-	-	-	518,976
Balance at 31 December 2015	3,163,589	5,563,520	(586,100)	600,305	(8,277,587)	463,727

<u>2016</u>	Share capital	Share premium	Reconstruction reserve	Share based payment reserve	Profit & loss account	Total
	£	£	£	£	£	£
Balance at 1 January 2016	3,163,589	5,563,520	(586,100)	600,305	(8,277,587)	463,727
Loss and total comprehensive income for the year	-	-	-	-	(201,547)	(201,547)
Share-based payment expense	-	-	-	89,821	-	89,821
Balance at 31 December 2016	3,163,589	5,563,520	(586,100)	690,126	(8,479,134)	352,001

The Reconstruction reserve represents the difference between the investment in the subsidiary and the share capital in the subsidiary on acquisition.

The notes on pages 22 to 40 form an integral part of these financial statements.

SOVEREIGN MINES OF AFRICA PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

<u>2015 (restated)</u>	Share capital	Share premium	Share based payment reserve	Profit & loss account	Total
	£	£	£	£	£
Balance at 1 January 2015	3,108,589	5,099,544	14,454	(6,872,354)	1,350,233
Total comprehensive loss for the year	-	-	-	(1,991,490)	(1,991,490)
Share-based payment expense	-	-	585,851	-	585,851
Issue of shares, net of share issue costs	55,000	463,976	-	-	518,976
Balance at 31 December 2015	3,163,589	5,563,520	600,305	(8,863,844)	463,570
<u>2016</u>	Share capital	Share premium	Share based payment reserve	Profit & loss account	Total
	£	£	£	£	£
Balance at 1 January 2016	3,163,589	5,563,520	600,305	(8,863,844)	463,570
Total comprehensive loss for the year	-	-	-	(201,390)	(201,390)
Share-based payment expense	-	-	89,821	-	89,821
Balance at 31 December 2016	3,163,589	5,563,520	690,126	(9,065,234)	352,001

The notes on pages 22 to 40 form an integral part of these financial statements.

SOVEREIGN MINES OF AFRICA PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2016

	2016	Restated 2015
	£	£
Cash flows from operating activities		
Loss before taxation	(201,547)	(1,991,490)
Impairment losses on intangible assets	-	1,278,059
Share-based payment expense	89,821	585,851
Increase in other receivables	(2,438)	-
Increase/(decrease) in trade and other payables	12,440	(21,016)
Net cash from operating activities	(101,724)	(148,596)
Cash flows from investing activities		
Purchase of intangible assets	-	(119,161)
Net cash used in investing activities	-	(119,161)
Cash flows from financing activities		
Issue of shares, net of share issue costs	-	518,976
Net cash flows from financing activities	-	518,976
(Decrease)/increase in cash and cash equivalents	(101,724)	251,219
Cash and cash equivalents at beginning of year	501,170	249,951
Cash and cash equivalents at end of year	399,446	501,170

The notes on pages 22 to 40 form an integral part of these financial statements

SOVEREIGN MINES OF AFRICA PLC

COMPANY STATEMENT OF CASH FLOWS

Year ended 31 December 2016

	2016	Restated 2015
	£	£
Cash flows from operating activities		
Loss before taxation	(201,390)	(1,991,490)
Impairment of investment in subsidiary undertaking	-	1,278,059
Share-based payment expense	89,821	585,851
Increase in other receivables	(2,438)	-
Increase/(decrease) in trade and other payables	12,440	(21,017)
Net cash from operating activities	(101,567)	(148,547)
Cash flows from investing activities		
Loans to subsidiary	-	(119,161)
Net cash used in investing activities	-	(119,161)
Cash flows from financing activities		
Issue of shares, net of share issue costs	-	518,976
Net cash from financing activities	-	518,976
(Decrease)/increase in cash and cash equivalents	(101,567)	251,268
Cash and cash equivalents at beginning of year	501,013	249,795
Cash and cash equivalents at end of year	399,446	501,013

The notes on pages 22 to 40 form an integral part of these financial statements

Notes forming part of the financial statements

Year ended 31 December 2016

1. NATURE OF OPERATIONS

These financial statements are for Sovereign Mines of Africa Plc ("the Company") and its subsidiary undertakings. The Company has its registered office at Lakeside, Fountain Lane, St Mellons, Cardiff, CF3 0FB and is domiciled in England and Wales and incorporated under the Companies Act 2006. The nature of the Company's operations and its principal activities are set out in the Director's report on page 8. The principal place of business of the Group is in Guinea, West Africa.

2. BASIS OF ACCOUNTING

The accounting policies, applied on a consistent basis in the preparation of the consolidated financial statements, are as follows:

Basis of preparation - general

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as adopted for use in the European Union.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. The financial statements of the subsidiaries have the same reporting date as the parent Company.

These consolidated financial statements are presented in GBP Sterling, which is the Company's functional currency.

Basis of preparation - going concern

Although the Group's assets are not generating revenues and an operating loss has been reported, the Company had cash resources of £399,446 at 31 December 2016 which will provide sufficient finance to cover the Company's ongoing expenditure for the foreseeable future.

Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary.

All intra-group balances, transactions, income and expenses and profit and losses resulting from intra-group transactions are eliminated in full on consolidation.

The Group was formed by the formation of the Company followed by the issue of shares to acquire the entire share capital of the Group's principal trading subsidiary, Sovereign Mines of Africa Limited, which had commenced pre-drilling exploration activity.

In determining the appropriate accounting treatment for this transaction, the Directors considered IFRS 3 "Business Combinations" (Revised 2008). However, they concluded that this transaction fell

Notes forming part of the financial statements

Year ended 31 December 2016

outside the scope of IFRS 3 (revised 2008) since the transaction described above represents a combination of entities under common control.

In accordance with IAS 8 “Accounting Policies, changes in accounting estimates and errors”, in developing an appropriate accounting policy, the Directors considered the pronouncements of other standard setting bodies and specifically looked to accounting principles generally accepted in the United Kingdom (‘UK GAAP’ – since replaced by FRS 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’) for guidance which does not conflict with IFRS and reflects the economic substance of the transaction.

Accordingly, the difference between the investment in the subsidiary and the share capital in the subsidiary on acquisition has been accounted for as a Reconstruction reserve.

All other business combinations have been treated under the acquisition method of accounting per IFRS 3.

New standards, amendments and interpretations effective from 1 January 2016

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 January 2016 have had a material impact on the Group.

New standards and interpretations not yet effective

The following relevant new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning on 1 January 2016, as adopted by the European Union, and have not been early adopted:

Standard/Amendments		Effective Date*
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IAS 7	Disclosure Initiative	1 January 2017
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions (issued on 20 June 2016)	1 January 2018
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued on 12 September 2016)	1 January 2018
IFRS 16	Leases	Not yet endorsed
Annual amendments	Annual Improvements to IFRS Standards 2014-2016 Cycle (issued on 8 December 2016)	Not yet endorsed
IFRIC Interpretation 22	Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016)	Not yet endorsed
Amendments to IAS 40	Transfers of Investment Property (issued on 8 December 2016)	Not yet endorsed

* Effective for annual periods beginning on or after this date

Notes forming part of the financial statements

Year ended 31 December 2016

The Directors do not anticipate that the adoption of these standards and interpretations in future reporting periods will have a material impact on the Group's reported results.

Restated amounts

Comparative amounts for 2015 have been restated to recognise a share based payment charge of £573,615 in respect of the fair value of 250 million warrants issued to Giles Clarke and Rupert Fraser on 30 December 2015 at the date of grant rather than prospectively. As a consequence of the restatement 'Other administrative expenses' and the loss and total comprehensive loss for the year ended 31 December 2015 have been increased by £573,615. The fair value of the warrants has been credited to the share based payment reserve at 31 December 2015, increasing the previously reported amount of £26,690 to £600,305 and the deficit on profit and loss account at 31 December 2015 has been correspondingly increased by £573,615 from £7,703,972 to £8,277,587. There is no impact on previously reported net assets or equity attributable to the owners of the parent as a result of the restatement.

3. ACCOUNTING POLICIES

Investments in subsidiaries

Investments in subsidiaries held as non-current assets are stated at cost less provision for any impairment in value in the Company's Statement of Financial Position.

Interest revenue

Interest revenue is recognised as it accrues, using the effective interest rate method ("EIR").

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are measured at the lower of their carrying amount and fair value less costs to sell. While the disposal group is classified as held for sale gains and losses on remeasurement to fair value less costs of sale, where this is below carrying value on initial measurement are recognised in profit or loss. Once classified as held-for-sale, intangible assets and investments are no longer amortised or depreciated.

Exploration and evaluation development costs

Exploration and evaluation costs related to an area of interest are carried forward as an intangible asset in the statement of financial position where the rights of tenure of an area are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area of interest, or alternatively by its sale. This expenditure will be carried at cost less accumulated amortisation and impairment. Where these conditions are not met, such costs will be written off as incurred.

Notes forming part of the financial statements

Year ended 31 December 2016

3. ACCOUNTING POLICIES (continued)

Development expenditure incurred by or on behalf of the Group or acquired from a third party is also classified as an intangible asset and is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises acquisition costs and other incurred costs directly attributable to the construction of the mine and the related infrastructure. This expenditure is carried at cost less accumulated amortisation and impairment.

Exploration, evaluation and development expenditure are categorised under deferred exploration and development costs, exploration data and prospecting rights and mining licences in the statement of financial position according to the nature of the expenditure. Exploration and development costs will include all directly attributable expenditure.

Once a development decision has been taken, the carrying amount of the exploration, evaluation and development expenditure in respect of the area of interest will be aggregated with the development expenditure and classified under non-current assets as 'exploration and development and mining property' within property, plant and equipment.

No amortisation will be recognised in respect of exploration, evaluation and development expenditure until it is reclassified as a development property and production commences. Exploration, evaluation and development expenditure and mining property is tested for impairment annually if facts and circumstances indicate that impairment may exist. Exploration, evaluation and development expenditure will also be tested for impairment once commercial reserves are found, before the assets are transferred to "mining property".

Licences

Licence rights acquired will be amortised over the period of the licence to exploit such rights, typically five to fifteen years. Provision will be made for any impairment in value, and the provision will be reviewed on an annual basis.

Impairment of non-financial assets

The Directors assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Directors estimate the asset's recoverable amount. An asset's recoverable amount will be the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset will be considered impaired and will be written down to its recoverable amount. In assessing value in use, the estimated future cash flows will be discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model will be used.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset. For assets excluding goodwill, an

Notes forming part of the financial statements

Year ended 31 December 2016

3. ACCOUNTING POLICIES (continued)

assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Directors make an estimate of the recoverable amount. A previously recognised impairment loss will be reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset will be increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

Trade and other receivables

Trade and other receivables will arise from normal commercial sales by the Group and will be classified as 'loans and receivables'. These will be recognised at invoice value adjusted for any allowance for impairment. Impairment and any reversal will be recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The Group's loans and receivables include cash and cash equivalents. These include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within current liabilities in the statement of financial position.

Financial liabilities

The Group's financial liabilities comprise:

Trade and other payables

These are initially recognised at invoiced value. These will arise principally from the receipt of goods and services. There will be no material difference between the invoiced value and the value calculated on an amortised cost basis.

The individual financial information of each entity will be presented in the currency of the primary economic environment in which the entity operates (its functional currency). The UK Pound Sterling is the presentation currency for the Sovereign Mines of Africa Group and the Company's financial information. The functional currency of the Company is Sterling.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") will be recorded at the rates of exchange

Notes forming part of the financial statements

Year ended 31 December 2016

3. ACCOUNTING POLICIES (continued)

prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies will be retranslated at the rates prevailing at the balance sheet date. Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items will be included in the statement of comprehensive income for the period.

Taxation

Income tax expense or taxation recoverable represents the sum of the tax currently payable or recoverable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it will no longer be probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when the Sovereign Mines of Africa Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either the same taxable Group company or different Group entities which intend to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Operating profit and loss

Operating profit and loss comprises revenues less operating costs. Operating costs comprise adjustments for raw materials and consumables used, employee costs, amortisation, depreciation and impairment and other operating expenses.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Notes forming part of the financial statements

Year ended 31 December 2016

3. ACCOUNTING POLICIES (continued)

Critical accounting judgements and estimates

The Directors make assumptions concerning the future, which by definition will seldom result in actual results that match the accounting estimate. The assumptions that will have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Going concern

The Group's ability to continue as a going concern will be dependent upon its ability to meet its obligations as they fall due. Accordingly, the Directors assess the expected future cash flows having regard to the Group's ability to do so, either from existing financial resources or by raising additional funds to either continue its exploration programmes or to realise its exploration assets.

Valuation of exploration, evaluation and development expenditure, mining property and mining equipment

The value of the Group's exploration, evaluation and development expenditure, mining property and mining equipment will be dependent upon the success of the Group in discovering economic and recoverable mineral resources, especially in the countries of operation where political, economic, legal, regulatory and social uncertainties are potential risk factors.

The future revenue flows relating to these assets is uncertain and will also be affected by competition, relative exchange rates between the US Dollar, the Euro and the Guinea Franc, and potential new legislation and related environmental requirements.

The Group's ability to continue its exploration programs and develop its projects is dependent on future fundraisings the outcome of which is uncertain. The ability of the Group to continue operating within Guinea is dependent on a stable political environment which is uncertain based on the history of the country. This may also impact the Group's legal title to assets held which would also impact on the Group.

There have been no changes made to any past assumptions.

Impairment testing

The recoverable amounts of cash generating units and individual assets will be determined based on the higher of value-in-use calculations and fair value less costs to sell. These calculations will require the use of estimates and assumptions. It is reasonably possible that assumptions may change which may impact the Directors' estimates and may then require a material adjustment to the carrying value of assets.

The Directors review and test the carrying value of tangible and intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets will be

Notes forming part of the financial statements

Year ended 31 December 2016

3. ACCOUNTING POLICIES (continued)

grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates will be prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible and intangible assets will be inherently uncertain and could materially change over time.

Share-based payments

Equity-settled share-based payments to Directors are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 17.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

4. OPERATING SEGMENTS

Operating segments are based on internal reports about components of the Group, which are regularly reviewed by the Chairman being the Chief Operating Decision Makers ("CODM") for strategic decision making and resource allocation in order to allocate resources to the segment and to assess its performance.

The Group undertakes only one business activity as described in the Director's report. All transactions between each reportable segment are accounted for using the same accounting policies as the Group uses, as set out in Note 3. Accordingly, the Group's operating segments have been determined based on geographical areas.

The Group has not generated revenue during the either of the years ended 31 December 2016 or 31 December 2015. The Group's results by reportable segment are as follows:

As at 31 December 2016	UK £	Guinea £	Group £
RESULTS			
Operating loss	(207,526)	(157)	(207,683)
Interest income	6,136	-	6,136
As at 31 December 2015 (restated)	UK £	Guinea £	Group £
RESULTS			
Operating loss	(713,988)	(1,278,059)	(1,992,047)
Interest income	557	-	557

Notes forming part of the financial statements

Year ended 31 December 2016

All transactions between each reportable segment are accounted for using the same accounting policies as the Group uses, as set out in Note 3. The Group's assets and liabilities by reportable segment are as follows: -

	UK £	Guinea £	Group £
As at 31 December 2016			
ASSETS			
Cash	399,446	-	399,446
Intangible assets	-	-	-
Total assets	401,884	-	401,884
LIABILITIES			
Trade and other payables	49,883	-	49,883
As at 31 December 2015			
ASSETS			
Cash	501,013	157	501,170
Intangible assets	-	-	-
Total assets	249,795	-	249,795
LIABILITIES			
Trade and other payables	37,443	-	37,443

5. STAFF COSTS

	2016 £	Restated 2015 £
As at 31 December		
Wages and salaries	-	10,912
Social security costs	-	2,811
Share based payment expense	89,821	585,851
	89,821	599,574

The average monthly number of Group employees during the year was as follows:

	2016 Number	2015 Number
As at 31 December		
Directors	3	3
Employees	-	5
	3	8

Notes forming part of the financial statements

Year ended 31 December 2016

All employees relating to the prior year were engaged in exploration activities in Guinea. Accordingly, the employment costs form part of the exploration costs included in the financial statements as intangible assets.

No Directors' emoluments were paid during the year. Details of transactions with Directors are set out in Note 18 to the financial statements.

Jeremy Sparrow is not taking any fees in relation to his role as Non-executive Director and has in lieu of such been granted 22,000,000 share warrants. Each warrant entitles him to subscribe for one Ordinary Share at the price of 0.23 pence per share. 11,000,000 warrants may be exercised from 28 July 2016 until 29 July 2021. The remaining 11,000,000 warrants are exercisable on the execution of a reverse takeover by the Company. See Note 17 for further details.

6. OPERATING LOSS IS STATED AFTER CHARGING:

	2016	Restated 2015
As at 31 December	£	£
Impairment of intangible assets	-	1,278,059
Share-based payments	89,821	585,851
Fees payable to the Company's auditor for the audit of the Company's annual accounts	8,000	12,000
Fees payable to the Company's auditor for other services:		
Services relating to corporate finance transactions entered into	-	2,400

7. FINANCE INCOME

	2016	2015
As at 31 December	£	£
Bank interest	6,136	556

8. TAXATION

	2016	2015
As at 31 December	£	£
Analysis of the tax charge:		
Current tax:		
Total tax charge in the income statement	-	-
	-	-

Notes forming part of the financial statements

Year ended 31 December 2016

	2016 £	Restated 2015 £
As at 31 December		
Reconciliation of the tax charge:		
Current tax:		
Loss before tax	(201,547)	(1,991,490)
Loss before tax multiplied by standard rate of corporation tax	(40,309)	(398,298)
Effects of:		
Non-deductible costs	18,169	372,906
Deferred tax not provided	22,140	25,392
Total tax charge in the income statement	-	-

A deferred tax asset has not been recognised in respect of deductible temporary differences relating to losses carried forward at the year-end, as there is insufficient evidence that taxable profits will be available in the foreseeable future against which the deductible temporary difference can be utilised. The amount of the asset not recognised is £569,446 (2015: £547,306).

A deferred tax asset has also not been recognised in respect of deductible temporary differences relating to the cost of the equity settled share based payments awards detailed in Note 16, as there is insufficient evidence that taxable profits will be available in the foreseeable future against which the deductible temporary difference can be utilised. The amount of the asset not recognised in 2016 is £162,526.

The assets would be recovered if the Group made taxable profits in future years.

9. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the income statement of the Company is not presented as part of these financial statements. The Company's loss for the year was £201,390 (2015 restated: £1,991,490).

10. LOSS PER SHARE

Basic earnings per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of Ordinary shares outstanding during the period.

	2016	Restated 2015
As at 31 December		
Weighted average number of ordinary shares in issue	860,858,955	312,363,590
Loss after taxation (£)	(201,547)	(1,991,490)
Loss per share (pence)	(0.02)	(0.64)

Due to there being a loss during the period there are no dilutive transactions and therefore no diluted loss per share has been presented.

Notes forming part of the financial statements

Year ended 31 December 2016

11. INTANGIBLE ASSETS

	Exploration costs £
Cost	
At 31 December 2015	4,972,103
Additions	119,161
At 31 December 2015	5,091,264
At 31 December 2016	5,091,264
Impairment	
1 January 2015	3,813,205
Impairment charge	1,278,059
At 31 December 2015	5,091,264
At 31 December 2016	5,091,264
Net book value as at 31 December 2015 and 2016	-

Exploration activities are deferred until a reasonable assessment can be made of the existence or otherwise of economically recoverable reserves. The Directors have reviewed the carrying value of the exploration assets and an impairment provision has been made to reflect their expected recoverable value, in the light of discussions with potential strategic partners.

The 2015 Impairment charges are included under "Administrative expenses" in the Consolidated Statement of Comprehensive Income.

12. INVESTMENTS

	Investments and long term loans in subsidiary undertakings £
Cost	
At 31 December 2015	6,005,755
Additions	119,161
At 31 December 2015	6,124,916
At 31 December 2016	6,124,916
Impairment	
1 January 2015	4,846,857
Impairment charge	1,278,059
At 31 December 2015	6,124,916
At 31 December 2016	6,124,916
Net book value as at 31 December 2015 and 2016	-

Notes forming part of the financial statements

Year ended 31 December 2016

Details of the investments in subsidiary undertakings held by the Company are as follows:

Name of Company	Registered address	Country of incorporation	Holding	Proportion of shares and voting rights held	Nature of business
Sovereign Mines of Africa Limited	Quijano & Associates, Third Floor, Salduba Building East 53rd Street, Marbella Panama City, Republic of Panama	BVI	Ordinary Shares	100%	Mineral exploration
Sovereign Mines of Guinea Limited	Quijano & Associates, Third Floor, Salduba Building East 53rd Street, Marbella Panama City, Republic of Panama	BVI	Ordinary Shares	75%	Mineral exploration
Guiord SA	Cité Chemin de Fer, Commune de Kaloum, Conakry, Republic of Guinea	Guinea	Ordinary Shares	75%	Mineral exploration

The financial statements of Sovereign Mines of Guinea Limited and Guiord SA have been consolidated in the financial statements because the Company has control over their boards and the majority of operating voting rights through agreements signed with other directors.

An impairment provision was taken in 2015 against the Company's investment in subsidiary undertakings to reflect the impairment of the subsidiaries' intangible assets as set out in Note 11 above.

Notes forming part of the financial statements

Year ended 31 December 2016

13. ASSETS HELD FOR SALE

	2016 £	2015 £
As at 31 December		
Group		
Intangible assets	-	-
Company		
Investments	-	-

As explained in the Directors Report, on 20 January 2017 the Group sold its 75% interest in the Mandiana Gold Project to Volcanic Gold Mines Inc ('Volcanic'), formerly Volcanic Metals Corp, in exchange for 100% of the Company's shares in Sovereign Mines of Africa Limited, the Company received 2,502,489 shares in Volcanic, a company listed on TSX Venture Exchange, a stock exchange in Canada. At the date of the transaction Volcanic's shares had a share price of CAD\$0.45 (approximately £0.28 per share). This transaction meets the IFRS 5 '*Non-current assets held for sale and Discontinued operations*' definition of held for sale because the asset was available for immediate sale in its present condition and the sale was highly probable at the balance sheet date. There are no additional measurement differences on reclassified to held for sale as the assets were fully impaired in the prior year (see Notes 11 and 12).

14. TRADE AND OTHER PAYABLES

	2016 £	2015 £
As at 31 December		
Group		
Accruals	49,883	37,443
Company		
Accruals	49,883	37,443

15. FINANCIAL INSTRUMENTS

The Group and Company use financial instruments such as trade receivables and payables and other items that arise directly from their operations. The main purpose of these financial instruments is to help finance the Group's and Company's operations.

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

The Group's and Company's financial instruments, which are recognised in their respective statements of financial position, comprise financial assets at fair value recognised through profit and loss, cash and cash equivalents, receivables and payables. The information about the extent and nature of these recognised financial instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows are disclosed in the respective notes below, where applicable.

Notes forming part of the financial statements

Year ended 31 December 2016

15. FINANCIAL INSTRUMENTS (continued)

The Group and Company do not generally enter into derivative transactions (such as interest rate swaps and forward foreign currency contracts) and it is, and has been throughout the period under review, the Group's and Company's policy that no trading in financial instruments shall be undertaken.

There were no financial instruments not recognised in the statements of financial position of the Group and the Company.

Financial instruments by category

Assets per statement of financial position

	2016 £	2015 £
As at 31 December		
Group – Loans and receivables		
Prepayments	2,438	-
Cash and cash equivalents	399,446	501,170
Company - Loans and receivables		
Prepayments	2,438	-
Cash and cash equivalents	399,446	501,013

The carrying value of the loans and receivables are a reasonable approximation of their fair value.

Liabilities per statement of financial position

The accruals are not financial liabilities.

The Directors consider the carrying value of the financial assets to approximate their fair values.

Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: currency risk, credit risk, liquidity risk and cash flow interest-rate risk. These risks are limited by the Group's financial management policies and practices described below:

(a) Foreign currency exchange risks

The Group does not hedge its foreign currencies. The directors believe that the contracts for transfers of funds to Guinea are so small, there would be no benefit gained from hedging these contracts on the market. The situation is monitored on a regular basis. Transactions with vendors are mainly denominated in a number of currencies. Therefore, the directors consider that the currency exposure arising from these transactions is not significant to the Group. At 31 December 2016, all assets and liabilities of the Group and Company were denominated in sterling.

Notes forming part of the financial statements

Year ended 31 December 2016

15. FINANCIAL INSTRUMENTS (continued)

(b) Credit risk

As the Group had no turnover during the period, there is no significant concentration of credit risk. The Group does not have written credit risk management policies or guidelines. The Group's cash is held in reputable banks. The carrying amount of these financial assets represents the maximum credit exposure.

(c) Liquidity risks

The Group currently has no operational revenue streams. Operational cash flow represents the ongoing exploration and administration costs. The group manages its liquidity requirements by the use of long and short term cash flow forecasts.

The Group's policy is to ensure facilities are available as required and to issue share capital in accordance with long and short term cash flow forecasts. The Group currently has no undrawn facilities as at 31 December 2016. The Group actively manages its working finance to ensure the group has sufficient funds for operations and planned expansion.

The Group's financial liabilities are primarily accruals. All amounts are due for payment in accordance with agreed settlement terms with suppliers or stating deadlines within one year.

(d) Cash flow and fair value interest rate risks

The Group has no interest-bearing liabilities. Interest rates on bank deposits are based on the relevant national inter-bank offered rates. The Group has no fixed interest rate assets.

The main financial risks for the Group are given in the Directors' Report.

At 31 December 2016, the currency and interest rate profile of the financial assets and liabilities of the Group and Company was as follows:

As at 31 December	2016 £	2015 £
Financial assets - Group - GBP Sterling		
Other receivables	2,438	-
Cash and cash equivalents	399,446	501,170
Financial assets - Company – GBP Sterling		
Prepayments	2,438	-
Cash and cash equivalents	399,446	501,013

The effect of a 1% movement in the interest rates offered by the banks is considered negligible.

(e) Capital risk management

The Group defines capital as the total equity of the group. The Group manages its capital to ensure that entities within the Group will be able to continue individually as going concerns, while maximising the return to shareholders through the optimisation of debt and equity balances. The Group manages its capital structure and makes adjustments to it, in the light of changes in economic

Notes forming part of the financial statements

Year ended 31 December 2016

conditions. To maintain or adjust its capital structure, the Group may adjust the amount of dividends to shareholders, issue new shares or return capital to shareholders, and raise debt or sell assets to reduce debt.

16. SHARE CAPITAL

a) Share capital

The Company has one class of Ordinary share which carry no right to fixed income nor have any preferences or restrictions attached.

	2016 £	2015 £
As at 31 December		
Issued and fully paid		
860,859,050 Ordinary shares of 0.01p each (2015: 860,858,850)	3,163,589	86,086
310,858,850 Deferred shares of 0.99p	-	3,077,503
	3,163,589	3,163,589

b) Share issues during the year

	Number of shares	Share capital £	Share premium £	Total £
At 1 January 2015 (1.0p Ordinary shares)	310,858,850	3,108,589	5,099,544	8,208,133
Issue of shares during year:				
Ordinary shares (0.01p)	550,000,000	55,000	463,976	518,976
Subdivision of 1p Ordinary shares into 0.99p Deferred shares	310,858,850	-	-	-
At 31 December 2015	1,171,717,700	3,163,589	5,563,520	8,727,109
Redemption of 0.99p Deferred shares	(310,858,850)	-	-	-
Issue of Ordinary shares (0.01p)	200	-	-	-
At 31 December 2016	860,859,050	3,163,589	5,563,520	8,727,109

On 30 June 2015, the Company's share capital was subdivided from 310,858,850 Ordinary shares of 1 pence each into 310,850,858 Ordinary shares of 0.1 pence each and 310,858,850 Deferred shares of 0.99 pence each. On 30 December 2015, the Company raised additional working capital of £550,000 through a placing of 550,000,000 new Ordinary shares with new and existing investors at a price of 0.1p each.

On 22 June 2016, the Company redeemed all of the 310,858,850 deferred shares of 0.99 pence each (created as a result of the subdivision in June 2015 of each of the Company's former ordinary shares of 1.0 pence each into one ordinary share of 0.01 pence and one deferred share of 0.99 pence) for 100 pence in aggregate, in accordance with the rights attaching to such classes of shares. The redemption was funded out of the proceeds of the subscription by Lea Yeat Limited for 200

Notes forming part of the financial statements

Year ended 31 December 2016

new Ordinary shares of 0.01 pence in the Company for 0.5 pence each in cash, made for the purpose of such redemption.

The Ordinary shares carry no right to fixed income nor have any preferences or restrictions attached.

17. SHARE-BASED PAYMENTS

The Company has an unapproved share option scheme under which options to subscribe for the Company's shares have been granted to two directors. The vesting condition is the number of years' service. The share options and warrants currently in existence were granted and are exercisable as follows:

Share options

Date granted	Exercise price (pence)	Number of shares	Vesting conditions	Contractual life remaining (Years)
28 June 2013	3	3,000,000	Between 28 June 2013 and 2018 June 2018	1.5
18 November 2013	3	3,000,000	Between 18 November 2013 and 18 November	1.9

Share warrants

Date granted	Exercise price (pence)	Number of shares	Vesting conditions	Contractual life remaining (Years)
30 December 2015	0.1	125,000,000	Upon execution of a reverse takeover by the Company	4
30 December 2015	0.1	125,000,000	Between 30 December 2015 and 30 December 2020	4
18 July 2016	0.23	11,000,000	Between 28 July 2016 and 29 July 2021	4.6
18 July 2016	0.23	11,000,000	Upon execution of a reverse takeover by the Company	4

The Directors did not exercise any share options or warrants during 2016 (2015: none).

22,000,000 share warrants over Ordinary Shares were granted to Jeremy Sparrow following his appointment as a Non-Executive director on 18 July 2016. Jeremy Sparrow is not taking any fees in relation to his appointment to the Board of the Company and has in lieu of such been granted the 22,000,000 warrants. Each warrant entitles him to subscribe for one Ordinary share at the price of 0.23 pence per share.

Notes forming part of the financial statements

Year ended 31 December 2016

17. SHARE-BASED PAYMENTS (continued)

At the year-end, the market value of the Company's shares was 0.425p per share. The highest price during the year was 0.860p and the lowest price was 0.225p. The share-based payment charge relating to the share options and warrants granted to directors amounted to £89,821 (2015 restated: £585,851).

The number and weighted average exercise prices of share options and warrants are as follows:

	Weighted average Exercise price (pence)	Number of shares
Granted in the year	-	-
Outstanding at year end	0.17	256,000,000
Exercisable at the year end	1.21	17,000,000

The estimated fair values of options and warrants which fall under IFRS 2, and the inputs used in the Black-Scholes model to calculate those fair values, are as follows:

	At date of grant							
Date of grant	Estimated fair value pence	Share price pence	Exercise price pence	Expected volatility (%)	Expected Life (yrs)	Vesting period (yrs)	Risk free rate (%)	Expected dividend (%)
28.6.13	0.936	1.375	3.0	22	5	5	0.5	0
18.11.13	35	51	3.0	22	6	6	0.5	0
30.12.15	0.23	0.24	0.1	56	5	5	0.5	0
30.12.15	0.23	0.24	0.1	56	5	5	0.5	0
18.07.16	0.42	0.42	0.23	113	5	5	0.6	0
18.07.16	0.42	0.42	0.23	113	5	5	0.6	0

Expected volatility was determined by calculating the standard deviation of daily continuously compounded returns of the Company's share price calculated back from the date of grant. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

18. TRANSACTIONS WITH RELATED PARTIES

N A Steinberg, a former director and part-time Finance Director who resigned during 2016, is a partner in Munsloes LLP, a firm of Chartered Certified Accountants. That firm charged fees of £13,800 (2015: £20,000) excluding VAT to the Group in respect of professional services in the period. Of the fees charged, £nil (2015: £10,000 included in trade and other payables) was outstanding at year end.

19. POST BALANCE SHEET EVENTS

Details of post balance sheet events are disclosed in the Directors Report.

SOVEREIGN MINES OF AFRICA PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2017

*Registered in England & Wales
Company number 07139678*

SOVEREIGN MINES OF AFRICA PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2017

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SOVEREIGN MINES OF AFRICA PLC

OFFICERS AND ADVISERS

Directors

C G Clarke

J A S Sparrow

R M Fraser (resigned 23 October 2017)

R H D Street (resigned 30 May 2017)

Registered Office

Lakeside

Fountain Lane

St Mellons

Cardiff

CF3 0FB

Company Secretary

B W James, FCCA

Company Registration Number

07139678

Auditor

Crowe Clark Whitehill LLP

St Bride's House

10 Salisbury Square

London EC4Y 8EH

Registrars

Share Registrars Limited

The Courtyard

17 West Street

Farnham

Surrey, GU9 7DR

Corporate Advisor and Broker

Allenby Capital Limited

5 St Helen's Place

London EC3A 6AB

SOVEREIGN MINES OF AFRICA PLC

CHAIRMAN'S STATEMENT

Year ended 31 December 2017

In early 2017, SMA completed the sale of its 75% interest in the Mandiana Gold Project ("Mandiana") in Republic of Guinea, WA to Volcanic Gold Mines Inc. ("Volcanic") (previously Volcanic Metals Corp.), a Canadian publicly listed mining company. This sale resulted in the Company receiving 2,502,489 common shares in Volcanic, representing 9.9% of the outstanding share capital of Volcanic to be held for such time to maximise shareholder value. During the year these shares were sold for a net consideration of CAD\$965,776 (£585,720).

As a result of the sale of its Mandiana assets, the Company was classified as an AIM Rule 15 cash shell and was required to make an acquisition, which would constitute a reverse takeover under AIM Rule 14, in order to continue trading on AIM. The Company considered a number of assets but was unable to secure a suitable acquisition that would deliver sufficient value to shareholders before 31 July 2017 and the shares were suspended from trading on AIM as a result.

On 28 September 2017, the Company signed a Memorandum of Understanding ("MOU") with an Indian business to acquire its specialist eyewear manufacturing company. However, it ultimately proved impossible to manage the differing regulatory and tax requirements to the satisfaction of both parties and reach mutually acceptable terms and the deal was unable to proceed.

The Board continued to assess other acquisition opportunities and in January 2018 announced it has signed non-binding Heads of Terms with Turf to Table Limited ("Turf to Table"), a boutique hospitality group focused on premium gastropubs, inns and function spaces in Gloucestershire and Oxfordshire, for the acquisition of its three gastropubs and their 38 hotel rooms. Turf to Table's proposition is led by excellence in food and service, showcasing the best of English produce with a convivial atmosphere and modern style. The Board continues to progress work on this potential acquisition and hopes to be able to update shareholders in the near future.

As the Company did not complete a reverse takeover under the AIM Rules before 22 January 2018, within a year of the Company becoming an AIM Rule 15 cash shell, the Company's shares ceased to be admitted to trading on AIM on 22 January 2018.

As a result of selling its shares in Volcanic the Company had net income for the year of £213,738 (2016 loss: £201,547). The Company had cash resources of £615,108 at 31 December 2017 which will provide sufficient finance to cover the Company's ongoing expenditure for the foreseeable future.

Towards the end of the year, Rupert Fraser stepped down from his role as non-executive Director to the Company. However, he remains actively involved with the Company in his capacity as a valued shareholder as it moves forward. The Board will continue to review its composition to ensure its suitability for the future direction of the Company.



C G Clarke
Chairman

23rd May 2018

SOVEREIGN MINES OF AFRICA PLC

STRATEGIC REPORT

Year ended 31 December 2017

The Directors present their strategic report on the Company for the year ended 31 December 2017.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The principal activity of the Company in the period under review was that of a cash shell company that was listed on the AIM Market of the London Stock Exchange until 22 January 2018. The Company's profit after taxation for the year to 31 December 2017 amounted to £213,738 (2016 loss: £201,547).

No dividends were paid during the year and none are proposed.

A review of the activity of the business and likely future prospects is contained in the Chairman's Statement on page 4 of these financial statements.

KEY PERFORMANCE INDICATORS

The key indicator of performance for the Company is its success in identifying, acquiring, developing and divesting investments in projects so as to create shareholder value.

Control of bank and cash balances is a priority for the Company and these are budgeted and monitored closely to ensure that it maintains adequate liquid resources to meet financial commitments as they arise.

At this stage in its development, quantitative key performance indicators are not an effective way to measure the Company's performance. However, a qualitative summary of performance in the period is included in the Chairman's Statement.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's activities expose it to a variety of financial risks: currency risk, credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

a) Currency risk

The Company does not operate internationally and its exposure to foreign exchange risk is limited to the transactions and balances that are denominated in currencies other than Pounds Sterling.

SOVEREIGN MINES OF AFRICA PLC

STRATEGIC REPORT

Year ended 31 December 2017

b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and available funding through an adequate amount of committed credit facilities. The Company ensures it has adequate resource to discharge all its liabilities. The directors have considered the liquidity risk as part of their going concern assessment. (See note 2).

c) Cash flow interest rate risk

The Company has no significant interest-bearing liabilities and assets. The Company monitors the interest rate on its interest bearing assets closely to ensure favourable rates are secured.

d) Capital risk management

The Company manages its capital to ensure that entities within the Company will be able to continue individually as going concerns, while maximising the return to Shareholders through the optimisation of debt and equity balances. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Company may adjust or issue new shares or raise debt. No changes were made in the objectives, policies or processes during the period ended 31 December 2016.

e) Credit risk

The Company does not have any major concentrations of credit risk related to any individual customer or counterparty.

The Company's financial assets comprise receivables and cash and cash equivalents. The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies. The exposure of the Company to credit risk arises from default of its counterparty, with maximum exposure equal to the carrying amount of cash and cash equivalents in the Company's Statement of Financial Position. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are connected entities.

The Company does not hold any collateral as security.

On behalf of the board



C G Clarke
Chairman

23rd May 2018

SOVEREIGN MINES OF AFRICA PLC

DIRECTORS' REPORT

Year ended 31 December 2017

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2017.

DIRECTORS

The Directors who have held office during the period are listed on page 3. Their interests in the Company's issued ordinary share capital are as follows:

Director	At 31 December 2017 Shares held	At 31 December 2017 Options/Warrants	At 31 December 2016 Shares held	At 31 December 2016 Options
C G Clarke	100,000,000	125,000,000	100,000,000	125,000,000
R M Fraser	125,000,000	125,000,000	125,000,000	125,000,000
J A S Sparrow	-	22,000,000	-	22,000,000

Details of the remuneration paid to the Directors are disclosed in Notes 5 and 17 to the financial statements.

DIRECTORS INDEMNITY

The Company's articles of association provide, subject to the provisions of UK legislation, that the Company may indemnify any Director in respect of any losses, charges, expenses or liabilities that may be incurred in relation to his duties/powers/office including any liabilities incurred to defend any legal proceedings brought against him as an office or employee of the Company in which judgement is given in his favour or he is acquitted.

GOING CONCERN

These consolidated financial statements are prepared on a going concern basis which the Directors believe to be appropriate for the reasons given in Note 3 to the financial statements.

CORPORATE GOVERNANCE

Sovereign Mines of Africa's Board of Directors and management strongly support the principles of good corporate governance, and are committed to building the Company's reputation for integrity. For the financial year ended 31 December 2017, due to the size of the Company the Board did not consider it appropriate to follow the provisions of the Corporate Governance Code for Small and Mid-size Quoted Companies (the "QCA code") but followed governance procedures appropriate to the Company's size, having due regard to the principles of the QCA Code.

SOVEREIGN MINES OF AFRICA PLC

DIRECTORS' REPORT

Year ended 31 December 2017

CORPORATE GOVERNANCE (continued)

The Board of Directors comprises one executive director and two non-executive directors. The Board, through the Chairman and non-executive director, maintain regular contact with its advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of major shareholders about the Company.

The Board meets at least four times a year. The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance. Where applicable day-to-day management is devolved to the managing director of any subsidiary who is charged with consulting with the Board on all significant financial and operational matters. Consequently, decisions are made promptly and following consultation among Directors concerned where necessary and appropriate.

All necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively, and all Directors have access to independent professional advice, at the Company's expense, as and when required.

The participation of both private and institutional investors at the Annual General Meeting is welcome by the Board.

Health and safety

The Company takes the health and safety of its employees and contractors seriously, and strives to exceed statutory obligations and achieve best practice.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements; and

SOVEREIGN MINES OF AFRICA PLC

DIRECTORS' REPORT

Year ended 31 December 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company website www.sovmines.com. The work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

INFORMATION SET OUT IN THE STRATEGIC REPORT

In accordance with section 414c of the Companies Act 2006, the Directors have chosen to set out the following information in the Strategic report which would otherwise be required to be contained in the Directors' report:

- Financial risk management; and
- Likely future developments

POST BALANCE SHEET EVENTS

On 15 January 2018, the Company announced that it had signed non-binding Heads of Terms with Turf to Table Limited, a boutique hospitality group focused on premium gastropubs, inns and function spaces in Gloucestershire and Oxfordshire, for the acquisition of its three gastropubs and their 38 hotel rooms. The Board continues to progress work on this potential acquisition and hopes to be able to update shareholders in the near future.

SOVEREIGN MINES OF AFRICA PLC

DIRECTORS' REPORT

Year ended 31 December 2017

POLITICAL DONATIONS

The Company has not made donations to any political party or other political organisation in the EU during the period.

AUDITORS

The auditors, Crowe Clark Whitehill LLP, will be proposed for re-appointment in accordance with Section 489 of the Companies Act 2006.

On behalf of the board:

A handwritten signature in black ink, appearing to read 'C G Clarke', is written over a light blue rectangular background.

C G Clarke

23rd May 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SOVEREIGN MINES OF AFRICA PLC

Opinion

We have audited the financial statements of Sovereign Mines of Africa Plc for the year ended 31 December 2017 which comprise Statement of Comprehensive Income, the Statement of Financial Position, the Cash flow Statement, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you, where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SOVEREIGN MINES OF AFRICA PLC**

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SOVEREIGN MINES OF AFRICA PLC**

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 8 and 9, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Stephen Bullock
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
St Bride's House
10 Salisbury Square
London, EC4Y 8EH

Date 23 May 2018

SOVEREIGN MINES OF AFRICA PLC

INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2017

	Note	2017 £	2016 £
Administrative expenses	6	(370,922)	(207,683)
Loss on disposal of available for sale asset	7	(71,480)	-
Profit on disposal of investment	7	656,140	6,136
Profit/(loss) on ordinary activities before taxation		213,738	(201,547)
Tax on loss on ordinary activities	9	-	-
Profit/(loss) for the financial period		213,738	(201,547)
Profit/(loss) for the period attributable to owners of the parent		213,738	(201,547)
Total comprehensive income/(loss) for the period attributable to owners of the parent		213,738	(201,547)
Earnings/(loss) per ordinary share (pence)			
From continuing operations:			
Basic	10	0.03p	(0.02)p
Diluted		0.02p	(0.02)p

The notes on pages 18 to 33 form an integral part of these financial statements.

SOVEREIGN MINES OF AFRICA PLC

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	2017 £	2016 £
NON CURRENT ASSETS			
Investments	11	-	-
		-	-
CURRENT ASSETS			
Other receivables	13	13,529	2,438
Cash at bank		615,108	399,446
		628,637	401,884
TOTAL ASSETS		628,637	401,884
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	50,857	49,883
TOTAL LIABILITIES		50,857	49,883
NET ASSETS		577,780	352,001
SHAREHOLDERS EQUITY			
Share capital	15	3,163,589	3,163,589
Share premium account	15	5,563,520	5,563,520
Share-based payment reserve	16	702,167	690,126
Profit and loss account		(8,851,496)	(9,065,234)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		577,780	352,001

The financial statements on pages 14 to 33 were approved and authorized, for issue by the Board of Directors on 23rd May 2018.

Signed on behalf of the Board of Directors



.....
C G Clarke
Director

Registered in England & Wales with company number 07139678

The notes on pages 18 to 33 form an integral part of these financial statements.

SOVEREIGN MINES OF AFRICA PLC
COMPANY STATEMENT OF CASH FLOWS

Year ended 31 December 2017

	2017	2016
	£	£
Cashflow generated by/(used in) operating activities		
Profit/(loss) before taxation	213,738	(201,547)
Loss on disposal of available for sale assets	71,480	-
Profit on disposal of investment	(656,140)	(6,136)
Share-based payment expense	12,041	89,821
Increase in other receivables	(11,091)	(2,438)
Increase in trade and other payables	974	12,440
	(368,998)	(107,860)
Cash flows from investing activities		
Proceeds of sale of available for sale assets	584,660	6,136
Net increase/(decrease) in cash and cash equivalents	215,662	(101,724)
Cash and cash equivalents at beginning of period	399,446	501,170
Cash and cash equivalents at end of period	615,108	399,446

The sale of the Company's Mandiana Gold Project (see note 7) in consideration for the receipt of shares in Volcanic Gold Mines Inc. represents a significant non-cash transaction in the period.

The notes on pages 18 to 33 form an integral part of these financial statements

SOVEREIGN MINES OF AFRICA PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

<u>2017</u>	Share capital	Share premium	Share based payment reserve	Profit & loss account	Total
	£	£	£	£	£
Balance at 1 January 2017	3,163,589	5,563,520	690,126	(9,065,234)	352,001
Total comprehensive Income for the year	-	-	-	213,738	213,738
Share-based payment expense	-	-	12,041	-	12,041
Balance at 31 December 2017	3,163,589	5,563,520	702,167	(8,851,496)	577,780

<u>2016</u>	Share capital	Share premium	Share based payment reserve	Profit & loss account	Total
	£	£	£	£	£
Balance at 1 January 2016	3,163,589	5,563,520	600,305	(8,863,844)	463,570
Total comprehensive loss for the year	-	-	-	(201,390)	(201,390)
Share-based payment expense	-	-	89,821	-	89,821
Balance at 31 December 2016	3,163,589	5,563,520	690,126	(9,065,234)	352,001

The notes on pages 18 to 33 form an integral part of these financial statements.

Notes forming part of the financial statements

Year ended 31 December 2017

1. NATURE OF OPERATIONS

These financial statements are for Sovereign Mines of Africa Plc ("the Company"). The Company has its registered office at Lakeside, Fountain Lane, St Mellons, Cardiff, CF3 0FB and is domiciled in England and Wales and incorporated under the Companies Act 2006. The nature of the Company's operations and its principal activities are set out in the Director's report on page 8. The principal place of business of the Company is in the United Kingdom.

2. BASIS OF ACCOUNTING

The accounting policies, applied on a consistent basis in the preparation of the financial statements, are as follows:

Basis of preparation - general

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as adopted for use in the European Union.

The financial statements present the results of the Company.

These financial statements are presented in GBP Sterling, which is the Company's functional currency.

Basis of preparation - going concern

Although the Company's assets are not generating revenues and an operating loss has been reported, the Company had cash resources of £615,108 at 31 December 2017 which will provide sufficient finance to cover the Company's ongoing expenditure for the foreseeable future.

New standards, amendments and interpretations effective from 1 January 2017

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 January 2017 have had a material impact on the Company.

Notes forming part of the financial statements

Year ended 31 December 2017

New standards and interpretations not yet effective

The following relevant new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning on 1 January 2017, as adopted by the European Union, and have not been early adopted:

Standard/Amendments		Effective Date*
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions (issued on 20 June 2016)	1 January 2018
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued on 12 September 2016)	1 January 2018
IFRS 16	Leases	1 January 2019

* Effective for annual periods beginning on or after this date

The Directors do not anticipate that the adoption of these standards and interpretations in future reporting periods will have a material impact on the Company's reported results.

3. ACCOUNTING POLICIES

Investments in subsidiaries

Investments in subsidiaries held as non-current assets are stated at cost less provision for any impairment in value in the Company's Statement of Financial Position.

Interest revenue

Interest revenue is recognised as it accrues, using the effective interest rate method ("EIR").

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Subsequent gains and losses on re-measurement are recognised in profit or loss. Once classified as held-for-sale, intangible assets and investments are no longer amortised or depreciated.

Notes forming part of the financial statements

Year ended 31 December 2017

Impairment of non-financial assets

The Directors assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Directors estimate the asset's recoverable amount. An asset's recoverable amount will be the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset will be considered impaired and will be written down to its recoverable amount. In assessing value in use, the estimated future cash flows will be discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model will be used.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Directors make an estimate of the recoverable amount. A previously recognised impairment loss will be reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset will be increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

Trade and other receivables

Trade and other receivables will arise from normal commercial sales by the Company and will be classified as 'loans and receivables'. These will be recognised at invoice value adjusted for any allowance for impairment. Impairment and any reversal will be recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The Company's loans and receivables include cash and cash equivalents. These include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within current liabilities in the statement of financial position.

Notes forming part of the financial statements

Year ended 31 December 2017

Financial liabilities

The Company's financial liabilities comprise:

Trade and other payables

These are initially recognised at invoiced value. These will arise principally from the receipt of goods and services. There will be no material difference between the invoiced value and the value calculated on an amortised cost basis.

The individual financial information will be presented in the currency of the primary economic environment in which the entity operates (its functional currency). The UK Pound Sterling is the presentation currency for Sovereign Mines of Africa Plc and the Company's financial information. The functional currency of the Company is Sterling.

In preparing the financial statements, transactions in currencies other than the entity's functional currency ("foreign currencies") will be recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies will be retranslated at the rates prevailing at the balance sheet date. Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items will be included in the statement of comprehensive income for the period.

Taxation

Income tax expense or taxation recoverable represents the sum of the tax currently payable or recoverable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it will no longer be probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Notes forming part of the financial statements

Year ended 31 December 2017

Operating profit and loss

Operating profit and loss comprises revenues less operating costs. Operating costs comprise adjustments for raw materials and consumables used, employee costs, amortisation, depreciation and impairment and other operating expenses.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Share-based payments

Equity-settled share-based payments to Directors are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 16.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Critical accounting judgements and estimates

The Directors make assumptions concerning the future, which by definition will seldom result in actual results that match the accounting estimate. The assumptions that will have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Going concern

The Company's ability continue as a going concern will dependent upon its ability to meet its obligations as they fall due. Accordingly, the Directors assess the expected future cash flows having regard to the Company's ability to do so, either from existing financial resources or by raising additional funds to either continue its exploration programmes or to realise its exploration assets.

4. OPERATING SEGMENTS

Operating segments are based on internal reports about components of the Company, which are regularly reviewed by the Chairman being the Chief Operating Decision Makers ("CODM") for strategic decision making and resource allocation in order to allocate resources to the segment and to assess its performance.

The Company undertakes only one business activity as described in the Director's report. All transactions between each reportable segment are accounted for using the same accounting policies as the Company uses, as set out in Note 3. Accordingly, the Company's operating segments have been determined based on geographical areas.

As noted in Note 7, during the year the group disposed of its 75% interest in the Mandiana Gold Project ("Mandiana") in Republic of Guinea, West Africa to Volcanic Gold Mines Inc. ("Volcanic")

Notes forming part of the financial statements

Year ended 31 December 2017

(previously Volcanic Metals Corp), a Canadian publicly listed mining company. The profit on disposal has been included within the 'Guinea' segment below.

The Company's results by reportable segment are as follows:

As at 31 December 2017	UK £	Guinea £	Total £
RESULTS			
(Loss)/profit for the period attributable to owners of the parent	(442,402)	656,140	213,738
Interest income	-	-	-

As at 31 December 2016	UK £	Guinea £	Total £
RESULTS			
Operating loss	(207,526)	(157)	(207,683)
Interest income	6,136	-	6,136

All transactions between each reportable segment are accounted for using the same accounting policies as the Company uses, as set out in Note 3. The Company's assets and liabilities by reportable segment are as follows: -

As at 31 December 2017	UK £	Guinea £	Total £
ASSETS			
Cash	615,108	-	615,108
Intangible assets	-	-	-
Total assets	628,637	-	628,637
LIABILITIES			
Trade and other payables	50,857	-	50,857

As at 31 December 2016	UK £	Guinea £	Total £
ASSETS			
Cash	399,446	-	399,446
Intangible assets	-	-	-
Total assets	401,884	-	401,884
LIABILITIES			
Trade and other payables	49,883	-	49,883

Notes forming part of the financial statements

Year ended 31 December 2017

5. STAFF COSTS

As at 31 December	2017 £	2016 £
Share based payment expense	12,041	89,821
	12,041	89,821

The average monthly number of employees during the year was as follows:

As at 31 December	2017 Number	2016 Number
Directors	2	3
	2	3

No Directors' emoluments were paid during the year. Details of transactions with Directors are set out in Note 19 to the financial statements.

Jeremy Sparrow is not taking any fees in relation to his role as Non-executive Director and has in lieu of such been granted 22,000,000 share warrants. Each warrant entitles him to subscribe for one Ordinary Share at the price of 0.23 pence per share. 11,000,000 warrants may be exercised from 28 July 2016 until 29 July 2021. The remaining 11,000,000 warrants are exercisable on the execution of a reverse takeover by the Company. See Note 16 for further details.

6. OPERATING PROFIT/(LOSS) IS STATED AFTER CHARGING:

As at 31 December	2017 £	2016 £
Share-based payments	12,041	89,821
Fees payable to the Company's auditor for the audit of the Company's annual accounts	8,000	8,000

Notes forming part of the financial statements

Year ended 31 December 2017

7. LOSS ON DISPOSAL

On 20 January 2017, the Company sold its 75% interest in the Mandiana Gold Project ("Mandiana") in Republic of Guinea, West Africa to Volcanic Gold Mines Inc. ("Volcanic"), a Canadian publicly listed mining company. In consideration for the sale, the Company received 2,502,489 common shares in Volcanic representing 9.9% of the outstanding share capital of Volcanic at the time of transaction.

The gain on disposal of £656,140 is calculated as the difference between the fair value of the consideration and the book value at the date of disposal.

The fair value (the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction) of the Volcanic shares on 20 January was £656,140 (2,502,489 at CAD\$ 0.43 per share translated at the exchange rate on the day of CAD\$/GBP 1.64). The book value of the asset was nil as a result of it being fully written down in 2015.

The shares in Volcanic referred to above were classified as an 'Available for Sale' financial asset on initial recognition in accordance with IAS 39 'Financial Instruments: recognition and measurement' and recognised at fair value of £656,140. All shares have been sold at the balance sheet date for a total consideration of £584,661 resulting in a loss of disposal of £71,480.

8. FINANCE INCOME

As at 31 December	2017 £	2016 £
Bank interest	-	6,136

Notes forming part of the financial statements

Year ended 31 December 2017

9. TAXATION

As at 31 December	2017	2016
	£	£
Analysis of the tax charge:		
Current tax:		
Total tax charge in the income statement	-	-
	-	-
As at 31 December	2017	2016
	£	£
Reconciliation of the tax charge:		
Current tax:		
Profit/(loss) before tax	213,738	(201,547)
Profit/(loss) before tax multiplied by standard rate of corporation tax (19%) (2016: 20%)	40,610	(40,309)
Effects of:		
Non-deductible costs	(2,539)	18,169
Deferred tax not provided	(38,071)	22,140
Total tax charge in the income statement	-	-

A deferred tax asset has not been recognised in respect of deductible temporary differences relating to losses carried forward at the year-end, as there is insufficient evidence that taxable profits will be available in the foreseeable future against which the deductible temporary difference can be utilised. The amount of the asset not recognised is £481,685 (2016: £569,446).

The assets would be recovered if the Company made taxable profits in future years.

Notes forming part of the financial statements

Year ended 31 December 2017

10. EARNINGS/(LOSS) PER SHARE

	2017	2016
Weighted average number of ordinary shares in issue - basic	860,858,955	860,858,955
Dilutive potential ordinary shares	150,000,000	150,000,000
Diluted	1,010,858,955	1,010,858,955
Profit/(loss) after taxation (£)	213,738	(201,547)
Basic Earnings/(loss) per share (pence)		
Basic	0.03	(0.02)
Diluted	0.02	(0.02)

Due to there being a loss in the year ended 31 December 2016, the share options and warrants were anti-dilutive and therefore the diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share.

11. INVESTMENTS

	Investments and long term loans in subsidiary undertakings £
Cost	
At 31 December 2017	6,124,916
Additions	-
At 31 December 2016	6,124,916
Additions	656,140
Disposals	(6,124,916)
At 31 December 2017	-
Impairment	
1 January 2017	6,124,916
Impairment charge	-
At 31 December 2016	6,124,916
Disposals	(6,124,916)
At 31 December 2017	-
Net book value as at 31 December 2017 and 2016	-

See Note 7 for details of the disposal during the year.

Notes forming part of the financial statements

Year ended 31 December 2017

12. TRADE AND OTHER PAYABLES

	2017	2016
	£	£
As at 31 December		
Trade Payables	657	-
Accruals	33,700	49,883
	<u>50,857</u>	<u>49,883</u>

13. OTHER RECEIVABLES

	2017	2016
	£	£
As at 31 December		
Prepayments	3,320	2,438
VAT recoverable	10,208	-
	<u>13,528</u>	<u>2,438</u>

14. FINANCIAL INSTRUMENTS

The Company use financial instruments such as trade receivables and payables and other items that arise directly from their operations. The main purpose of these financial instruments is to help finance the Company's operations.

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

The Company's financial instruments, which are recognised in their respective statements of financial position, comprise financial assets at fair value recognised through profit and loss, cash and cash equivalents, receivables and payables. The information about the extent and nature of these recognised financial instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows are disclosed in the respective notes below, where applicable.

The Company do not generally enter into derivative transactions (such as interest rate swaps and forward foreign currency contracts) and it is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken.

There were no financial instruments not recognised in the statements of financial position of the Company.

Notes forming part of the financial statements

Year ended 31 December 2017

Financial instruments by category

Assets per statement of financial position

	2017	2016
As at 31 December	£	£
Prepayments	3,320	2,438
VAT recoverable	10,208	-
Cash and cash equivalents	615,108	399,446

The carrying value of the loans and receivables are a reasonable approximation of their fair value.

Liabilities per statement of financial position

The accruals are not financial liabilities.

The Directors consider the carrying value of the financial assets to approximate their fair values.

Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks: currency risk, credit risk, liquidity risk and cash flow interest-rate risk. These risks are limited by the Company's financial management policies and practices described below:

(a) Foreign currency exchange risks

The Company does not hedge its foreign currencies. The directors believe that the contracts for transfers of funds to Guinea are so small, there would be no benefit gained from hedging these contracts on the market. The situation is monitored on a regular basis. Transactions with vendors are mainly denominated in a number of currencies. Therefore, the directors consider that the currency exposure arising from these transactions is not significant to the Company. At 31 December 2017, all assets and liabilities of the Company were denominated in sterling.

(b) Credit risk

As the Company had no turnover during the period, there is no significant concentration of credit risk. The Company does not have written credit risk management policies or guidelines.

The Company's cash is held in reputable banks. The carrying amount of these financial assets represents the maximum credit exposure.

(c) Liquidity risks

The Company currently has no operational revenue streams. Operational cash flow represents the ongoing exploration and administration costs. The Company manages its liquidity requirements by the use of long and short term cash flow forecasts.

The Company's policy is to ensure facilities are available as required and to issue share capital in accordance with long and short term cash flow forecasts. The Company currently has no undrawn

Notes forming part of the financial statements

Year ended 31 December 2017

facilities as at 31 December 2017. The Company actively manages its working finance to ensure the Company has sufficient funds for operations and planned expansion.

The Company's financial liabilities are primarily accruals. All amounts are due for payment in accordance with agreed settlement terms with suppliers or stating deadlines within one year.

(d) Cash flow and fair value interest rate risks

The Company has no interest-bearing liabilities. Interest rates on bank deposits are based on the relevant national inter-bank offered rates. The Company has no fixed interest rate assets.

The main financial risks for the Company are given in the Directors' Report.

At 31 December 2017, the currency and interest rate profile of the financial assets and liabilities of the Company was as follows:

	2017	2016
As at 31 December	£	£
Financial assets - GBP Sterling		
Prepayments	3,320	2,438
VAT recoverable	10,208	-
Cash and cash equivalents	615,108	399,446

The effect of a 1% movement in the interest rates offered by the banks is considered negligible.

(e) Capital risk management

The Company defines capital as the total equity of the Company. The Company manages its capital to ensure that entities within the Company will be able to continue individually as going concerns, while maximising the return to shareholders through the optimisation of debt and equity balances. The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust its capital structure, the Company may adjust the amount of dividends to shareholders, issue new shares or return capital to shareholders, and raise debt or sell assets to reduce debt.

Notes forming part of the financial statements

Year ended 31 December 2017

15. SHARE CAPITAL

a) Share capital

The Company has one class of Ordinary share which carry no right to fixed income nor have any preferences or restrictions attached.

	2017 £	2016 £
As at 31 December		
Issued and fully paid		
860,859,050 Ordinary shares of 0.01p each (2016: 860,858,850)	3,163,589	3,163,589
	3,163,589	3,163,589

b) Share issues during the year

	Number of shares	Share capital £	Share premium £	Total £
At 1 January 2016 (1.0p Ordinary shares)	1,171,717,700	3,163,589	5,563,520	8,727,109
Redemption of 0.99p Deferred shares	(310,858,850)	-	-	-
Issue of Ordinary shares (0.01p)	200	-	-	-
At 31 December 2016	860,859,050	3,163,589	5,563,520	8,727,109
At 31 December 2017	860,859,050	3,163,589	5,563,520	8,727,109

On 22 June 2016, the Company redeemed all of the 310,858,850 deferred shares of 0.99 pence each (created as a result of the subdivision in June 2015 of each of the Company's former ordinary shares of 1.0 pence each into one ordinary share of 0.01 pence and one deferred share of 0.99 pence) for 100 pence in aggregate, in accordance with the rights attaching to such classes of shares. The redemption was funded out of the proceeds of the subscription by Lea Yeat Limited for 200 new Ordinary shares of 0.01 pence in the Company for 0.5 pence each in cash, made for the purpose of such redemption.

The Ordinary shares carry no right to fixed income nor have any preferences or restrictions attached.

Notes forming part of the financial statements

Year ended 31 December 2017

16. SHARE-BASED PAYMENTS

The Company has an unapproved share option scheme under which options to subscribe for the Company's shares have been granted to two directors. The vesting condition is the number of years' service. The share options and warrants currently in existence were granted and are exercisable as follows:

Share options

Date granted	Exercise price (pence)	Number of shares	Vesting conditions	Contractual life remaining (Years)
28 June 2013	3	3,000,000	Between 28 June 2013 and 28 June 2018	0.5
18 November 2013	3	3,000,000	Between 18 November 2013 and 18 November 2019	0.9

Share warrants

Date granted	Exercise price (pence)	Number of shares	Vesting conditions	Contractual life remaining (Years)
30 December 2015	0.1	125,000,000	Upon execution of a reverse takeover by the Company	3
30 December 2015	0.1	125,000,000	Between 30 December 2015 and 30 December 2020	3
18 July 2016	0.23	11,000,000	Between 28 July 2016 and 29 July 2021	3.6
18 July 2016	0.23	11,000,000	Upon execution of a reverse takeover by the Company	3

The Directors did not exercise any share options or warrants during 2017 (2016: none).

The 22,000,000 share warrants over Ordinary Shares shown in the table above were granted to Jeremy Sparrow following his appointment as a Non-Executive director on 18 July 2016. Jeremy Sparrow is not taking any fees in relation to his appointment to the Board of the Company and has in lieu of such been granted the 22,000,000 warrants. Each warrant entitles him to subscribe for one Ordinary share at the price of 0.23 pence per share.

Notes forming part of the financial statements

Year ended 31 December 2017

At the year-end, the market value of the Company's shares was 0.27p per share. The highest price during the year was 0.440p and the lowest price was 0.27p. The share-based payment charge relating to the share options and warrants granted to directors amounted to £89,821 (2016: £89,821).

The number and weighted average exercise prices of share options and warrants are as follows:

	Weighted average Exercise price (pence)	Number of shares
Granted in the year	-	-
Outstanding at year end	0.17	256,000,000
Exercisable at the year end	1.21	17,000,000

The estimated fair values of options and warrants which fall under IFRS 2, and the inputs used in the Black-Scholes model to calculate those fair values, are as follows:

Date of grant	At date of grant		Exercise price pence	Expected volatility (%)	Expected Life (yrs)	Vesting period (yrs)	Risk free rate (%)	Expected dividend (%)
	Estimated fair value pence	Share price pence						
28.6.13	0.936	1.375	3.0	22	5	5	0.5	0
18.11.13	35	51	3.0	22	6	6	0.5	0
30.12.15	0.23	0.24	0.1	56	5	5	0.5	0
30.12.15	0.23	0.24	0.1	56	5	5	0.5	0
18.07.16	0.42	0.42	0.23	113	5	5	0.6	0
18.07.16	0.42	0.42	0.23	113	5	5	0.6	0

Expected volatility was determined by calculating the standard deviation of daily continuously compounded returns of the Company's share price calculated back from the date of grant. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

17. TRANSACTIONS WITH RELATED PARTIES

During the year the Company paid Westleigh Investments Holdings Ltd, a company owned by Giles Clarke, £32,664 for accounting and secretarial services (2016: £15,000).

18. POST BALANCE SHEET EVENTS

Details of post balance sheet events are disclosed in the Directors Report.



The Barkby Group PLC

Annual Report & Financial Statements

1 January 2018 to 31 May 2019

Registered in England Wales
Company number: 07139678
NEX: BARK

The Barkby Group Plc

Company Information

Directors	Charles Giles Clarke – Chairman Rupert Michael Fraser – Chief Executive Officer Emma Jane Dark – Finance Director Duncan George Harvey – Non-Executive Director Jeremy Anthony Simon Sparrow – Non-Executive Director Stephen Cook – Operations Director
Company Secretary	Emma Dark
Registered Office	Lakeside Fountain Lane St Mellons Cardiff United Kingdom CF3 0FB
Registered number	07139678
Auditors	Crowe U.K. LLP St Bride's House 10 Salisbury Square London EC4Y 8EH
Legal advisers	Kuit Steinart Levy LLP 3 St Mary's Parsonage Manchester M3 2RD
NEX Exchange Corporate adviser and Broker	FinnCap 60 New Broad Street London EC2M 1JJ
Financial Public Relations Advisers	Camarco 107 Cheapside London EC2V 6DN
Registrars	Share Registrars Limited The Courtyard 17 West Street Farnham Surrey GU9 7DR

The Barkby Group Plc

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The Barkby Group Plc

Chairman's Statement

I am pleased to present the Annual Report and Financial Statements for The Barkby Group PLC ("Barkby" or the "Company") for the period from 1 January 2018 to 31 May 2019.

The last 17 months have been a busy time for the Company and represent a period of significant strategic change and progress. In January 2018 Barkby signed heads of terms with a boutique hospitality group, Turf to Table ("T2T"), and the Company's shares were subsequently cancelled from trading on the AIM market. Simultaneously with the completion of the acquisition of in June 2018, the Company was admitted to the NEX Exchange Growth Market ("NEX") under the Company's new name, The Barkby Group Plc.

Turf to Table is a boutique hospitality group focused on premium gastropubs, inns and function spaces in Oxfordshire and Gloucestershire. The acquisition represented a transformational step in the future of the Company and an opportunity to benefit from an established business which provided a platform for significant growth through expansion to other properties.

The period under review has seen Barkby significantly expand its portfolio of assets. The George at Burpham was added in November 2018 and an eight-year operating agreement with the Queens Arms in East Garston was entered into in March 2019, both of which further contribute to the Group's premium hospitality offering. Most recently, in May 2019, Barkby signed a new six-year leasehold agreement with Arkell's Brewery Ltd for The Rose and Crown Inn in Ashbury, near Swindon. The addition of these new properties represents further implementation of the Company's strategy to develop a large portfolio of premium hospitality properties, which currently consists of six gastropubs and inns.

Barkby also completed the acquisition of Centurian Automotive Limited, an award-winning automotive dealership with a strong and fast growing online digital presence. The acquisition of Centurian Automotive is complementary to Barkby's existing high-end consumer offering, immediately earnings enhancing, and the business has ambitious plans for future growth.

Results

Revenues for the period from 1 January 2018 to 31 May 2019 were £6,286,000, with profit before tax of £75,000. The Company reported a profit from continuing operations of £323,000 for the period, compared to a profit from finance income of £214,000 for the year to 31 December 2017. The profit in the period includes the exceptional items of completing the acquisitions, entering into the leases for all pubs, and a staff restructure and bonuses.

Summary and outlook

Looking ahead, we are optimistic about the pipeline of opportunities for organic and acquisitive growth in line with our stated strategy. Following the restructuring of the original T2T business, and the addition of 3 more pub leases, we continue to build a fast growing and solid consumer hospitality group with good see through growth, and we are confident that Barkby's strong reputation for high quality food and customer service positions us well for future growth.

I would like to thank our shareholders, management, employees and advisors for their support during the course of the year and I look forward to providing further updates on our progress in the near future.

C G Clarke

Chairman

23rd September 2019

*after amortisation, depreciation and interest

The Barkby Group Plc

CEO Statement

I am pleased to report a solid set of results for the period from 1 January 2018 to 31 May 2019, in which the Group has made significant operational and strategic progress.

Overview

The Barkby Group Plc was originally incorporated under the name Sovereign Mines of Africa Plc as an acquisition vehicle for the purposes of acquiring mining concerns in Africa, and was listed on AIM in July 2011. The Company completed the farm-out of its previous 75% interest in the Mandiana Gold Project in January 2017, leaving the Company with no business or operations, and a remit to make an acquisition which would constitute a reverse takeover under the AIM Rules for Companies (the “AIM Rules”).

It was announced on 15 January 2018 that the Company had signed a non-binding Heads of Terms with Turf to Table. The Company’s shares were subsequently cancelled from trading on the AIM market on 22 January 2018, having not made an acquisition constituting a reverse takeover within a year of becoming an investing company under the AIM Rules.

Simultaneously with the acquisition of the T2T assets and liabilities on 26th June 2018, the Company admitted its entire share capital to trading on NEX under the Company’s new name, The Barkby Group Plc.

Following the acquisition of T2T, Barkby immediately set about increasing revenue and streamlining systems and processes across the business to achieve economies of scale. These initiatives improved margins and enabled capacity for further acquisitions and partnerships.

Growth of the Business

The Group has completed a number of acquisitions and deals in the period in line with its strategy to develop a large portfolio of premium hospitality properties. The George at Burpham was added in November 2018, and an operating agreement with the Queens Arms was entered into in March 2019, both of which further contribute to the Group’s premium hospitality offering. In May 2019, Barkby entered into a new six-year leasehold agreement with Arkell’s Brewery Ltd for The Rose and Crown Inn in Ashbury, near Swindon, bringing the Company's hospitality portfolio to six gastropubs and inns.

Barkby has established a reputation within its local markets for producing good quality food, served in high-end and atmospheric pub locations, with a keen focus on customer service. The estimated average spend per head places its restaurants alongside many other high-end gastropub restaurants in the sector.

For the local breweries that are the freeholders of The Five Alls and The Bull Hotel, the Company has demonstrated a proven method for updating and rejuvenating run-down or underperforming sites, that have resulted in an increased throughput of own products (ales, ciders etc.) and improved brand position in the local market.

Acquisition of Centurian Automotive

In February 2019, Barkby completed the acquisition of the entire share capital of Centurian Automotive Limited (“Centurian Automotive”). The initial consideration payable was approximately £314,000, satisfied by the issue of new ordinary shares in Barkby with a value of £201,000, and deferred consideration of up to approximately £113,000 over three years based on performance targets, also to be satisfied by the issue of new ordinary shares in Barkby.

The Acquisition reflects Barkby’s ambition to make strategic acquisitions that complement its existing portfolio. Centurian Automotive’s offering of hand-picked cars and first-class customer service is complementary to Barkby’s existing high-end consumer offering and was immediately earnings enhancing.

Centurian Automotive is an award-winning automotive dealership with a strong and fast growing online digital presence. It was recently chosen by Autotrader from 13,000 motor dealers in the UK to represent the benchmark for all dealership training, marketing and master classes.

Following the acquisition, management has been focused on improving efficiencies within the business, reducing stock and overhead costs, and improving working capital. After a strong performance over the past few years, Centurian Automotive is now looking to expand to capture a wider market, and prospective sites in Wiltshire are currently being reviewed.

Strategy and future developments

Barkby remains committed to its policy of controlled expansion and maintaining tight cost controls. The Group intends to develop a large portfolio of premium hospitality properties in partnership with breweries across the UK and intends to scale up to 8 - 12 sites over the next 3 - 5 years. It is focused on a capital light, strong cashflow model with growth driven by quick turnaround of under-performing hospitality properties and other complementary businesses.

The Barkby Group Plc

Financial Performance

The financial results presented in this report cover the 17 month period from 1 January 2018 to 31 May 2019. The period saw strong trading across the gastropubs: accounts show revenues for that period amounted to £6,286,000, with profit before tax of £75,000. The new controls and management systems implemented by Barkby have provided considerable improvements: food and drink margins are up, and staff turnover is considerably under the industry average, at 8.7%. A new back office system for the EPOS and room booking systems have also seen an increase in room bookings online.

Operational progress has been a key focus for the Group over the period, in order to increase organic growth as well as accelerate and maximise opportunities within the existing businesses. Additionally, we have grown inorganically via a stream of complementary acquisitions to the existing business. As a result, the Company reports a profit from continuing operations of £323,000 for the period, compared to a profit from finance income of £214,000 for the year to 31 December 2017. The profit in the period includes the exceptional items of completing the acquisitions, entering into the leases for all pubs, and a staff restructure and bonuses.

Our goal remains to maximise value for shareholders through operating exemplary businesses with diversified revenue streams.

This report was approved by the Directors on 23rd September 2019.

R Fraser
Chief Executive Officer

Financial Review

The Directors present their report and the audited financial statements for the period ended 31 May 2019.

The financial statements are presented in thousands of British Pounds Sterling (£'000). The financial statements have been prepared in accordance with the requirements of the International Financial Reporting Standards adopted by the European Union ("IFRS").

Directors responsibility statement

Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

They are further responsible for ensuring that the Strategic Report and the Report of the Directors and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable law in the United Kingdom.

The Barkby Group Plc

The maintenance and integrity of the Barky Group Plc web site is the responsibility of the Directors; the work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website.

Key performance indicators

The Directors monitor the performance of its boutique hospitality and luxury car businesses individually with key financial performance indicators appropriate for each business arm.

For the boutique hospitality business arm, the key performance indicators include:

- Food margin	68.2%
- Drink margin	64%
- Staff margin	43.8%
- Room occupancy	52.6%

For the luxury car business arm, the key performance indicators included:

- Number of cars sold	139
- Net profit	(£1,000)
- Gross profit	£253,000
- Number of cars in stock	176

Principal activities

The Company acts as a holding company and holds the boutique hospitality assets and liabilities. The principal activity of the Group is the operation of a consumer-focused hospitality and services group.

Results and dividends

The profit for the period, after taxation, amounted to £75,000 (2017: £214,000). The Directors do not recommend payment of a dividend.

Going concern

The Directors consider the going concern basis of preparation to be appropriate in preparing the financial statements. In considering the appropriateness of this basis of preparation, the Directors have reviewed the Group's working capital forecasts for a minimum of 12 months from the date of the approval of this financial information. Based on their consideration, the Directors have reasonable expectation that the Group has adequate resources to continue for the foreseeable future, and that carrying values of intangible assets are supported. Thus, they continue to adopt the going concern basis of accounting in preparing this financial information.

The Group will consider further acquisitions and is likely therefore to require further funding to finance the development of its business plan. The Directors are confident that the Group will be able to raise such funds as may be required from time to time for such requirements from investors and other sources of growth finance.

The Barkby Group Plc

Directors

The Directors who served during the year were:

Steve Cook (appointed 30/01/19)

Rupert Fraser (appointed 26/06/18)

Sebastian Snow (appointed 26/06/18, resigned 31/10/18)

Emma Dark (appointed 26/06/18)

Duncan Harvey (appointed 26/06/18)

Charles Giles Clarke

Financial instruments

Details of the Company's financial instruments are given in note 15.

Matters covered in the strategic report

As required by sections 414C(11) and 410(7) of the 2006 Act, the strategic report contains a fair review of the business; the principal risks and uncertainties faced by the business; an indication of likely future developments of the Company, and the key financial and non-financial performance indicators as considered by the Directors. This information is therefore excluded from the Directors' report.

Independent auditors

Crowe U.K. LLP has indicated its willingness to be reappointed as independent auditors and a proposal for their reappointment will be made at the annual general meeting.

Statement of disclosure of information to auditors

Each person who was a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This report was approved by the Directors on 23rd September 2019.

C G Clarke
Chairman

The Barkby Group Plc

Corporate governance statement for the period ended 31 May 2019

Corporate governance statement

Although not required by NEX Rules, the Directors comply with the provisions of the QCA Guidelines to the extent that they believe it is appropriate in light of the size, stage of development and resources. At present, due to the size of the Group, audit and risk management issues will be addressed by the Board. As the Group grows, the Board will consider establishing an audit and risk management committee and will consider developing further policies and procedures which reflect the principles of good governance.

The Company has adopted, and will operate where applicable, a share dealing code for Directors and senior executives in compliance with the NEX Rules.

As required, the Company will comply with the provisions of the NEX Rules, as amended from time to time, which govern the operation and administration of the NEX market, including the arrangements for the admission of securities to NEX and ongoing requirements once admitted to trading.

The Board of Directors comprises two part-time non-executive directors. The Directors are of the opinion that the recommendations of the QCA Guidelines on corporate governance have been implemented to an appropriate level and as far as practicable. The Board, through the Chairman and Non-executive Directors, maintain regular contact with its advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of major shareholders about the Company.

The Board meets at least four times a year. The board is responsible for formulating, reviewing and approving the Group's strategy, financial activities and operating performance. Day-to-day management is devolved to the managing director of the local subsidiary who is charged with consulting with the board on all significant financial and operational matters. Consequently, decisions are made promptly and following consultation among Directors concerned where necessary and appropriate.

All necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively, and all Directors have access to independent professional advice, at the Company's expense, as and when required.

The participation of both private and institutional investors at the Annual General Meeting is welcomed by the Board.

Board Committees

The Board established an audit committee, and a remuneration committee, with formally delegated duties and responsibilities.

The Barkby Group Plc

Corporate governance statement for the period ended 31 May 2019

Audit Committee

The key responsibilities of the Audit Committee are to:

- Monitor the integrity of the annual and interim financial statements, including focus on significant judgements and estimates used in the accounts;
- Review the effectiveness of financial and related internal controls and associated risk management (the full Board being responsible for oversight of strategic and operational risks); and
- Oversee the relationship with our external auditors, including: reviewing their plans and audit findings; ensuring their continuing independence; and appraising the effectiveness of their work prior to considering their reappointment.

The members of the Audit Committee, all of whom are independent Non-executive Directors, are:

- Giles Clarke
- Duncan Harvey (Chairman)
- Jeremy Sparrow

Remuneration Committee

The Remuneration Committee is responsible for determining and reviewing compensation arrangements for the Directors and the executive management. The Committee ensures that the remuneration practices of the Company move towards best practice and are linked with the interests of shareholders.

The members of the Remuneration Committee are:

- Giles Clarke
- Duncan Harvey (Chairman)
- Jeremy Sparrow

The Barkby Group Plc

Independent Report to the Members of The Barkby Group Plc

Opinion

We have audited the financial statements of The Barkby Group Plc (the “Parent Company”) and its subsidiary (the “Group”) for the seventeen-month period ended 31 May 2019, which comprise:

- the Group consolidated statement of comprehensive income for the seventeen-month period ended 31 May 2019;
- the Group and Parent Company statements of financial position as at 31 May 2019;
- the Group and Parent Company statements of cash flows for the periods then ended;
- the Group and Parent Company statements of changes in equity for the periods then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group and Parent Company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and of the Parent Company’s affairs as at 31 May 2019 and of the Group’s profit for the periods then ended;
- the Group and Parent Company financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the ‘Auditor’s responsibilities for the audit of the financial statements’ section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

The Barkby Group Plc

Independent Report to the Members of The Barkby Group Plc (Continued)

- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £50,000, based on approximately 0.75% of Group's revenue in the period. We considered a revenue-based measure to be appropriate for overall materiality because the Group completed two substantial acquisitions and is in a development stage in the reporting period.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £2,500. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

There are two components of the group, The Barkby Group Plc, which includes the holding company and the luxury hospitality services business, and Centurian Automotive Limited, which is the luxury car sales business. Both components are accounted centrally. The luxury hospitality business commenced in June 2018 and the luxury car sales business was acquired in February 2019. We conducted the audit as sole group auditor and obtained audit evidence for transactions from management.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Barkby Group Plc

Independent Report to the Members of The Barkby Group Plc (Continued)

This is not a complete list of all risks identified by our audit.

<i>Key audit matter</i>	<i>How the scope of our audit addressed the key audit matter</i>
<p>Acquisition of Turf to Table Limited and Centurian Automotive Limited</p> <p><u>Reason for assessment as significant</u></p> <p>During the year the Parent Company acquired the business and certain assets of Turf to Table Limited and also acquired Centurian Automotive Limited. There is a risk that the cost of investment has not been correctly capitalised and that the value of the investment at the year-end could be impaired. There is a risk that the acquisitions may not be accounted for appropriately and that the value of assets may be impaired.</p>	<p><u>Audit Response</u></p> <p>The acquisitions were considered business combinations by management and therefore IFRS 3 was applied.</p> <p>For acquisitions during the period, we reviewed the acquisition documentation. We challenged the methodology and assumptions underlying management's assessment of fair values and obtained the reports of independent valuation specialists who had prepared the valuation of the freehold property acquired. We assessed whether appropriate fair values have been attributed to the assets and liabilities acquired.</p> <p>We obtained recent management accounts and considered post year end trading to identify any potential downward turn in business which might suggest an impairment is needed.</p> <p>We also reviewed the related disclosures in the annual report for compliance with accounting standards and consistency with the results of our work, with no matters arising.</p>
<p>Revenue recognition</p> <p><u>Reason for assessment as significant</u></p> <p>Revenue is a significant figure in these financial statements and is generated from various streams.</p> <p>The accounting policy is documented in note 2.</p>	<p><u>Audit Response</u></p> <p>We designed procedures to test each different revenue stream and to consider whether the revenue recognition policy applied to the revenue stream was appropriate. Our testing in this area included examining individual revenue items on a sample basis and agreeing that revenue was appropriately recognized, including cut off procedures.</p>
<p>Stock held at Centurian Automotive</p> <p><u>Reason for assessment as significant</u></p> <p>The Group held stock of motor vehicles for sale of £4.1 million at the reporting date, which is material. Valuation of motor vehicle stock is based on the purchase cost of the vehicles acquired but there is a risk that stock may be overstated. There is also a risk that stock might not be included in the balance sheet at the year-end depending on the timing of relevant purchases.</p>	<p><u>Audit Response</u></p> <p>We obtained a year end stock report and compared it to purchase invoices. We designed procedures to test cut off. We checked that the purchase date was in the period and compared items sold after the reporting date to sale proceeds if the stock had been sold post year end. We performed net realisable value testing to confirm that stock is held at the lower of cost or net realisable value.</p>

The Barkby Group Plc

Independent Report to the Members of The Barkby Group Plc (Continued)

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the strategic report and the Directors' Report for the financial year for which the financial statements are prepared, is consistent with the financial statements; and
- the strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

The Barkby Group Plc

Independent Report to the Members of The Barkby Group Plc (Continued)

Responsibilities of the Directors for the financial statements

As explained more fully in the directors' responsibilities statement set out in the Directors' Report the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

The Barkby Group Plc

Independent Report to the Members of The Barkby Group Plc (Continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stephen Bullock (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

23rd September 2019

The Barkby Group Plc

Consolidated Statement of Comprehensive Income for the Period Ended 31 May 2019

	Note	Group Period ended 31 May 2019 £'000	Group Year ended 31 December 2017 £'000
Revenue	3	6,286	-
Cost of sales		(3,629)	-
Gross profit		2,657	-
Administrative expenses		(2,415)	(442)
Other operating income	4	81	656
Profit from operations		323	214
Finance expense	5	(188)	-
Gain on bargain purchase	6	251	-
Acquisition costs		(311)	-
Profit before tax		75	214
Tax expense	7	-	-
Profit from continuing operations and total comprehensive income attributable to owners of the Company		75	214
 Earnings per share attributable to the ordinary equity holders of the Company during the period			
- Basic (p)	8	0.22	0.82
- Diluted (p)	8	0.17	0.70

The notes on pages 28 to 47 form part of these financial statements.

The Barkby Group Plc

Consolidated Statement of Financial Position for the Period Ended 31 May 2019

	Note	Group Period ended 31 May 2019 £'000	Group Year ended 31 December 2017 £'000
Assets			
Non-current assets			
Plant, property and equipment	9	1,012	-
Intangible assets	6	1,074	-
		2,086	-
Current assets			
Inventory	10	4,153	-
Trade receivables		19	-
Other receivables		15	13
Cash and cash equivalents		12	615
		4,199	628
Total assets		6,285	628
Liabilities			
Current liabilities			
Trade payables	11	496	50
Loans and borrowings	12	3,408	-
Deferred consideration and other payables		519	-
		4,423	50
Non-current liabilities			
Borrowings	12	373	-
Total liabilities		4,796	50
Issued capital & reserves attributable to the parent's owners			
Share capital	13	139	86
Share premium		6,347	5,564
Capital redemption reserve		3,078	3,078
Retained earnings		(8,075)	(8,150)
Total equity attributable to the parent's owners		1,489	578
Total equity & liabilities		6,285	628

The financial statements were approved and authorised for issue by the Directors and were signed on 23rd September 2019.

C G Clarke
Director

The notes on pages 28 to 47 form part of these financial statements.

The Barkby Group Plc

Company Statement of Financial Position for the Period Ended 31 May 2019

	Note	Company Period ended 31 May 2019 £'000	Company Year ended 31 December 2017 £'000
Assets			
Non-current assets			
Plant, property and equipment	9	987	-
Investments	6	314	-
Goodwill	6	1,074	-
		2,375	-
Current assets			
Inventory	10	54	-
Trade receivables		-	14
Other receivables		326	-
Cash and cash equivalents		12	615
		392	629
Total assets		2,767	629
Liabilities			
Current liabilities			
Trade payables		561	51
Loans and borrowings		51	-
Deferred consideration and other payables	6	519	-
		1,131	51
Non-current liabilities			
Borrowings	12	373	-
		373	-
Total liabilities		1,504	51
Issued capital and reserves attributable to owners of the parent			
Share capital	13	139	86
Share premium		6,347	5,564
Capital redemption reserve		3,078	3,078
Retained earnings		(8,301)	(8,150)
Total equity		1,263	578
Total equity & liabilities		2,767	629

The profit for the period dealt with in the accounts of the Company was £75,000 (2017: £214,000).

The Barkby Group Plc

The financial statements were approved and authorised for issue by the Directors and were signed on 23rd September 2019.

C G Clarke
Director

The notes on pages 28 to 47 form part of these financial statements.

The Barkby Group Plc

Consolidated Statement of Cash Flows for the Period Ended 31 May 2019

	Final Group Period ended 31 May 2019 £'000	Final Group Year ended 31 December 2017 £'000
Cash flows from operating activities		
Profit before Tax	75	214
Adjustments to reconcile loss before tax to operating cash flow:		
Depreciation of owned assets	87	-
Interest payable	183	-
Negative goodwill	(251)	-
Adjustment to deferred consideration	(81)	-
Loss on disposal of available for sale assets	-	71
Profit on disposal of investment	-	(656)
Share based payment expense	-	12
Cash used in operating activities before changes in working capital	13	(359)
Increase in inventory	(147)	-
Decrease in trade receivables	291	-
(Increase)/decrease in other receivables	(70)	(11)
Increase in trade payables	-	1
Net cash flows from operating activities	87	(369)
Investing activities		
Acquisition of property, plant & equipment	(126)	-
Proceeds on disposal of available for sale assets	-	585
Cash consideration for acquisition	(125)	-
Net cash from investing activities	(251)	585
Financing activities		
Loans received	(554)	-
Proceeds from issuance of shares	115	-
Net cash from financing activities	(439)	-
Net movement in cash and cash equivalents	(603)	216
Cash and cash equivalents at beginning of period	615	399
Cash and cash equivalents at end of year	12	615

The notes on pages 28 to 47 form part of these financial statements.

The Barkby Group Plc

Company Statement of Cash Flows for the Period Ended 31 May 2019

	Company Period ended 31 May 2019 £'000	Company Year ended 31 December 2017 £'000
Cash flows from operating activities		
Loss/(profit) before Tax	(151)	214
Adjustments to reconcile loss before tax to operating cash flow:		
Depreciation & amortisation	87	-
Interest expense	63	-
Adjustment to deferred consideration	(81)	-
Loss on disposal of available for sale assets	-	71
Profit on disposal of investment	-	(656)
Share based payment expense	-	12
Cash used in operating activities before changes in working capital	(83)	(359)
Increase in inventory	(54)	-
Decrease in trade receivables	67	-
(Increase)/decrease in other receivables	88	(11)
Increase in trade payables	-	1
Net cash flows from operating activities	18	(369)
Investing activities		
Acquisition of property, plant & equipment	(125)	-
Proceeds on sale of available for sale assets	-	585
Loan to subsidiary	(210)	-
Cash consideration for acquisition	(125)	-
Net cash from investing activities	(460)	585
Financing activities		
Loans received	(276)	-
Proceeds from issuance of shares	115	-
Net cash from financing activities	(161)	-
Net movement in cash and cash equivalents	(603)	216
Cash and cash equivalents at beginning of period	615	399
Movements in foreign exchange	-	-
Cash and cash equivalents at end of year	12	615

The notes on pages 28 to 47 form part of these financial statements.

The Barkby Group Plc

Consolidated Statement of Changes in Equity for the Period Ended 31 May 2019

	Share capital	Share premium	Capital redemption reserve	Retained earnings	Total equity attributable to owners
	£'000	£'000	£'000	£'000	£'000
At 1 January 2017	86	5,564	3,078	(8,364)	364
Comprehensive income for the year	-	-	-	214	214
At 31 December 2017	86	5,564	3,078	(8,150)	578
Comprehensive income for the period					
Comprehensive income for the period	-	-	-	75	75
Total comprehensive income for the year	-	-	-	75	75
Transactions with owners					
Share issues	53	783	-	-	836
Total transactions with owners	53	783	-	-	836
As at 31 May 2019	139	6,347	3,078	(8,075)	1,489

The notes on pages 28 to 47 form part of these financial statements.

Share capital: represents the aggregate nominal value of shares issued

Share premium: represents the aggregate amount received for the issue of shares in excess of nominal value less any permitted costs of share issue and similar deductions

Capital redemption reserve: represents the nominal value of deferred shares redeemed from the proceeds of as new issue off shares in excess of the nominal value of the new shares issue for the purpose of the redemption

Retained earnings: represents the aggregate accumulated profits less losses of the Group to the reporting date

The Barkby Group Plc

Company Statement of Changes in Equity for the Period Ended 31 May 2019

	Share capital	Share premium	Capital redemption reserve	Retained earnings	Total equity attributable to owners
	£'000	£'000	£'000	£'000	£'000
At 1 January 2017	86	5,564	3,078	(8,364)	364
Comprehensive income for the year	-	-	-	214	214
At 31 December 2017	86	5,564	3,078	(8,150)	578
Comprehensive Loss for the year					
Loss	-	-	-	(151)	(151)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(151)	(151)
Transactions with owners					
Share issues	53	783	-	-	836
Total transactions with owners	53	783	-	-	836
As at 31 May 2019	139	6,347	3,078	(8,301)	1,263

The notes on pages 28 to 47 form part of these financial statements.

Share capital: represents the aggregate nominal value of shares issued

Share premium: represents the aggregate amount received for the issue of shares in excess of nominal value less any permitted costs of share issue and similar deductions

Capital redemption reserve: represents the nominal value of deferred shares redeemed from the proceeds of as new issue off shares in excess of the nominal value of the new shares issue for the purpose of the redemption

Retained earnings: represents the aggregate accumulated profits less losses of the Company to the reporting date

The Barkby Group Plc

Notes Forming Part of the Financial Statements for the Period Ended 31 May 2019

1. Nature of Operations

These financial statements are for The Barkby Group Plc (“Barkby” or the “Company”) and its subsidiary (“Centurian Automotive”, together, the “Group”). The Company has its registered office at Lakeside, Fountain Lane, St Mellons, CF3 0FB and is domiciled in England and Wales and incorporated under the Companies Act 2006. The nature of the Group’s operations and its principal activities are those of a consumer-focused luxury service provider. The Group’s principal place of business is the United Kingdom.

On 25 June 2018 the company changes its name from Sovereign Mines of Africa PLC to The Barkby Group PLC.

2. Basis of Accounting

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the EU issued by the International Accounting Standards Board, under the historical cost convention.

The consolidated financial statements are presented in British Pounds Sterling (£), which is also the functional currency of the Company and Group and is the preferred currency of the owners of the Company. Amounts are rounded to the nearest thousand (£’000), unless otherwise stated.

The preparation of consolidated financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s and Group’s accounting policies (see below pages 31 and 32).

As provided by section 408 of the 2006 Act, no statement of comprehensive income is presented in respect of the Company. The Company’s loss for the year is disclosed on the Company balance sheet.

New accounting standards in issue and effective

For the period ended 31 May 2019, a number of standards and interpretations were in issue and were effective for the first time.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 (effective for financial periods beginning on or after 1 January 2018) established a new five-step model that will apply revenue arising from contracts with customers. It replaces existing revenue guidance, including IAS 18 Revenue and IAS 11 Construction contracts. IFRS 15 is based on the principle that revenue is recognised when control of a good or service transfers to the customer. When applying the new standard, the entity needs to assess whether the revenue will be recognised over time or at a point in time. The effect of variable considerations and the time value of money on the transaction price need to be assessed. In addition, IFRS 15 requires quantitative and qualitative disclosures about the entity’s contracts with customers, performance obligations in the contracts and significant judgements to be made. The Group has adopting the new standard on the required effective date using the full retrospective method.

The Barkby Group Plc

Notes Forming Part of the Financial Statements for the Period Ended 31 May 2019 (continued)

IFRS 15 Revenue from Contracts with Customers (continued)

For the supplying of products, short term service contracts and long-term projects, the management identifies mostly one performance obligation in a contract under the new standard and revenue is typically recognised at a point in time when transfer of control occurs.

IFRS 9 Financial instruments

IFRS 9 Financial Instruments replaces the existing guidance in IAS 39 Financial Instruments - Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including new general hedge accounting requirements and a new expected credit loss model for calculating impairment on financial assets. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The group have considered the expected credit loss model and following a review of its trade receivables at 31 May 2019 do not consider a provision required given the ageing of this balance.

IFRS 2 Share-based Payments

Amendments to IFRS 2 Share-Based Payments became effective for periods beginning on or after 1 January 2018. The amendments are intended to eliminate the diversity in the classification and measurement of particular share-based payment transactions (accounting for cash-settled share-based payment transactions from cash-settled to equity-settled). The amendments have no impact on the financial statements.

The adoption of these standards and interpretations, or any of the amendments made to the existing standards as a result of the annual improvements cycle, did not have a material effect on the financial statements of the year of initial application.

Accounting standards in issue but not yet effective

At the date of authorisation of these financial statements, a number of standards and interpretations were in issue but not yet effective. The Directors do not anticipate that the adoption of these standards and interpretations, or any of the amendments made to the existing standards as a result of the annual improvements cycle, will have a material effect on the financial statements of the year of initial application.

IFRS 16 Leases

IFRS 16 (effective for financial periods beginning on or after 1 January 2019) changes the accounting for operating leases by requiring companies to recognise lease assets and lease liabilities in the balance sheet, initially measured at the present value of unavoidable future lease payments, and to depreciate those assets and interest on the lease liabilities in the statement of income over the lease term. Whether a contract contains a lease is determined on the basis of whether the customer has the right to control use of an identified asset for a period of time. When adopting IFRS 16, the portion of the lease payments currently included in other operating expenses in the consolidated statement of income will be transferred to depreciations and amortisation and the interest portion to financial expenses. The standard will primarily affect the accounting for the Group's operating lease, increasing the balance sheet totals and leading to some changes in key figures. At the reporting date, the Group has one non-cancellable operating lease with a net present value of £900,000 (see note 18). The Group is assessing the impact of IFRS 16.

The Barkby Group Plc

Notes Forming Part of the Financial Statements for the Period Ended 31 May 2019 (continued)

Basis of Consolidation

The Group consolidates the financial information of the Company, its subsidiary and the hospitality assets and liabilities drawn up to 31 May each year. The subsidiary is consolidated from the date of its acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases. The acquisition of the hospitality assets and liabilities are treated as a business combination in line with IFRS and are consolidated as though there were a fully owned subsidiary.

The Company has control over a subsidiary if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The financial information of the subsidiary and hospitality assets and liabilities are prepared for the same reporting year as the parent company, using consistent accounting policies and is consolidated using the acquisition method. Intra-group balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Going concern

The Directors consider the going concern basis of preparation to be appropriate in preparing the financial statements. In considering the appropriateness of this basis of preparation, the Directors have reviewed the Group's working capital forecasts for a minimum of 12 months from the date of the approval of this financial information. Based on their consideration the Directors have reasonable expectation that the Group has adequate resources to continue for the foreseeable future and that carrying values of intangible assets are supported. Thus, they continue to adopt the going concern basis of accounting in preparing this financial information.

The Group will consider further acquisitions and is likely therefore to require further funding to finance the development of its business plan. The Directors are confident that the Group will be able to raise such funds as may be required from time to time for such requirements from investors and other sources of growth finance.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to externally imposed capital requirements.

The Company's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern.

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Barkby Group Plc

Notes Forming Part of the Financial Statements for the Period Ended 31 May 2019 (continued)

Revenue recognition

For the sale of bar, food and hotel rooms, the Directors have identified a single performance obligation; the delivery of the goods or access to the hotel room. Revenue recognised for these items is recognised at the time of sale and is the fair value of sales after deducting discounts and sales-based taxes.

For luxury motor vehicle sales, the Directors have identified the single performance obligation of the transfer of legal ownership of the motor vehicle and revenue is recognised at the time the legal transfer has been completed at the fair value of the sale after deducting discounts and taxes.

Share-based payments

Equity-settled share-based payments are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of the non-market based vesting conditions. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period based on the Company's estimate of the number of shares that will eventually vest and is adjusted for the effect of non-market-based vesting conditions.

Taxation

The charge for current tax is based on the taxable income for the period. The taxable result for the period differs from the result as reported in the statement of comprehensive income because it excludes items which are not assessable or disallowed and it further excludes items that are taxable and deductible in other years. It is calculated using tax rates that have been enacted or substantially enacted by the statement of financial position date.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the audited consolidated statement of financial position differs from its tax base.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Judgements, estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The Barkby Group Plc

Notes Forming Part of the Financial Statements for the Period Ended 31 May 2019 (continued)

Judgements

The Directors have considered the criteria of IFRS 3 regarding the impairment of goodwill and intangible assets and have decided based on this assessment that there is no basis to impair their carrying value at this time.

Due to the control which the Company holds over its subsidiary and the hospitality assets and liabilities the Company's continued support of its subsidiary, the Directors consider that the intercompany receivable owed by Centurian Automotive to the Company is fully recoverable and it has therefore not been impaired at the year end.

Financial liabilities

The Company classifies its financial liabilities into one category: Other financial liabilities

Other financial liabilities include the other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Financial instruments - risk management

The Company is exposed through its operations to liquidity risk.

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments.

Principal financial instruments

The principal financial instrument used by the Company, from which financial instrument risk arises, is third party borrowings.

3. Segment information

IFRS 8 requires that operating segments be identified on the basis of internal reporting and decision-making. Barkby's highest operative decision maker is the Board of Directors. The Directors assess the Group's profitability, financial position and development as a whole as part of the monthly management accounts. Barkby group has two operating segments, luxury hospitality and luxury car sales, which are supported by the head office function.

The following table shows the Group's revenue and results for the year under review analysed by operating segment. Segment operating profit represents the trading profit after depreciation, but before tax.

The Barkby Group Plc

Forming Part of the Financial Statements for the Period Ended 31 May 2019

3. Segment information (continued)

The table below shows turnover, depreciation, operating profit, net interest, profit before tax and profit after tax for each reporting segment at 31 May 2019.

	Turnover	Depre- ciation	Operating Profit/(loss)	Net Interest	Profit/(loss) Before tax	Taxation	Profit After tax
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Luxury Hospitality	3,557	(86)	273	(63)	210	-	210
Luxury Car Sales	2,729	(1)	98	(125)	(25)	-	(25)
Holding Company	-	-	(361)	-	(361)	-	(361)
Total	6,286	(87)	10	(188)	(176)	-	(176)
Gain on bargain purchase	-	-	-	-	-	-	251
Total profit after tax	-	-	-	-	-	-	75

The table below shows turnover, operating profit, net profit and profit after tax for each reporting segment at 31 May 2019.

	Non- Current Assets	Current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Net Operating Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Luxury Hospitality	987	392	1,379	(607)	(373)	(979)	400
Luxury Car Sales	25	4,118	4,143	(3,394)	-	(3,394)	749
Holding Company	-	-	-	(422)	-	(422)	(422)
Total	1,012	4,510	5,522	(4,423)	(373)	(4,796)	727
Goodwill recognised on consolidation							1,073
Net Assets							1,489

No segmental information has been provided for the comparative period as there was only one operating segment during the year end 31 December 2017 which was that of a cash shell.

The Barkby Group Plc

Forming Part of the Financial Statements for the Period Ended 31 May 2019 (continued)

4. Other operating income

Other operating income for the period ended 31 May 2019 consisted of the following:

	2019 £'000	2017 £'000
Deferred consideration not payable	81	-
Profit on disposal of held for sales assets and investments	-	656
Other operating income	81	656

Deferred consideration not payable relates to the write off of the deferred consideration not paid as the company did not meet the requirements in year 1 of the agreement.

5. Finance expenses

The table below summaries the Company's finance expenses for the period:

	2019 £'000	2017 £'000
Financing of motor vehicles held for sale	117	-
Bank charges	3	-
Interest payable	68	-
	188	-

The Barkby Group Plc

Forming Part of the Financial Statements
for the Period Ended 31 May 2019 (continued)

6. Acquisitions

The business and assets of Turf to Table Limited

On 25th June 2018, the Company acquired the assets and liabilities of Turf to Table Limited. The business acquired the operations of three premium gastro pubs. IFRS3 has been applied and the acquisition accounted for as a business combination. The following tables summarise the amounts for the consideration paid for the assets and liabilities, the fair value of the assets and liabilities and the goodwill recognised at the acquisition date.

Turf to Table

	2019
	£'000
Consideration	
Shares issued	520
Cash consideration	125
Fair value of deferred consideration	251
Total consideration	896

	2019
	£'000
<i>Fair value of assets and liabilities acquired</i>	
Fixed assets acquired	948
Other receivables	169
Trade and other payables	(658)
Borrowings	(637)
Total liabilities	(1,295)
Fair value of net assets acquired	(178)

Goodwill on acquisition	1,074
--------------------------------	--------------

Contingent consideration

As part of the agreement with the previous owner of Turf to Table Limited, a contingent consideration has been agreed. There will be additional cash payments to the previous owners of Turf to Table Limited of a maximum amount of £560,000, payable as up to £180,000 each year if operating profits as defined by the agreement are in excess of required profit levels.

At the acquisition date, the fair value of the contingent consideration was estimated to be £251,000.

As at 31 May 2019, the key performance indicators show that it is probable that the target will be achieved due to expected future trade. As a result of this, a re-measurement of the deferred consideration has been recognised through profit and loss. The fair value has been determined using a discounted cash flow method.

The Barkby Group Plc

Forming Part of the Financial Statements for the Period Ended 31 May 2019 (continued)

Centurian Automotive Limited

On 14th February 2019, the Company acquired the entire share capital of Centurian Automotive Limited. The following tables summarise the preliminary amounts for the consideration paid for the company, the fair value of the assets and liabilities and the goodwill recognised at the acquisition date.

	2019
<i>Consideration</i>	£'000
Shares issued	201
Fair value of deferred consideration	113
Total consideration	314
	2019
<i>Fair value of assets and liabilities acquired</i>	£'000
Fixtures & Fittings	25
Stock	3,695
Trade & other receivables	454
Total assets	4,174
Trade and other payables	96
Borrowings	3,513
Total liabilities	3,609
Fair value of net assets acquired	565
Negative goodwill on acquisition (written off to income statement)	(251)

The contributions to revenues and profit before tax for the acquisitions in the period since acquisition are set out in segment analysis in note 3.

Impairment testing of goodwill

The Group performs annual impairment testing of goodwill. Impairment of goodwill is also tested when changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount from the cash generating unit ("CGU") is determined based on a value in use calculation. The calculation is made on a discounted cash flow method basis based on the utilisation of the existing assets in their current condition with normal maintenance capital expenditure.

The Barkby Group Plc

Notes Forming Part of the Financial Statements for the Period Ended 31 May 2019 (continued)

Contingent consideration

As part of the agreement with the previous owner of Centurian Automotive, a contingent consideration has been agreed. There will be additional cash payments to the previous owners of Centurian Automotive of a maximum amount of £251,000, will be satisfied by the issue to the Vendors of up to 5,270,520 new ordinary shares of 0.33p in the Company ("Deferred Consideration Shares") at 4.775p per share over three years based on performance targets defined by the agreement.

At the acquisition date, the fair value of the contingent consideration was estimated to be £113,000.

As at 31 May 2019, the key performance indicators show that it is probable that the target will be achieved due to expected future trade. As a result of this, a re-measurement of the deferred consideration has been recognised through profit and loss. The fair value has been determined using a discounted cash flow method.

7. Taxation

A reconciliation of the Group's tax charge is shown below:

	2019 £'000	2017 £'000
Profit on ordinary activities before tax	75	214
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19%)	14	41
Effects of:		
Brought forward loss relief	(14)	(41)
Total tax charge for the period	-	-

A deferred tax asset has not been recognised in respect of deductible temporary differences relating to losses carried forward at the year-end, as there is insufficient evidence that taxable profits will be available in the foreseeable future against which the deductible temporary difference can be utilised.

The Barkby Group Plc

Notes Forming Part of the Financial Statements for the Period Ended 31 May 2019 (continued)

8. Earnings per share

The Group's earnings earning per share for the period is calculated as follows:

	2019 £'000	2017 £'000
Profit for the period	75	214
Weighted average number of shares (basic)	34,768,263	26,086,638
Weighted average number of shares (diluted)	43,192,503	30,632,093
Profit per share - basic (p)	0.22	0.82
Profit per share - diluted (p)	0.17	0.70

In accordance with IAS33, the weighted average number of shares in issue has been adjusted retrospectively to present the share capital as though the 1:33 share consolidation effected on 25 June 2018 had been affected from 1 January 2017.

The Barkby Group Plc

Notes Forming Part of the Financial Statements for the Period Ended 31 May 2019 (continued)

9. Plant, property and equipment

	Freehold Property £'000	Fixtures & Fittings £'000	Computer equipment £'000	Kitchen equipment £'000	Total £'000
<i>Cost or valuation</i>					
Brought forward at 1 December	-	-	-	-	-
Additions on acquisition	672	152	6	143	973
Additions post acquisition	-	2	60	64	126
	672	154	66	207	1,099
<i>Depreciation</i>					
Brought forward at 1 December	-	-	-	-	-
Charge for the period	-	31	14	42	87
At 31 May 2019	-	31	14	42	87
<i>Net book value</i>					
At 1 December 2017	-	-	-	-	-
At 31 May 2019	672	123	53	165	1,012

Included within fixtures and fittings is an amount totalling £25,000 in respect of the subsidiary undertaking.

The following property, plant and equipment have been pledged to licenced banks as security for banking facilities granted to The Barkby Group PLC

	2019 £'000	2017 £'000
At carrying amount: - Freehold Land and Buildings	672	-

The Barkby Group Plc

Notes Forming Part of the Financial Statements for the Period Ended 31 May 2019 (continued)

10. Inventory

The Group's inventory balance consisted of the following at the period end:

	2019 £'000	2017 £'000
Motor vehicles held for sale	4,099	-
Food and drink	54	-
Total inventory	4,153	-

11. Trade payables

The table below sets out the Group's trade payables at the period end:

	2019 £'000	2017 £'000
Current	183	50
Due in 30 days	104	-
Due in 60 days	139	-
Due in 90 days	13	-
Due in >90 days	57	-
Total trade payables	496	50

The Barkby Group Plc

Notes Forming Part of the Financial Statements for the Period Ended 31 May 2019 (continued)

12. Borrowings

The table below sets out the Group's borrowings at the period end:

	Term	Interest Rate	2019 £'000	2017 £'000
<i>Payable after 1 year:</i>				
Mortgage secured on property	5 years	2.5% p.a. over base	336	-
Finance leases on kitchen equipment	3 years	20%	37	-
			373	-
<i>Payable within 1 year:</i>				
Financing of motor vehicles	150 days	Varies	2,935	-
Loan from landlord	3 years	4.25% p.a.	100	-
Total borrowings			3,408	-
<i>Lender:</i>				
BCA	150 days	10% per month	1,986	-
Motonovo	150 days	6% per month	239	-
Next Gear	150 days	10% per month	710	-
Total financing of motor vehicles			2,935	-

Motor vehicle financing consists entirely of loans that are secured on individual motor vehicles recognised within the Group's inventory balance (see note 10).

Below is a reconciliation of opening and closing borrowings:

	At 1 January 2017	Subsidiary loans at acquisition date	Repayments in year	Interest charged	At 31 May 2019
Borrowing	-	4,150	(554)	185	3,781

The Barkby Group Plc

Notes Forming Part of the Financial Statements for the Period Ended 31 May 2019 (continued)

13. Share capital

The table below sets out the Group's share capital movements for the period:

	Ordinary Shares	Ordinary Shares
	No.	£
At 31 December 2016 & 2017		
- ordinary shares of 0.01p each	860,859,050	86,086
Share consolidation - 25 June 2018	(834,772,412)	-
Issue of consideration shares – 25 June 2018	5,777,778	19,067
Placing – 25 June 2018	6,083,335	20,075
Issue of consideration shares – 14 February 2019	4,216,416	13,914
Balance at 31 May 2019		
- ordinary shares at 0.33p each	42,164,167	139,142

On 25 June 2018 the Company's shares were consolidated by the issue of one new ordinary share of 0.33p for every 33 existing ordinary shares of 0.01p.

Also, on 25 June 2018 the Company issued 5,777,778 new ordinary shares as part of the consideration for the acquisition of the business and assets of Turf to Table Limited.

Also, on 25 June 2018 the Company placed 6,083,335 new ordinary shares at 9p per share.

On 14 February 2019 the Company issued 4,216,416 new ordinary shares as part of the consideration for the acquisition of Centurion Automotive Limited

The Barkby Group Plc

Notes Forming Part of the Financial Statements for the Period Ended 31 May 2019 (continued)

13. Share capital (continued)

The Company has an unapproved share option scheme under which share options to subscribe for the Company's shares have been granted to two of the Directors. The vesting condition is the number of years' service. The share options and warrants currently in existence were granted and are exercisable as follows:

		Exercise price (pence)	Number of shares	Vesting conditions	Contractual life Remaining 2019 (years)	Contractual life Remaining 2017 (years)
<i>Share options:</i>						
18 November 2013		3.00	3,000,000	Between 18 November 2013 and 18 November 2019	0.4	0.5
<i>Share warrants:</i>						
30 December 2015		0.10	125,000,000	Upon execution of a reverse takeover by the Company	1.6	3
30 December 2015		0.10	125,000,000	Between 30 December 2015 and 30 December 2020	1.6	3
18 July 2016		0.23	11,000,000	Between 28 July 2016 and 29 July 2021	2.2	3.6
18 July 2016		0.23	11,000,000	Upon execution of a reverse takeover by the Company	1.6	3

The number of options exercisable at the period end was 3,000,000 (2017: 6,000,000).

14. Employee benefit expenses

The Group's employee benefit expenses for the period are set out in the table below:

	2019	2017
	£'000	£'000
Wages and salaries	1,619	-
Pension costs	16	-
Other personnel costs	32	12
Total employee benefit costs	1,667	12

The average number of staff employed by the Group during the period was 54.4 (2017: 2). The average number of employees in the parent company is 49.4.

The Barkby Group Plc

Notes Forming Part of the Financial Statements for the Period Ended 31 May 2019 (continued)

15. Financial instruments

The table below sets out the Group's financial instruments by measurement category at the period end:

	Measured at amortised cost £'000	Fair value through income statement £'000
Current financial assets:		
Trade receivables	19	-
Cash and cash equivalents	-	12
Carrying amounts of financial assets	19	12
Non-current liabilities		
Interest bearing debt	373	-
Current financial liabilities:		
Interest bearing debt (see note 12)	3,408	-
Trade payables (see note 11)	496	-
Other payables	372	-
Carrying amounts of financial liabilities	4,649	-

16. Related party transactions

Emma Dark, Finance Director of the Company, provided consultancy, bookkeeping and payroll services to the Company during the period and her company was paid £58,000 (2017: £nil). There were no fees outstanding at the year end.

The Directors are considered to be the key management of the Group and their remuneration is disclosed in note 19.

The Barkby Group Plc

Notes Forming Part of the Financial Statements for the Period Ended 31 May 2019 (continued)

17. Operating profit disclosures

The Company and Group's operating profit is stated after charging the following:

	2019 £'000	2017 £'000
Share based payments	-	12
Lease payments	18	-
Fees payable to the Company's auditor for: Audit of the financial statements of the Company and its subsidiary pursuant to legislation	35	8
Transaction support services	73	-
Taxation services	11	-
Total auditor's remuneration	119	8

18. Operating lease commitments

The Group has one operating lease as defined under IAS 17: an operating agreement for The George at Burpham public house, near Arundel in West Sussex, which runs for 10 years starting the 30th November 2018. The minimum value of contractual payments under the operating agreement is £36,000 in the first year, £144,000 in years 2 to 5 and £180,000 in years 5 to 10.

19. Directors' remuneration

The Company and Group paid the following remuneration to the Directors during the period:

	2019 £'000	2017 £'000
Remuneration	351	-
Defined contribution pension contributions	16	-
Share based payments	-	12
Health care and other benefits	3	-
Total Directors' remuneration	370	12

The Barkby Group Plc

Notes Forming Part of the Financial Statements for the Period Ended 31 May 2019 (continued)

20. Subsidiaries

On 14th February 2019, the Company acquired the entire share capital of Centurian Automotive Limited, its sole subsidiary. Centurian Automotive is registered in England and Wales under the incorporation number 08049326 with the registered address: Lakeside Fountain Lane, St. Mellons, Cardiff, Wales, CF3 0FB

21. Financial risks

Management considers the following to be the principal financial risks and uncertainties relating to the Group:

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and by investing cash assets safely and profitably.

External funding facilities are managed to ensure that both short-term and longer-term funding is available to provide short-term flexibility whilst providing sufficient funding to the working capital requirements of its subsidiary. The group manage the risk of refinancing by communicating with its lenders as soon as possible to ensure that facilities are secured, and the ongoing financing is available.

The group manages its interest rate risk by agreeing interest rates in advance of lending and ensuring that the interest rate secured is in line with the group's forecast. The group review interest rates regularly to ensure any adverse changes in interest rates would not disrupt the business.

Below is a summary of the contractual undiscounted cash flows as at 31 May 2019:

	Less than 1 year	Between 1 – 2	Between 2 – 5	Total
	£000's	years £000's	years £000's	£000's
Borrowings	2,954	20	397	3,371
Finance lease liabilities	9	9	19	37
Trade and other payables	496	-	-	496
Total	<u>3,459</u>	<u>29</u>	<u>416</u>	<u>3,904</u>

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Barkby's exposure to interest rate risk arises mainly from interest-bearing financial liabilities. Barkby's policy is to obtain the most favourable interest rates available.

The Barkby Group Plc

Notes Forming Part of the Financial Statements for the Period Ended 31 May 2019 (continued)

21. Financial risks (continued)

Credit Risk

Barkby's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. Barkby manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), Barkby minimises credit risk by taking payments for the delivery of the majority of goods and services provided at the point of delivery or in advance as is usual in the hospitality industry.

Barkby establishes an allowance for impairment that represents its estimate of future losses expected in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for Barkby's of similar assets in respect of losses that are likely to be expected but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

Barkby does not have any major concentration of credit risk related to any individual customer or counterparty.

Exposure to credit risk

As Barkby does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the end of the reporting periods.

Capital Risk Management

Barkby manages its capital to ensure that entities within Barkby will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, Barkby may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

Barkby manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory. The debt-to-equity ratio is calculated as total borrowings from financial institutions divided by total equity. The debt-to-equity ratio at 31 May 2019 is 1.92.

There was no change in Barkby's approach to capital management during the financial period under review.

SECTION B: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF TARNCOURT AMBIT PROPERTIES LIMITED



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The Directors
The Barkby Group Plc
Lakeside
Fountain Lane
St Mellons
Cardiff CF3 0FB

finnCap Ltd
60 New Broad Street
London
EC2M 1JJ

Dear Sirs,

Introduction

We report on the audited historical financial information of Tarncourt Ambit Properties Limited ("TAPL") set out in Part VI Section C (the "Historical Financial Information of Tarncourt Ambit Properties Limited") of the Admission document dated 19 December 2019 (the "Document") of The Barkby Group Plc (the "Company"). The Historical Financial Information of TAPL has been prepared for inclusion in the Document on the basis of preparation and accounting policies set out in note 1 to the Historical Financial Information of TAPL. This report is required by paragraph 20.1 of Annex 1 of the Prospectus Directive Regulation as applied by part (a) of Schedule Two to the AIM Rules for Companies (the "AIM Rules") and is given for the purposes of complying with the AIM Rules and for no other purpose.

Responsibilities

The directors of the Company (the "Directors") are responsible for preparing the Historical Financial Information of TAPL in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

It is our responsibility to form an opinion on the Historical Financial Information of TAPL as to whether it gives a true and fair view, for the purposes of the Document and to report our opinion to you.

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

Basis of Opinion

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

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Historical Financial Information of TAPL is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Historical Financial Information of TAPL gives, for the purposes of the Document, a true and fair view of the state of affairs of TAPL as at the date stated and of the results, financial position, cash flows and changes in equity for the period then ended in accordance with the basis of preparation set out in note 1 to the Historical Financial Information of TAPL and International Financial Reporting Standards as adopted by the European Union.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdictions other than the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those other standards and practices.

Declaration

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

Yours faithfully,

Crowe U.K. LLP

Chartered Accountants

SECTION C: HISTORICAL FINANCIAL INFORMATION OF TARNCOURT AMBIT PROPERTIES LIMITED

Statements of profit or loss and other comprehensive income

The statements of comprehensive income of TAPL for each of the three years ended 31 March 2017, 2018 and 2019 are set out below:

	Notes	2017 £	2018 £	2019 £
Revenue	2	1,200,000	1,587,954	9,948,073
Cost of sales		(971,201)	(1,468,112)	(6,283,326)
Gross profit		228,799	119,842	3,664,747
Other operating income		39,065	–	–
Administrative expenses		(8,517)	(1,943)	(22,033)
Operating profit	3	259,347	117,899	3,642,714
Finance costs	5	(7,725)	(20,343)	(270,588)
Profit before payments to related parties		251,622	97,556	3,372,126
Payments to related parties		(275,000)	–	(2,832,000)
Profit/(loss) before taxation		(23,378)	97,556	540,126
Income tax expense	6	(4,676)	(18,342)	(102,631)
Profit/(loss) and total comprehensive income for the year		(28,054)	79,214	437,495
Earnings/(loss) per share	15	(28,054)	79,214	437,495

Statements of financial position

The statements of financial position of TAPL for each of the three years ended 31 March 2017, 2018 and 2019 are set out below:

	Notes	2017 £	2018 £	2019 £
Current assets				
Inventories	7	401,184	612,560	19,910
Trade and other receivables	9	10,330	594,990	4,113,515
Cash and cash equivalents		5,270	1,498	1,425
Total assets		<u>416,784</u>	<u>1,209,048</u>	<u>4,134,850</u>
Current liabilities				
Trade and other payables	13	418,111	943,498	2,762,302
Current tax liabilities		4,676	18,249	102,631
Borrowings	11	—	174,090	682,061
		<u>422,787</u>	<u>1,135,837</u>	<u>3,546,994</u>
Net current assets/(liabilities)		<u>(6,003)</u>	<u>73,211</u>	<u>587,856</u>
Non-current assets/(liabilities)				
Borrowings	11	—	—	77,150
Total liabilities		<u>422,787</u>	<u>1,135,837</u>	<u>3,624,144</u>
Net assets/(liabilities)		<u>(6,003)</u>	<u>73,211</u>	<u>510,706</u>
Equity				
Called up share capital	14	1	1	1
Retained earnings	15	(6,004)	73,210	510,705
Total equity		<u>(6,003)</u>	<u>73,211</u>	<u>510,706</u>

Statements of changes in equity

The statements of changes in equity of TAPL for each of the three years ended 31 March 2017, 2018 and 2019 are set out below:

	<i>Share capital</i> £	<i>Retained earnings</i> £	<i>Total</i> £
Balance at 1 April 2016	1	22,050	22,051
Year ended 31 March 2017:			
Loss and total comprehensive income for the year	—	(28,054)	(28,054)
Balances at 31 March 2017	1	(6,004)	(6,003)
Year ended 31 March 2018:			
Profit and total comprehensive income for the year	—	79,214	79,214
Balances at 31 March 2018	1	73,210	73,211
Year ended 31 March 2019:			
Profit and total comprehensive income for the year	—	437,495	437,495
Balances at 31 March 2019	1	510,705	510,706

Statement of cash flows

The statements of cash flow statements of TAPL for each of the three years ended 31 March 2017, 2018 and 2019 are set out below:

	Notes	2017 £	2018 £	2019 £
Cash flows from operating activities				
Cash (absorbed by)/generated				
from operations	19	588,396	(152,750)	(296,357)
Interest paid		(7,725)	(20,343)	(270,588)
Tax paid		(6,088)	(4,769)	(18,249)
		<hr/>	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities		574,583	(177,862)	(585,194)
Financing activities				
Proceeds from borrowings		–	174,090	881,041
Repayment of borrowings		(200,000)	–	(295,920)
Repayment of bank loans		(370,363)	–	–
		<hr/>	<hr/>	<hr/>
Net cash generated from/(used in) financing activities		(570,363)	174,090	585,121
		<hr/>	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		4,220	(3,772)	(73)
Cash and cash equivalents at beginning of year		1,050	5,270	1,498
		<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of year		5,270	1,498	1,425
		<hr/>	<hr/>	<hr/>

1. Accounting policies

Company Information

TAPL is a private company limited by shares incorporated in England and Wales. The registered office is Richard House, 9 Winckley Square, Preston, PR1 3HP. The principal activity of TAPL is construction of commercial property on behalf of clients.

1.1 Basis of preparation

The Historic Financial Information has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and IFRIC Interpretations applicable to companies reporting under IFRS and which are in force at the reporting date.

The Historic Financial Information is presented in pounds sterling, which is the functional currency of TAPL. Monetary amounts in this historic financial information is rounded to the nearest £.

The historic financial information has been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

1.2 Changes in accounting standards, amendments and interpretation not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning 1 January 2019 and have not been applied in preparing this historical financial information. These include:

- IFRS 16 Leases (1 January 2019)
- IFRS 17 Insurance Contracts (1 January 2021)
- IFRIC Uncertainty over Income Tax Treatments (1 January 2019)
- Amendments to IFRS 9 Prepayment Features with Negative Compensation (1 January 2019)
- Amendments to IAS 28 Long-Term Interests in Associates and Joint Ventures (1 January 2019)*
- Amendments to IAS 19 Plan amendments, curtailment or settlement (1 January 2019)*
- Amendments to IFRS 3 Business combinations (1 January 2020)*
- Amendments to IAS 1 and IAS 8 Definition of material (1 January 2020)*

* Denotes not yet EU endorsed

None of these IFRSs, IFRIC interpretations or amendments are expected to have a material impact on TAPL.

1.3 Use of judgements, estimates and assumptions

The preparation of historic financial information in conformity with IFRS as adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent assets and liabilities. 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 historic financial information and have significant risk of resulting in a material adjustment within the next financial year are included as follows:

- (a) Contracts with customers – Determination of performance obligations
- (b) Related party transactions – Determination of charges for provision of working capital facilities.

1.4 **Going concern**

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that TAPL will continue in operational existence for the foreseeable future.

The Directors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of TAPL to continue as a going concern. The Directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts and have concluded that TAPL has sufficient support from the Dickson family to enable it to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the accounts.

1.5 **Revenue**

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Performance obligations for revenue from contracts with customers are satisfied over time as the contract progresses, with TAPL recognising revenue at stages through the contract.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

1.6 **Segment reporting**

TAPL currently has one operating segment.

1.7 **Inventories**

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell.

Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.8 **Contracts with customers**

Where the outcome of a contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

The “percentage of completion method” is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as inventories, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

Bank interest accruing on capital borrowed to fund the production of long term contracts is expensed as incurred.

1.9 **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and TAPL's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which TAPL has applied the practical expedient, TAPL initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which TAPL has applied the practical expedient are measured at the transaction price determined under IFRS 15. Further details of how transaction price is determined for each revenue stream is detailed within the revenues accounting policy.

Financial assets at amortised cost (debt instruments)

TAPL measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. TAPL's financial assets held at amortised cost includes VAT recoverable and other receivables.

Impairment of financial assets

TAPL recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that TAPL expects to receive, discounted at an approximation of the original effective interest rate. The

expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

1.11 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. TAPL's financial liabilities include trade and other payables and amounts due to related parties.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

1.12 Equity instruments

Equity instruments issued by TAPL are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of TAPL.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. TAPL's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when TAPL has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2. Revenue

	2017 £	2018 £	2019 £
Revenue analysed by class of business			
Commercial property development	<u>1,200,000</u>	<u>1,587,954</u>	<u>9,948,073</u>

The revenue was from contracts with two customers

3. Operating profit

	2017 £	2018 £	2019 £
Operating profit for the year is stated after charging/(crediting):			
Fees payable to the company's auditor for the audit of TAPL's financial statements	–	–	8,750
Cost of inventories recognised as an expense	<u>971,201</u>	<u>1,468,112</u>	<u>6,283,326</u>

4. Employees

The average monthly number of persons (including directors) employed by TAPL during the year was:

	2017	2018	2019
Directors	<u>4</u>	<u>4</u>	<u>4</u>

5. Finance costs

	2017 £	2018 £	2019 £
Interest on bank overdrafts and loans	7,725	20,343	270,326
Other interest payable	–	–	262
Total interest expense	<u>7,725</u>	<u>20,343</u>	<u>270,588</u>

6. Income tax expense

	2017 £	2018 £	2019 £
Current tax			
UK corporation tax on profits for the current period	4,676	18,249	102,631
Adjustments in respect of prior periods	—	93	—
Total UK current tax	<u>4,676</u>	<u>18,342</u>	<u>102,631</u>

The charge for the year can be reconciled to the profit/(loss) per the income statement as follows:

	2017 £	2018 £	2019 £
Profit/(loss) before taxation	<u>(23,378)</u>	<u>97,556</u>	<u>540,126</u>
Expected tax charge/(credit) based on a corporation tax rate of 19.00% (2017: 20%)	(4,676)	18,536	102,624
Effect of expenses not deductible in determining taxable profit	9,352	—	57
Other permanent differences	—	(194)	—
Taxation charge for the year	<u>4,676</u>	<u>18,342</u>	<u>102,681</u>
Taxation charged in the financial statements	<u>4,676</u>	<u>18,342</u>	<u>102,681</u>

There is no deferred taxation charge and no unrecognised deferred tax impact on income tax expense.

7. Inventories

	2017 £	2018 £	2019 £
Work in progress	<u>401,184</u>	<u>612,560</u>	<u>19,910</u>

8. Contracts with customers

	2017 £	2018 £	2019 £
Contracts in progress at the reporting end date			
Amounts owed by contract customers included in trade and other receivables	<u>—</u>	<u>564,990</u>	<u>520,000</u>
Contracts revenues recognised			
Contract costs plus recognised profits less recognised losses to date	<u>—</u>	<u>1,587,954</u>	<u>—</u>

9. Trade and other receivables

	2017	2018	2019
	£	£	£
Amounts owed by contract customers	–	564,990	520,000
VAT recoverable	10,330	–	–
Other receivables	–	–	25,347
Amounts owed by related parties	–	30,000	3,472,992
Prepayments	–	–	95,177
	<u>10,330</u>	<u>594,990</u>	<u>4,113,516</u>

10. Trade receivables – credit risk

Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

11. Borrowings

Secured borrowings at amortised cost

Other loans	<u>–</u>	<u>174,090</u>	<u>759,211</u>
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Unconnected lenders have advanced facilities to TAPL secured on TAPL's property at interest rates between 1.8% pa and 5.75% pa

Analysis of borrowings

Borrowings are classified as current liabilities except where TAPL has the right to defer settlement by at least 12 months from the reporting date, as follows:

	2017	2018	2019
	£	£	£
Current liabilities	–	174,090	682,061
Non-current liabilities	<u>–</u>	<u>–</u>	<u>77,150</u>
	<u>–</u>	<u>174,090</u>	<u>759,211</u>

12. Fair value of financial liabilities

The directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

13. Trade and other payables

	2017	2018	2019
	£	£	£
Trade payables	63,813	184,366	41,116
Amounts owed to related parties	351,597	423,101	2,145,125
Accruals	2,701	246,650	111,764
Social security and other taxation	–	56,031	374,120
Other payables	–	33,350	90,177
	<u>418,111</u>	<u>943,498</u>	<u>2,762,302</u>

14. Share capital

	2017 £	2018 £	2019 £
Ordinary share capital			
<i>Issued and fully paid</i>			
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>	<u>1</u>

TAPL does not have an authorised share capital limit.

15. Earnings/(loss) per share

The calculation of earnings/(loss) per share is based on the following earnings and numbers of shares:

	2017	2018	2019
Weighted average number of shares for the purpose of earnings/(loss) per share	1	1	1
Profit/(loss) after tax (£)	(28,054)	79,214	437,495
Earnings/(loss) per share (£)	(28,054)	79,214	437,495

16. Capital risk management

Capital management

TAPL's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide the returns for shareholders and benefits for other stakeholders, to operate within the terms of loan agreements with related parties and to maintain an optimal capital structure to reduce the cost of capital

General objectives, policies and processes – risk management

TAPL is exposed through its operations to financial instrument risks in the areas of credit risk and liquidity risk. The Board reviews each of these risks and agrees policies for managing them that seek to reduce as far as possible without unduly affecting TAPL's competitiveness and flexibility. The policy for each of the above risks is described in more detail below.

Credit risk

Credit risk is the risk that the property project fails to complete and funds are not realised to settle TAPL obligations to third parties. TAPL only undertakes projects where there is a defined future tenant or prospect for sale of the property.

Liquidity risk

Liquidity risk arises from TAPL's management of working capital and is the risk that TAPL will encounter difficulty in meeting its financial obligations as they fall due. TAPL's policy is to review funding in line with operational cash flow requirements and arrange sufficient funding from related parties.

TAPL is not subject to any externally imposed capital requirements.

17. Related party transactions

Remuneration of key management personnel

No remuneration for the directors, who are key management personnel, was paid in the current and prior years.

Other transactions with related parties

During the year TAPL entered into the following transactions with related parties:

	2017 £	2018 £	2019 £
Other related parties	275,000	–	2,832,000

In 2019, the Board resolved to allocate profit on sale of property projects to the extent to £2,832,000 to related companies who had funded and assisted with the working capital funding of the projects.

The following amounts were outstanding at the reporting end date, arising from the provision of working capital to and from other related parties:

	2017 £	2018 £	2019 £
Amounts due to related parties			
Other related parties	351,597	423,101	2,145,125

The following amounts were outstanding at the reporting end date:

	2017 £	2018 £	2019 £
Amounts due from related parties			
Other related parties	–	30,000	3,472,992

A guarantee over the borrowings in TAPL has been provided by Mr C Dickson. A cross-guarantee has been provided over the borrowings in TAPL by Tarncourt Group Holdings LLP, Tarncourt Investments LLP, Tarncourt Properties Limited, Tarncourt Developments LLP and Tarncourt Construction Limited.

18. Controlling party

The ultimate controlling party of TAPL is Mr C Dickson.

19. Cash generated from operations

	2017 £	2018 £	2019 £
Profit/(loss) for the year after tax	(28,054)	79,214	437,495
Adjustments for:			
Taxation charged	4,676	18,342	102,631
Finance costs	7,725	20,343	270,588
Movements in working capital:			
Decrease/(increase) in inventories	720,190	(211,376)	592,650
Increase in trade and other receivables	(2,980)	(584,660)	(3,518,525)
Increase/(decrease) in trade and other payables	(113,161)	525,387	1,818,804
Cash (absorbed by)/generated from operations	588,396	(152,750)	(296,357)

**SECTION D: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF
TARNCOURT AMBIT LIMITED**



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The Directors
The Barkby Group Plc
Lakeside
Fountain Lane
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Cardiff CF3 0FB

finnCap Ltd
60 New Broad Street
London
EC2M 1JJ

Dear Sirs,

Introduction

We report on the audited historical financial information of Tarncourt Ambit Limited ("TAL") set out in Part VI Section E (the "Historical Financial Information of Tarncourt Ambit Limited") of the Admission document dated 19 December 2019 (the "Document") of The Barkby Group Plc (the "Company"). The Historical Financial Information of TAL has been prepared for inclusion in the Document on the basis of preparation and accounting policies set out in note 1 to the Historical Financial Information of TAL. This report is required by paragraph 20.1 of Annex 1 of the Prospectus Directive Regulation as applied by part (a) of Schedule Two to the AIM Rules for Companies (the "AIM Rules") and is given for the purposes of complying with the AIM Rules and for no other purpose.

Responsibilities

The directors of the Company (the "Directors") are responsible for preparing the Historical Financial Information of TAL in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

It is our responsibility to form an opinion on the Historical Financial Information of TAL as to whether it gives a true and fair view, for the purposes of the Document and to report our opinion to you.

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

Basis of Opinion

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

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Historical Financial Information of TAL is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Historical Financial Information of TAL gives, for the purposes of the Document, a true and fair view of the state of affairs of TAL as at the date stated and of the results, financial position, cash flows and changes in equity for the period then ended in accordance with the basis of preparation set out in note 1 to the Historical Financial Information of TAL and International Financial Reporting Standards as adopted by the European Union.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdictions other than the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those other standards and practices.

Declaration

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

Yours faithfully,

Crowe U.K. LLP

Chartered Accountants

SECTION E: HISTORICAL FINANCIAL INFORMATION OF TARNCOURT AMBIT LIMITED

Statements of profit or loss and other comprehensive income

The statements of comprehensive income of TAL for each of the three years ended 31 March 2017, 2018 and 2019 are set out below:

	<i>Notes</i>	<i>2017</i> £	<i>2018</i> £	<i>2019</i> £
Administrative expenses		(2,067)	(36,054)	(25,148)
Operating loss	2	(2,067)	(36,054)	(25,148)
Finance costs	4	(158,722)	(208,150)	(195,000)
Loss before taxation		(160,789)	(244,204)	(220,148)
Income tax expense		—	—	—
Loss and total comprehensive income for the year		<u>(160,789)</u>	<u>(244,204)</u>	<u>(220,148)</u>
Loss per share	10	321.58	488.41	440.30

Statements of financial position

The statements of financial position of TAL for each of the three years ended 31 March 2017, 2018 and 2019 are set out below:

	Notes	2017 £	2018 £	2019 £
Current assets				
Inventories	5	858,588	891,208	931,628
Trade and other receivables	6	12,494	1,263	5,205
Cash and cash equivalents		99	100	49
		<u>871,181</u>	<u>892,571</u>	<u>936,882</u>
Total assets		<u>871,181</u>	<u>892,571</u>	<u>936,882</u>
Current liabilities				
Trade and other payables	8	362,399	201,061	465,520
Borrowings	7	1,198,068	1,625,000	1,625,000
		<u>1,560,467</u>	<u>1,826,061</u>	<u>2,090,520</u>
Net current liabilities		<u>(689,286)</u>	<u>(933,490)</u>	<u>(1,153,638)</u>
Total liabilities		<u>1,560,467</u>	<u>1,826,061</u>	<u>2,090,520</u>
Net liabilities		<u>(689,286)</u>	<u>(933,490)</u>	<u>(1,153,638)</u>
Equity				
Called up share capital	9	500	500	500
Retained earnings		<u>(689,786)</u>	<u>(933,990)</u>	<u>(1,154,138)</u>
Total equity		<u>(689,286)</u>	<u>(933,490)</u>	<u>(1,153,638)</u>

Statements of changes in equity

The statements of changes in equity of TAL for each of the three years ended 31 March 2017, 2018 and 2019 are set out below:

	<i>Share capital £</i>	<i>Retained earnings £</i>	<i>Total £</i>
Balance at 1 April 2016	500	(528,997)	(528,497)
Year ended 31 March 2017:			
Loss and total comprehensive income for the year	—	(160,789)	(160,789)
Balances at 31 March 2017	<u>500</u>	<u>(689,786)</u>	<u>(689,286)</u>
Year ended 31 March 2018:			
Loss and total comprehensive income for the year	—	(244,204)	(244,204)
Balances at 31 March 2018	<u>500</u>	<u>(933,990)</u>	<u>(933,490)</u>
Year ended 31 March 2019:			
Loss and total comprehensive income for the year	—	(220,148)	(220,148)
Balances at 31 March 2019	<u>500</u>	<u>(1,154,138)</u>	<u>(1,153,638)</u>

Statements of cash flows

The statements of cash flow statements of TAL for each of the three years ended 31 March 2017, 2018 and 2019 are set out below:

	Notes	2017 £	2018 £	2019 £
Cash flows from operating activities				
Cash generated from/(absorbed by) operations	14	158,387	(218,781)	194,949
Interest paid		(158,722)	(208,150)	(195,000)
Net cash outflow from operating activities		(335)	(426,931)	(51)
Financing activities				
Proceeds from borrowings		–	1,625,000	–
Proceeds of new bank loans		23,468	–	–
Repayment of bank loans		(23,468)	(1,198,068)	–
Net cash generated from/(used in) financing activities		–	428,132	–
Net (decrease)/increase in cash and cash equivalents		(335)	1	(51)
Cash and cash equivalents at beginning of year		434	99	100
Cash and cash equivalents at end of year		99	100	49

1. Accounting policies

Company Information

TAL is a private company limited by shares incorporated in England and Wales. The registered office is Richard House, 9 Winckley Square, Preston, PR1 3HP. The principal activity of TAL is property development.

1.1 Basis of preparation

The Historic Financial Information has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and IFRIC Interpretations applicable to companies reporting under IFRS and which are in force at the reporting date.

The Historic Financial Information is presented in pounds sterling, which is the functional currency of the company. Monetary amounts in this historic financial information are rounded to the nearest £.

The historic financial information has been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

1.2 Changes in accounting standards, amendments and interpretation not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning 1 January 2019 and have not been applied in preparing this historical financial information. These include:

- IFRS 16 Leases (1 January 2019)
- IFRS 17 Insurance Contracts (1 January 2021)
- IFRIC Uncertainty over Income Tax Treatments (1 January 2019)
- Amendments to IFRS 9 Prepayment Features with Negative Compensation (1 January 2019)
- Amendments to IAS 28 Long-Term Interests in Associates and Joint Ventures (1 January 2019)*
- Amendments to IAS 19 Plan amendments, curtailment or settlement (1 January 2019)*
- Amendments to IFRS 3 Business combinations (1 January 2020)*
- Amendments to IAS 1 and IAS 8 Definition of material (1 January 2020)*

* Denotes not yet EU endorsed

None of these IFRSs, IFRIC interpretations or amendments are expected to have a material impact on the Company.

1.3 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. TAL recognises revenue when it transfers control of a product or service to a customer.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to labour costs and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 **Segmental reporting**

TAL currently has one operating segment.

1.5 **Going concern**

This financial information is prepared on the going concern basis. The directors have a reasonable expectation that TAL will continue in operational existence for the foreseeable future.

The Directors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of TAL to continue as a going concern. The Directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts and have concluded that TAL has sufficient support from the Dickson family to enable it to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the accounts.

1.6 **Borrowing costs**

Borrowing costs are recognised in the Income Statement in the period in which they are incurred.

1.7 **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.8 **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and TAL's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which TAL has applied the practical expedient, TAL initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss,

transaction costs. Trade receivables that do not contain a significant financing component or for which TAL has applied the practical expedient are measured at the transaction price determined under IFRS 15. Further details of how transaction price is determined for each revenue stream is detailed within the revenues accounting policy.

Financial assets at amortised cost (debt instruments)

TAL measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. TAL's financial assets held at amortised cost includes VAT recoverable and other receivables.

Impairment of financial assets

TAL recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that TAL expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

1.10 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. TAL's financial liabilities include trade and other payables and amounts due to related parties.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

1.11 Equity instruments

Equity instruments issued by TAL are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

2. Operating loss

	2017 £	2018 £	2019 £
Operating loss for the year is stated after charging/(crediting):			
Fees payable to the company's auditor for the audit of TAL's financial statements	<u>—</u>	<u>—</u>	<u>8,750</u>

3. Employees

The average monthly number of persons (including directors) employed by TAL during the year was:

	2017	2018	2019
Directors	<u>6</u>	<u>6</u>	<u>6</u>

4. Finance costs

	2017 £	2018 £	2019 £
Interest on bank overdrafts and loans	<u>158,722</u>	<u>208,150</u>	<u>195,000</u>

5. Inventories

	2017 £	2018 £	2019 £
Work in progress	<u>858,588</u>	<u>891,208</u>	<u>931,628</u>

The borrowings of TAL are secured over a fixed charge of the land included as part of the property development.

6. Trade and other receivables

	2017 £	2018 £	2019 £
VAT recoverable	494	1,263	5,205
Amounts owed by related parties	<u>12,000</u>	<u>—</u>	<u>—</u>
	<u>12,494</u>	<u>1,263</u>	<u>5,205</u>

7. Borrowings

	2017 £	2018 £	2019 £
Unsecured borrowings at amortised cost			
Directors' loans	<u>1,200</u>	<u>—</u>	<u>—</u>
	2017 £	2018 £	2019 £
Secured borrowings at amortised cost			
Bank loans	1,196,868	—	—
Other loans	<u>—</u>	<u>1,625,000</u>	<u>1,625,000</u>
	<u>1,196,868</u>	<u>1,625,000</u>	<u>1,625,000</u>

Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2017 £	2018 £	2019 £
Current liabilities	<u>1,198,068</u>	<u>1,625,000</u>	<u>1,625,000</u>

8. Trade and other payables

	2017 £	2018 £	2019 £
Trade payables	3,549	5,478	19,295
Amounts owed to related parties	356,750	194,508	436,400
Accruals	2,100	1,075	9,825
	<u>362,399</u>	<u>201,061</u>	<u>465,520</u>

9. Share capital

	2017 £	2018 £	2019 £
Ordinary share capital			
<i>Issued and fully paid</i>			
100 Ordinary A shares of £1 each	100	100	100
400 Ordinary B shares of £1 each	400	400	400
	<u>500</u>	<u>500</u>	<u>500</u>

TAL has two classes of ordinary shares. The ordinary A shares carry the voting rights and the ordinary B shares carry no voting rights.

TAL does not have an authorised share capital limit.

10. Loss per share

The calculation of earnings per share is based on the following earnings and numbers of shares:

	2017	2018	2019
Weighted average number of shares for the purpose of loss per share	500	500	500
Loss after tax (£)	160,789	244,204	220,148
Loss per share (£)	321.58	488.41	440.30

11. Capital risk management

Capital management

TAL's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide the returns for shareholders and benefits for other stakeholders, to operate within the terms of loan agreements with related parties and to maintain an optimal capital structure to reduce the cost of capital.

General objectives, policies and processes – risk management

TAL is exposed through its operations to financial instrument risks in the areas of credit risk and liquidity risk. The Board reviews each of these risks and agrees policies for managing them that seek to reduce as far as possible without unduly affecting TAL's competitiveness and flexibility. The policy for each of the above risks is described in more detail below.

Credit risk

Credit risk is the risk that the property project fails to complete and funds are not realised to settle TAL obligations to third parties. TAL only undertakes projects where there is a defined future tenant or prospect for sale of the property.

Liquidity risk

Liquidity risk arises from TAL's management of working capital and is the risk that TAL will encounter difficulty in meeting its financial obligations as they fall due. TAL's policy is to review funding in line with operational cash flow requirements and arrange sufficient funding from related parties.

TAL is not subject to any externally imposed capital requirements.

12. Related party transactions

Remuneration of key management personnel

No remuneration has been paid to the directors, who are key management personnel, during the current and prior year.

Other transactions with related parties

During the year TAL entered into the following transactions with related parties:

	2017 £	2018 £	2019 £
Other related parties	12,000	—	—

The following amounts were outstanding at the reporting end date:

	2017 £	2018 £	2019 £
Amounts due to related parties			
Other related parties	356,750	194,508	436,400

No guarantees have been given or received.

13. Controlling party

The ultimate controlling party of TAL is Mr C Dickson.

14. Cash generated from operations

	2017 £	2018 £	2019 £
Loss for the year after tax	(160,789)	(244,204)	(220,148)
Adjustments for:			
Finance costs	158,722	208,150	195,000
Movements in working capital:			
Increase in inventories	(56,230)	(32,620)	(40,420)
(Increase)/decrease in trade and other receivables	(5,428)	11,231	(3,942)
Increase/(decrease) in trade and other payables	222,112	(161,338)	264,459
Cash generated from/(absorbed by) operations	158,387	(218,781)	194,949

SECTION F: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION ON WORKSHOP TRADING HOLDINGS LIMITED



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The Directors
The Barkby Group Plc
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finnCap Ltd
60 New Broad Street
London
EC2M 1JJ

Dear Sirs,

Introduction

We report on the audited historical financial information of Workshop Trading Holdings Limited ("WTHL") set out in Part VI Section G (the "Historical Financial Information of Workshop Trading Holdings Limited") of the Admission document dated 19 December 2019 (the "Document") of The Barkby Group Plc (the "Company"). The Historical Financial Information of WTHL has been prepared for inclusion in the Document on the basis of preparation and accounting policies set out in note 1 to the Historical Financial Information of WTHL. This report is required by paragraph 20.1 of Annex 1 of the Prospectus Directive Regulation as applied by part (a) of Schedule Two to the AIM Rules for Companies (the "AIM Rules") and is given for the purposes of complying with the AIM Rules and for no other purpose.

Responsibilities

The directors of the Company (the "Directors") are responsible for preparing the Historical Financial Information of WTHL in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

It is our responsibility to form an opinion on the Historical Financial Information of WTHL as to whether it gives a true and fair view, for the purposes of the Document and to report our opinion to you.

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

Basis of Opinion

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

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Historical Financial Information of WTHL is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Historical Financial Information of WTHL gives, for the purposes of the Document, a true and fair view of the state of affairs of WTHL as at the date stated and of the results, financial position, cash flows and changes in equity for the period then ended in accordance with the basis of preparation set out in note 1 to the Historical Financial Information of WTHL and International Financial Reporting Standards as adopted by the European Union.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdictions other than the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those other standards and practices.

Declaration

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

Yours faithfully,

Crowe U.K. LLP

Chartered Accountants

SECTION G: HISTORICAL FINANCIAL INFORMATION ON WORKSHOP TRADING HOLDINGS LIMITED

Statements of profit or loss and other comprehensive income

The statements of comprehensive income of WTHL for each of the three years ended 31 March 2017, 2018 and 2019 are set out below:

		2017	2018	2019
	Notes	£	£	£
Revenue	2	2,583,624	2,365,207	2,563,450
Cost of sales		(1,076,303)	(1,141,739)	(1,132,911)
Gross profit	3	1,507,321	1,223,468	1,430,539
Administrative expenses		(2,628,919)	(2,485,109)	(2,434,124)
Operating loss	4	(1,121,598)	(1,261,641)	(1,003,585)
Finance costs	6	(9,354)	(11,035)	–
Loss before taxation		(1,130,952)	(1,272,676)	(1,003,585)
Income tax expense	7	–	–	–
Loss and total comprehensive income for the year		(1,130,952)	(1,272,676)	(1,003,585)
Loss per share	21	(1,526.25)	(1,717.51)	(1,354.37)

Statements of financial position

The statements of financial position of WTHL as at 31 March 2017, 2018 and 2019 are set out below:

	Notes	2017 £	2018 £	2019 £
Non-current assets				
Intangible assets	8	38,109	33,822	35,903
Property, plant and equipment	10	877,204	756,101	538,727
		<u>915,313</u>	<u>789,923</u>	<u>574,630</u>
Current assets				
Inventories	11	130,890	96,271	135,080
Trade and other receivables	12	301,147	280,737	246,109
Cash and cash equivalents		17,143	18,461	19,399
		<u>449,180</u>	<u>395,469</u>	<u>400,588</u>
Total assets		<u>1,364,493</u>	<u>1,185,392</u>	<u>975,218</u>
Current liabilities				
Trade and other payables	15	721,028	907,183	594,906
Borrowings	14	2,721,767	3,653,760	4,766,148
Obligations under finance leases	16	24,719	6,700	—
		<u>3,467,514</u>	<u>4,567,643</u>	<u>5,361,054</u>
Net current liabilities		<u>(3,018,334)</u>	<u>(4,172,174)</u>	<u>(4,960,466)</u>
Non-current liabilities				
Obligations under finance leases	16	6,554	—	—
		<u>6,554</u>	<u>—</u>	<u>—</u>
Total liabilities		<u>3,474,068</u>	<u>4,567,643</u>	<u>5,361,054</u>
Net liabilities		<u>(2,109,575)</u>	<u>(3,382,251)</u>	<u>(4,385,836)</u>
Equity				
Called up share capital	18	741	741	741
Share premium account		474,885	474,885	474,885
Merger reserve	19	1,724,645	1,724,645	1,724,645
Retained earnings		(4,309,846)	(5,582,522)	(6,586,107)
Total equity		<u>(2,109,575)</u>	<u>(3,382,251)</u>	<u>(4,385,836)</u>

Statements of changes in equity

The statements of changes in equity of WTHL for each of the three years ended 31 March 2017, 2018 and 2019, are set out below:

	<i>Share Capital</i> £	<i>Share premium account</i> £	<i>Merger reserve</i>	<i>Retained earnings</i> £	<i>Total</i> £
Balances at 1 April 2016	<u>741</u>	<u>474,885</u>	<u>1,724,645</u>	<u>(3,178,894)</u>	<u>(978,623)</u>
Year ended					
31 March 2017:					
Loss and total comprehensive income for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,130,952)</u>	<u>(1,130,952)</u>
Balance at 1 April 2017	<u>741</u>	<u>474,885</u>	<u>1,724,645</u>	<u>(4,309,846)</u>	<u>(2,109,575)</u>
Year ended					
31 March 2018:					
Loss and total comprehensive income for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,272,676)</u>	<u>(1,272,676)</u>
Balances at					
31 March 2018	<u>741</u>	<u>474,885</u>	<u>1,724,645</u>	<u>(5,582,522)</u>	<u>(3,382,251)</u>
Year ended					
31 March 2019:					
Loss and total comprehensive income for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,003,585)</u>	<u>(1,003,585)</u>
Balances at					
31 March 2019	<u>741</u>	<u>474,885</u>	<u>1,724,645</u>	<u>(6,586,107)</u>	<u>(4,385,836)</u>

Statements of cash flows

The statements of cash flow statements of WTHL for each of the three years ended 31 March 2017, 2018 and 2019, are set out below:

	Notes	2017 £	2018 £	2019 £
Cash flows from operating activities				
Cash absorbed by operations	23	(815,168)	(810,189)	(1,007,124)
Interest paid		(9,354)	(11,035)	–
Net cash outflow from operating activities		<u>(824,522)</u>	<u>(821,224)</u>	<u>(1,007,124)</u>
Investing activities				
Purchase of property, plant and equipment		(71,070)	(85,128)	(90,550)
Purchase of intangible assets		–	–	(7,076)
Proceeds on disposal of property, plant and equipment		10,600	250	–
Net cash generated/(used) in investing activities		<u>(60,470)</u>	<u>(84,878)</u>	<u>(97,626)</u>
Financing activities				
Receipt of borrowings		924,671	931,993	1,112,388
Payment of lease liabilities		(38,628)	(24,573)	(6,700)
Net cash generated from financing activities		<u>886,043</u>	<u>907,420</u>	<u>1,105,688</u>
Net increase in cash and cash equivalents		1,051	1,318	938
Cash and cash equivalents at beginning of year		16,092	17,143	18,461
Cash and cash equivalents at end of year		<u>17,143</u>	<u>18,461</u>	<u>19,399</u>

NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF WTHL

1. Accounting policies

Company Information

WTHL is a private company limited by shares incorporated in England and Wales. The registered office is Richard House, 9 Winckley Square, Preston, PR1 3HP. The principal activity of WTHL is retail coffee shops.

1.1 *Basis of preparation*

The Historic Financial Information has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and IFRIC Interpretations applicable to companies reporting under IFRS and which are in force at the reporting date.

The Historic Financial Information is presented in pounds sterling, which is the functional currency of WTHL. Monetary amounts in this historic financial information are rounded to the nearest £.

The historic financial information has been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

1.2 *Changes in accounting standards, amendments and interpretation not yet effective*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning 1 January 2019 and have not been applied in preparing this historical financial information. These include:

- IFRS 16 Leases (1 January 2019)
- IFRS 17 Insurance Contracts (1 January 2021)
- IFRIC Uncertainty over Income Tax Treatments (1 January 2019)
- Amendments to IFRS 9 Prepayment Features with Negative Compensation (1 January 2019)
- Amendments to IAS 28 Long-Term Interests in Associates and Joint Ventures (1 January 2019)*
- Amendments to IAS 19 Plan amendments, curtailment or settlement (1 January 2019)*
- Amendments to IFRS 3 Business combinations (1 January 2020)*
- Amendments to IAS 1 and IAS 8 Definition of material (1 January 2020)*

* Denotes not yet EU endorsed

None of these IFRSs, IFRIC interpretations or amendments are expected to have a material impact on WTHL.

1.3 *Basis of consolidation*

The consolidated financial information presents the results of WTHL and its own subsidiary ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

The consolidated financial information incorporates the results of business combinations and group reconstructions.

Where merger accounting applies, the results and cash flows of all the combining entities are brought into the financial information of the combined entity as if it had always existed and adjusted so as to achieve uniformity of accounting policies. Comparative information includes the total comprehensive income for all the combining entities for the previous reporting period and their statement of financial position for the previous reporting date, adjusted as necessary to achieve uniformity of accounting policies.

WTHL was incorporated on 26 March 2015 and effected the group reconstruction on this date. WTHL's subsidiary produces accounts for the year ended 31 March. Since WTHL was brought into existence only to affect the group reconstruction, the Consolidated Statement of Comprehensive Income includes the results of the subsidiary company for the year ended 31 March 2019 and the comparative periods, the years ended 31 March 2018 and 31 March 2017.

1.4 ***Going concern***

The financial information has been prepared on the going concern basis on the directors' assumption that WTHL will continue to meet its obligations as they fall due. During the period WTHL obtained confirmation of the continued support of directors and of Tarncourt Investments LLP and was a going concern on the basis of that continued support. Following Admission, WTHL's working capital requirements will be part of those of the enlarged group.

1.5 ***Revenue***

Revenue is attributable to the one principal activity of the business and is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Consideration excludes discounts, allowances for promotional activities, and amounts collected on behalf of other parties, such as value added tax.

Sale of food and beverage

The contract is established when the customer orders the food or drink item and the performance obligation is the provision of food and drink by the outlet. The performance obligation is satisfied when the food and drink is delivered to the customer, and revenue is recognised at this point at the price for the items purchased. Payment is made on the same day and consequently there are no contract assets or liabilities.

1.6 ***Goodwill***

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less impairment losses.

The gain on a bargain purchase is recognised in profit or loss in the period of acquisition.

For the purposes of impairment testing, goodwill is allocated to the cash-generating unit expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not subsequently reversed.

1.7 ***Intangible assets other than goodwill***

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost of valuation of assets less their residual values over their useful lives on the following bases:

- Patents & licences – 10% p.a. straight line
- Other intangible assets – 20% p.a. straight line

1.8 ***Non-current investments***

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.9 ***Property, plant and equipment***

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Over the life of the lease
Fixtures and fittings	20% p.a. straight line
Plant and machinery	33.3% p.a. straight line
Computer equipment	33.3% p.a. straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.10 ***Impairment of tangible and intangible assets***

At each reporting end date, WTHL reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.11 ***Inventories***

Inventories are stated at the lower of cost and estimated selling price less costs and comprise principally coffee beans for processing.

Inventories held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.12 ***Cash and cash equivalents***

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.13 ***Financial instruments***

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and WTHL's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which WTHL has applied the practical expedient, WTHL initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which WTHL has applied the practical expedient are measured at the transaction price determined under IFRS 15. Further details of how transaction price is determined for each revenue stream is detailed within the revenues accounting policy.

Financial assets at amortised cost (debt instruments)

WTHL measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. WTHL's financial assets held at amortised cost includes trade receivables, prepayments and other receivables.

Impairment of financial assets

WTHL recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that WTHL expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

1.14 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. WTHL's financial liabilities include trade and other payables and amounts due to related parties.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

1.15 Equity instruments

Equity instruments issued by WTHL are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of WTHL.

1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when WTHL is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.18 **Leases**

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

Assets held under finance leases are recognised as assets at the lower of the fair value of the assets at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, less any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.19 **Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

1.20 **Key sources of estimation, uncertainty and judgement**

WTHL makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Accounting judgements

(a) Impairment of non-financial assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit and loss as described below.

An asset is impaired where there is evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced.

The Directors use their judgement to assess the costs to be capitalised and level of obsolescence based on future cash generation.

(b) Impairment of financial assets

Impairment provisions are recognised when there has been a significant increase in the credit risk since the initial recognition.

Key sources of uncertainty

(a) Useful life of intangible assets

The useful life of goodwill, development costs and patents and licences depend on economic factors and their carrying value is set out in Note 8.

2. Revenue

	2017 £	2018 £	2019 £
Revenue analysed by class of business			
Wholesale coffee and machine sales	848,214	1,052,261	1,051,409
Coffee shop income	700,186	862,041	1,287,487
Ongoing	1,548,400	1,914,302	2,338,896
Closed coffee shops income	1,035,224	450,905	224,554
	<u>2,583,624</u>	<u>2,365,207</u>	<u>2,563,450</u>

3. Segmental information

	2017 £	2018 £	2019 £
Revenue – ongoing operations	1,548,400	1,914,302	2,338,896
Cost of sales	(785,550)	(981,168)	(1,069,345)
Gross profit	762,850	933,134	1,269,551
Administrative expenses	(1,647,972)	(1,886,324)	(1,987,822)
Operating loss – ongoing operations	<u>(885,122)</u>	<u>(953,190)</u>	<u>(718,271)</u>
Revenue – closed coffee shops	1,035,224	450,905	224,554
Cost of sales	(290,753)	(160,571)	(63,566)
Gross profit	744,471	290,334	160,988
Administrative expenses	(980,947)	(598,785)	(446,302)
Operating loss from closed coffee shop operations	<u>(236,476)</u>	<u>(308,451)</u>	<u>(285,314)</u>
Revenue – total reported	2,583,624	2,365,207	2,563,450
Cost of sales	(1,076,303)	(1,141,739)	(1,132,911)
Gross profit	1,507,321	1,223,468	1,430,539
Administrative expenses	(2,628,919)	(2,485,109)	(2,434,124)
Operating loss as reported	<u>(1,121,598)</u>	<u>(1,261,641)</u>	<u>(1,003,585)</u>

4. Operating loss

	2017 £	2018 £	2019 £
Operating loss for the year is stated after charging/(crediting):			
Exchange losses/(gains)	(32,983)	(18,511)	10,629
Fees payable for audit of company's financial information	–	–	15,019
Depreciation of property, plant and equipment	244,673	206,231	157,319
Loss/(profit) on disposal of property, plant and equipment	(10,600)	(250)	150,605
Amortisation of intangible assets	6,787	4,287	4,995
Cost of inventories recognised as an expense	<u>1,076,303</u>	<u>1,141,739</u>	<u>1,132,911</u>

5. Employees

The average monthly number of persons (including directors) employed by WTHL during the year was:

	2017	2018	2019
	59	54	45

The aggregate remuneration comprised:

	2017	2018	2019
Wages and salaries	1,037,548	826,689	939,716
Social security costs	81,795	66,455	86,296
Pension costs	4,969	4,844	4,782
	<u>1,124,312</u>	<u>897,988</u>	<u>1,030,794</u>

6. Finance costs

	2017	2018	2019
	£	£	£
Interest on bank overdrafts and loans	2,271	50	—
Interest on lease liabilities	7,083	3,987	—
Other interest payable	—	6,998	—
Total interest expense	<u>9,354</u>	<u>11,035</u>	<u>—</u>

7. Income tax expense

	2017	2018	2019
	£	£	£
Current tax			
UK corporation tax on profits for the current period	—	—	—
Total UK current tax	<u>—</u>	<u>—</u>	<u>—</u>

The charge for the year can be reconciled to the profit/(loss) per the income statement as follows:

	2017	2018	2019
	£	£	£
Profit/(loss) before taxation	<u>(1,130,952)</u>	<u>(1,272,676)</u>	<u>(1,003,585)</u>
Expected tax charge/(credit) based on a corporation tax rate of 19.00% (2017: 20%)	(226,190)	(241,808)	(190,681)
Effect of losses carried forward	<u>226,190</u>	<u>241,808</u>	<u>190,681</u>
Taxation charge for the year	<u>—</u>	<u>—</u>	<u>—</u>
Taxation charged in the financial statements	<u>—</u>	<u>—</u>	<u>—</u>

There is no deferred taxation charge and no unrecognised deferred tax impact on income tax expense. The deferred taxation asset arising from trading losses carried forward not recognised amounts to approximately £1 million.

8. Intangible assets

	<i>Patents & licences</i> £	<i>Goodwill</i> £	<i>Development costs</i> £	<i>Total</i> £
Cost				
At 1 April 2016	42,396	100,000	6,369	148,765
At 31 March 2017	42,396	100,000	6,369	148,765
At 31 March 2018	42,396	100,000	6,369	148,765
Additions – purchased	7,076	–	–	7,076
At 31 March 2019	49,472	100,000	6,369	155,841
Amortisation and impairment				
At 1 April 2016	–	97,502	6,367	103,869
Charge for the year	4,287	2,498	2	6,787
At 31 March 2017	4,287	100,000	6,369	110,656
Charge for the year	4,287	–	–	4,287
At 31 March 2018	8,574	100,000	6,369	114,943
Charge for the year	4,995	–	–	4,995
At 31 March 2019	13,569	100,000	6,369	119,938
Carrying amount				
At 31 March 2017	38,109	–	–	38,109
At 31 March 2018	33,822	–	–	33,822
At 31 March 2019	35,903	–	–	35,903

9. Investments

Company

	2017 £	2018 £	2019 £
Non-current investments in subsidiary	641	641	641

Details of WTHL's subsidiary at 31 March 2019 are as follows:

<i>Name of undertaking</i>	<i>Country of incorporation</i>	<i>Ownership interest (%)</i>	<i>Voting power held (%)</i>	<i>Nature of business</i>
Workshop Trading (London) Limited	England & Wales	100	100	Operation of speciality coffee houses and brand.

10. Property, plant and equipment

	<i>Leasehold land and buildings</i>	<i>Fixtures and fittings</i>	<i>Plant and machinery</i>	<i>Computer equipment</i>	<i>Total</i>
	£	£	£	£	£
Cost					
At 1 April 2016	1,413,498	120,750	460,742	59,612	2,054,602
Additions	34,317	20,939	4,621	11,193	71,070
At 31 March 2017	1,447,815	141,689	465,363	70,805	2,125,672
Additions	5,248	32,392	26,615	20,873	85,128
At 31 March 2018	1,453,063	174,081	491,978	91,678	2,210,800
Additions	2,030	75,013	–	13,507	90,550
Disposals	(299,164)	(244)	(198)	–	(299,606)
At 31 March 2019	1,155,929	248,850	491,780	105,185	2,001,744
Accumulated depreciation and impairment					
At 1 April 2016	472,009	92,615	387,093	52,078	1,003,795
Charge for the year	162,032	27,459	45,640	9,542	244,673
At 31 March 2017	634,041	120,074	432,733	61,620	1,248,468
Charge for the year	129,688	16,760	41,304	18,479	206,231
At 31 March 2018	763,729	136,834	474,037	80,099	1,454,699
Charge for the year	98,806	42,102	8,872	7,539	157,319
Disposals	(149,001)	–	–	–	(149,001)
At 31 March 2019	713,534	178,936	482,909	87,638	1,463,017
Carrying amount					
At 31 March 2019	442,395	69,914	8,871	17,547	538,727
At 31 March 2018	689,334	37,247	17,941	11,579	756,101
At 31 March 2017	813,774	21,615	32,630	9,185	877,204

11. Inventories

	<i>2017</i>	<i>2018</i>	<i>2019</i>
	£	£	£
Raw materials	130,890	96,271	135,080
	<u>130,890</u>	<u>96,271</u>	<u>135,080</u>

12. Trade and other receivables

	<i>Group 2017</i>	<i>Group 2018</i>	<i>Group 2019</i>	<i>Company 2017</i>	<i>Company 2018</i>	<i>Company 2019</i>
	£	£	£	£	£	£
Trade receivables	76,263	69,247	143,595	–	–	–
Amounts owed by subsidiary	–	–	–	432,603	432,603	425,527
Other receivables	66,746	76,719	64,917	–	–	–
Prepayments	158,138	134,771	37,597	–	–	–
	<u>301,147</u>	<u>280,737</u>	<u>246,109</u>	<u>432,603</u>	<u>432,603</u>	<u>425,527</u>

13. Trade receivables – credit risk

Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

14. Borrowings

	2017 £	2018 £	2019 £
Unsecured borrowings at amortised cost			
Directors' loans	1,096,767	1,127,767	1,150,148
Other loans	–	–	143,008
Loans from related party	1,625,000	2,525,993	3,472,992
	<u>2,721,767</u>	<u>3,653,760</u>	<u>4,766,148</u>

All changes in liabilities arise from cashflow movements.

Mr C Dickson and Mr J Dickson have issued personal guarantees over the other loans in WTHL. Borrowings are unsecured and by agreement between the parties did not bear interest in 2019. The related party is Tarncourt Ambit Properties Limited for 2019 (2017 and 2018: Tarncourt Investments LLP).

15. Trade and other payables

	2017 £	2018 £	2019 £
Trade payables	536,744	467,440	410,912
Accruals	24,774	178,500	22,327
Social security and other taxation	46,116	43,401	40,323
Other payables	113,394	217,842	121,344
	<u>721,028</u>	<u>907,183</u>	<u>594,906</u>

16. Obligations under finance leases

	<i>Minimum lease payments</i>			<i>Present value</i>		
	2017 £	2018 £	2019 £	2017 £	2018 £	2019 £
Within one year	24,719	6,700	–	24,719	6,700	–
In two to five years	6,554	–	–	–	–	–
	<u>31,273</u>	<u>6,700</u>	<u>–</u>	<u>24,719</u>	<u>6,700</u>	<u>–</u>

Finance lease obligations are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2017 £	2018 £	2019 £
Current liabilities	24,719	6,700	–
Non-current liabilities	6,554	–	–
	<u>31,273</u>	<u>6,700</u>	<u>–</u>

	2017 £	2018 £	2019 £
Amounts recognised in profit or loss include the following:			
Interest on lease liabilities	7,083	3,987	—

17. Retirement benefit schemes

Defined contribution schemes

WTHL operates a defined contribution scheme for all qualifying employees. The assets of the scheme are held separately from those of WTHL in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £6,182 (2018 – £5,542).

18. Share capital

	2017 £	2018 £	2019 £
Ordinary share capital			
<i>Issued and fully paid</i>			
72,300 Ordinary shares of 1p each	723	723	723
1,800 B Ordinary shares of 1p each	18	18	18
	<u>741</u>	<u>741</u>	<u>741</u>

WTHL has two classes of ordinary shares. The ordinary A shares carry the voting rights and the ordinary B shares carry no voting rights.

WTHL does not have an authorised share capital limit.

19. Merger reserve

The merger reserve arises as a result of the group reconstruction which was enacted during 2016.

20. Operating lease commitments

Lessee

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

	2017 £	2018 £	2019 £
Minimum lease payments under operating leases	329,336	273,412	252,679

The minimum lease commitments for existing leases at 31 March 2019 are as follows:

	2019 £
Less than 1 year	308,250
Between 2 and 5 years	452,625
Minimum lease commitments	<u>760,875</u>

21. Loss per share

The calculation of earnings per share is based on the following earnings and numbers of shares:

	2017	2018	2019
Weighted average number of shares for the purpose of loss per share	741	741	741
Loss after tax (£)	1,130,952	1,272,676	1,003,585
Loss per share (£)	1,526.25	1,717.51	1,354.37

22. Capital risk management

Capital management

WTHL's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide the returns for shareholders and benefits for other stakeholders, to operate within the terms of loan agreements with related parties and to maintain an optimal capital structure to reduce the cost of capital.

General objectives, policies and processes – risk management

WTHL is exposed through its operations to financial instrument risks in the areas of credit risk and liquidity risk. The Board reviews each of these risks and agrees policies for managing them that seek to reduce as far as possible without unduly affecting WTHL's competitiveness and flexibility. The policy for each of the above risks is described in more detail below.

Credit risk

Credit risk arises from WTHL giving credit to its customers and the risk that amounts are not fully recoverable from trade and other receivables. WTHL's policy is to review offering customers credit and monitoring settlements to provide evidence of suitability to be offered credit.

Liquidity risk

Liquidity risk arises from WTHL's management of working capital and is the risk that WTHL will encounter difficulty in meeting its financial obligations as they fall due. WTHL's policy is to review funding in line with operational cash flow requirements and arrange sufficient funding from related parties.

WTHL is not subject to any externally imposed capital requirements.

23. Cash generated from operations

	2017 £	2018 £	2019 £
Loss for the year after tax	(1,130,952)	(1,272,676)	(1,003,585)
Adjustments for:			
Finance costs	9,354	11,035	—
Loss/(gain) on disposal of property, plant and equipment	(10,600)	(250)	150,605
Amortisation and impairment of intangible assets	6,787	4,287	4,995
Depreciation and impairment of property, plant and equipment	244,673	206,231	157,319
Movements in working capital:			
(Increase)/decrease in inventories	(28,206)	34,619	(38,809)
Decrease/(increase) in trade and other receivables	(8,323)	20,410	34,628
(Decrease)/increase in trade and other payables	102,099	186,155	(312,277)
Cash absorbed by operations	(815,168)	(810,189)	(1,007,124)

SECTION H: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION ON TURF TO TABLE LTD



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Dear Sirs,

Introduction

We report on the audited historical financial information of Turf to Table Limited ("T2T") set out in Part VI Section I (the "Historical Financial Information of Turf to Table Limited") of the Admission document dated 19 December 2019 (the "Document") of The Barkby Group Plc (the "Company"). The Historical Financial Information of T2T has been prepared for inclusion in the Document on the basis of preparation and accounting policies set out in note 1 to the Historical Financial Information of T2T. This report is required by paragraph 20.1 of Annex 1 of the Prospectus Directive Regulation as applied by part (a) of Schedule Two to the AIM Rules for Companies (the "AIM Rules") and is given for the purposes of complying with the AIM Rules and for no other purpose.

We have neither audited nor reviewed the financial information on T2T for the year ended 31 August 2016 which has been included for comparative purposes only and accordingly do not express an opinion thereon.

Responsibilities

The directors of the Company (the "Directors") are responsible for preparing the Historical Financial Information of T2T in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

It is our responsibility to form an opinion on the Historical Financial Information of T2T as to whether it gives a true and fair view, for the purposes of the Document and to report our opinion to you.

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

complying with Paragraph (a) of Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Document.

Basis of Opinion

We conducted our work in accordance with Standards of Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information of T2T. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information underlying the Historical Financial Information of T2T and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Historical Financial Information of T2T is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Historical Financial Information of T2T gives, for the purposes of the Document, a true and fair view of the state of affairs of T2T as at the date stated and of the results, financial position, cash flows and changes in equity for the period then ended in accordance with the basis of preparation set out in note 1 to the Historical Financial Information of T2T and International Financial Reporting Standards as adopted by the European Union.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdictions other than the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those other standards and practices.

Declaration

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

Yours faithfully,

Crowe U.K. LLP

Chartered Accountants

SECTION I: HISTORICAL FINANCIAL INFORMATION ON TURF TO TABLE LTD

Statements of profit or loss and other comprehensive income

The statements of comprehensive income of T2T for each of the two years ended 31 August 2016 and 2017 and the period ended 25 June 2018 are set out below:

	<i>Note</i>	<i>31-Aug-16 Unaudited</i>	<i>31-Aug-17 Audited</i>	<i>25-Jun-18 Audited</i>
Revenue		2,218,236	2,366,930	2,512,131
Cost of Sales		(1,554,268)	(1,649,364)	(823,955)
Gross Profit		<u>663,968</u>	<u>717,566</u>	<u>1,688,176</u>
Administrative costs		(702,145)	(903,734)	(1,044,316)
Other administrative expenses		1,040	14,134	(674,775)
Operating profit/(loss)		<u>(37,137)</u>	<u>(172,034)</u>	<u>(30,915)</u>
Exceptional items	18	(31,683)	(26,874)	–
Finance income		13	–	–
Finance costs		(10,110)	(12,107)	(12,941)
Profit/(loss) before taxation	5	<u>(78,917)</u>	<u>(211,015)</u>	<u>(43,856)</u>
Income tax (expense)/credit	6	(3,028)	2,820	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(81,945)</u>	<u>(208,195)</u>	<u>(43,856)</u>
Loss per share:				
Basic and diluted	13	<u>(0.13)</u>	<u>(0.31)</u>	<u>(0.06)</u>

Statements of financial position

The statements of financial position of T2T as at 31 August 2016 and 2017 and 25 June 2018 are set out below:

	<i>Note</i>	<i>31-Aug-16 Unaudited</i>	<i>31-Aug-17 Audited</i>	<i>25-Jun-18 Audited</i>
Non-current assets				
Property, plant and equipment	7	825,765	980,662	948,329
Total non-current assets		<u>825,765</u>	<u>980,662</u>	<u>948,329</u>
Current Assets				
Inventories	8	16,742	20,749	32,314
Trade and other receivables	9	67,653	58,434	162,145
Cash and bank balances		158,143	94,381	—
Total current assets		<u>242,538</u>	<u>173,564</u>	<u>194,459</u>
Total Assets		<u>1,068,303</u>	<u>1,154,226</u>	<u>1,142,788</u>
Equity				
Issued capital and share premium	10	629,498	811,481	811,481
Retained losses		(99,487)	(307,682)	(351,538)
Total equity		<u>530,011</u>	<u>503,799</u>	<u>459,943</u>
Non-current liabilities				
Finance lease obligation		—	42,267	28,355
Bank borrowings	12	276,318	257,418	254,049
Total non-current liabilities		<u>276,318</u>	<u>299,685</u>	<u>282,404</u>
Current Liabilities				
Trade and other payables	11	162,732	163,697	258,858
Current tax liabilities		74,794	127,343	95,303
Accruals		2,827	40,802	—
Deferred tax		2,820	—	—
Bank borrowings	12	18,801	18,900	—
Bank overdraft		—	—	46,280
Total current liabilities		<u>261,974</u>	<u>350,742</u>	<u>400,441</u>
Total liabilities		<u>538,292</u>	<u>650,427</u>	<u>682,845</u>
Total equity and liabilities		<u>1,068,303</u>	<u>1,154,226</u>	<u>1,142,788</u>

Statements of changes in equity

The statements of changes in equity of T2T for each of the two years ended 31 August 2016 and 2017, and the period ended 25 June 2018 are set out below:

	<i>Share capital £</i>	<i>Share premium £</i>	<i>Retained profits £</i>	<i>Total £</i>
Balance at 31 August 2016	393,163	236,335	(99,487)	530,011
Shares issued	81,982	100,001	–	181,983
Total comprehensive income for the year	–	–	(208,195)	(208,195)
Balance at 31 August 2017	475,145	336,336	(307,682)	503,799
Shares issued	–	–	–	–
Total comprehensive income for the year	–	–	(43,856)	(43,856)
Balance at 25 June 2018	475,145	336,336	(351,538)	459,943

Statements of cash flows

The statements of cash flow statements of T2T for each of the two years ended 31 August 2016 and 2017, and the period ended 25 June 2018 are set out below:

	2016 <i>Unaudited</i>	2017 <i>Audited</i>	2018 <i>Audited</i>
Cash flows from operating activities			
Profit for the year	(78,917)	(211,015)	(43,856)
<i>Adjustment for:</i>			
Finance costs	10,110	12,107	12,941
Finance income	(13)	–	–
Depreciation or amortisation	76,400	77,385	55,289
Operating cash flows before movements in working capital	7,580	(121,523)	24,374
(Increase)/decrease in inventories	(9,479)	(4,007)	(11,565)
(Increase)/decrease in trade and other receivables	101,348	27,535	(103,711)
(Increase)/decrease in trade and other payables	93,395	112,620	23,577
(Increase)/decrease in deferred taxation	(2,820)	2,820	–
Cash generated from operating activities	190,024	17,445	(67,325)
Interest paid	(10,110)	(12,107)	(12,941)
Finance income received	13	–	–
Net cash (used in)/generated from operating activities	179,927	5,338	(80,266)
Cash flows from investing activities			
Acquisition of property, plant and equipment	(820,807)	(232,282)	(22,956)
Net cash used in investing activities	(820,807)	(232,282)	(22,956)
Cash flows from financing activities			
Proceeds from bank borrowings	295,119	–	–
Repayment of bank borrowings and finance leases	–	(30,908)	(50,380)
Interest paid	–	12,107	12,941
Issue of share capital	442,018	181,983	–
Net cash from financing activities	737,137	163,182	(37,439)
Net increase/(decrease) in cash and cash equivalents	96,257	(63,762)	(140,661)
Cash and equivalent at beginning of period	61,886	158,143	94,381
Cash and equivalent at end of period	158,143	94,381	(46,280)

NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF T2T

1. GENERAL INFORMATION

T2T is a private company limited by shares and was incorporated on 29 July 2008 in England, UK.

The registered office and principal place of business during the period was The Five Alls, Filkins, Lechlade, Gloucestershire, GL7 3JQ.

The principal activity of T2T during the period was the operation of three licenced restaurants.

2. BASIS OF PREPARATION

The historical financial information of T2T for the year ended 31 August 2016 has been extracted from unaudited management information of T2T as adjusted by the Directors and is included for comparative purposes only.

The historical financial information of T2T has been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, T2T takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the historical financial information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 *Statement of compliance*

The financial Information have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

3.2 *Revenue recognition*

Revenue represents external sales (excluding taxes) of goods and services net of discounts measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

Revenue principally consists of drink, food and accommodation sales, which are recognised at the point at which goods and services are provided. Revenue for bedroom accommodation is recognised at the point the services are rendered.

As regards the provision of T2T's services, the Directors consider that these performance obligations are satisfied over time and that the method currently used to measure the progress towards complete satisfaction of these performance obligations will continue to be appropriate under IFRS 15.

3.3 **Functional currency**

The financial information is presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The financial information is presented in British Sterling ("£"), which is T2T's functional currency and the presentation currency.

3.4 **Employee benefits**

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of T2T.

3.5 **Income taxes**

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the historical financial information.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity.

3.6 **Property, plant and equipment**

(a) *Owned Assets*

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses, if any. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use.

(b) *Depreciation*

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, with effect from the first full year of ownership, as follows:

Freehold property	2% straight line
Plant and Machinery	25% straight line
Fixtures and Fittings	25% straight line
Computer Equipment	25% straight line

(c) *Cost*

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to T2T and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

3.7 **Impairment of tangible assets**

At the end of each reporting period, T2T reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, T2T estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified.

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

3.8 **Inventories**

Inventories are counted independently and stated at the lower of cost and net realisable value. Cost is calculated using the First In First Out method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

3.9 **Financial instruments**

(a) *Recognition, initial measurement and derecognition*

Financial assets and financial liabilities are recognised when T2T becomes a party to the contractual provisions of the financial instrument and, with the exception of trade receivables, are measured initially at fair value adjusted for transaction costs. Trade receivables are initially recognised at their original invoiced amounts.

Subsequent measurement of financial assets and financial liabilities is described below. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(b) *Classification and subsequent measurement of financial assets*

For the purpose of subsequent measurement financial assets are classified into the following categories upon initial recognition:

Financial assets at amortised cost

Financial assets held within a business model whose objective is to collect contractual cash flows which are solely payments of principals and interest are classified as subsequently measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. T2T's cash and cash equivalents, trade and other receivables fall into this category of financial instruments.

The carrying amount of the financial asset at amortised cost is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit or loss within 'cost of sales'. When a trade or other receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against 'cost of sales' in the profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short term highly liquid deposits with original maturities of three months or less.

(c) *Classification and subsequent measurement of financial liabilities*

T2T's financial liabilities include trade and certain other payables. Financial liabilities are measured subsequently at amortised cost using the effective interest rate.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. These amounts represent liabilities for goods and services provided to T2T prior to the end of the financial period, which are unpaid.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Classification of shares as debt or equity

When shares are issued, any component that creates a financial liability of T2T is presented as a liability in the statement of financial position; measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in profit or loss. The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature.

The remainder of the proceeds on issue is allocated to the equity component and included in shareholders' equity, net of transaction costs.

The carrying amount of the equity component is not remeasured in subsequent years. T2T's ordinary shares are classified as equity instruments. For the purposes of the disclosures given in note 10, T2T considers its capital to comprise its ordinary share capital, share premium and accumulated retained earnings. There have been no changes to what T2T considers to be capital since the prior year.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of T2T's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

(a) *Depreciation of property, plant and equipment*

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

5. PROFIT BEFORE TAXATION

	31-Aug-16 <i>Unaudited</i>	31-Aug-17 <i>Audited</i>	25-Jun-18 <i>Audited</i>
Profit before taxation is arrived at after charging:			
Directors' remuneration	53,632	54,309	53,053
Depreciation and amortisation	76,400	77,385	69,505
Interest expense	10,110	12,107	12,941
<i>Staff costs:</i>			
Key management personnel (inc Directors)	107,264	108,618	103,993
Defined contribution pension scheme	169	7,317	5,864
Other personnel staff costs	737,892	927,264	877,637
Inventory recognised as an expense	801,909	805,082	662,768

The average number of employees, including directors, during the year was 81 (2016: 76, 2017: 87).

6. INCOME TAX EXPENSE

	31-Aug-16 <i>Unaudited</i>	31-Aug-17 <i>Audited</i>	25-Jun-18 <i>Audited</i>
Income tax (expense)/credit	(3,028)	2,820	—
Reconciliation:			
Profit/(loss) before tax	(78,917)	(211,015)	(43,856)
UK corporation tax charge at 20%%, 19%, 19%	(15,783)	(40,093)	(8,333)
Tax effects of:			
Prior period adjustment	(208)	—	—
Tax losses not recognised	15,783	40,093	8,333
Short term temporary differences	(2,820)	2,820	—
Income tax (expense)/credit	(3,028)	2,820	—

7. PROPERTY, PLANT AND EQUIPMENT

	<i>Freehold land & property</i>	<i>Plant & machinery</i>	<i>Fixtures & fittings</i>	<i>Computer equipment</i>	<i>Total</i>
Cost					
As at 31 August 2016	671,868	53,832	279,729	—	1,005,429
Additions	—	111,573	114,015	6,694	232,282
As at 31 August 2017	671,868	165,405	393,744	6,694	1,237,711
Additions	—	9,053	13,078	825	22,956
As at 25 June 2018	671,868	174,458	406,822	7,519	1,260,667
Accumulated depreciation					
As at 31 August 2016	4,000	10,767	164,897	—	179,664
Depreciation	6,000	23,514	47,296	575	77,385
As at 31 August 2017	10,000	34,281	212,193	575	257,049
Depreciation	—	21,807	32,542	940	55,289
As at 25 June 2018	10,000	56,088	244,735	1,515	312,338
Net book value					
As at 31 August 2016	667,868	43,065	114,832	—	825,765
As at 31 August 2017	661,868	131,124	181,551	6,119	980,662
As at 25 June 2018	661,686	118,370	162,087	6,004	948,329

All property, plant and equipment held by T2T was located in the UK.

8. INVENTORIES

	31-Aug-16 <i>Unaudited</i>	31-Aug-17 <i>Audited</i>	25-Jun-18 <i>Unaudited</i>
Finished goods	16,742	20,749	32,314

9. TRADE AND OTHER RECEIVABLES

T2T's normal trade credit terms range from 0 to 30 days. Other credit terms are assessed and approved on a case-by-case basis.

	31-Aug-16 <i>Unaudited</i>	31-Aug-17 <i>Audited</i>	25-Jun-18 <i>Audited</i>
Other receivables	23,255	37,861	—
Prepayments	40,902	10,000	137,069
Directors loan account	3,496	10,573	25,076
	<u>67,653</u>	<u>58,434</u>	<u>162,145</u>

10. SHARE CAPITAL AND SHARE PREMIUM

	31-Aug-16 <i>Unaudited</i>	31-Aug-17 <i>Audited</i>	25-Jun-18 <i>Audited</i>
Share capital	393,163	475,145	475,145
Share premium	236,335	336,336	336,336
	<u>629,498</u>	<u>811,481</u>	<u>811,481</u>

Issued share capital comprises:

fully paid Ordinary Shares A	383,665	383,665	383,665
fully paid Ordinary Shares B	9,498	11,480	11,480
fully paid Ordinary Shares C	—	80,000	80,000
	<u>393,163</u>	<u>475,145</u>	<u>475,145</u>

11. TRADE AND OTHER PAYABLES

The normal trade credit terms granted to T2T ranged from 30 to 60 days.

	31-Aug-16 <i>Unaudited</i>	31-Aug-17 <i>Audited</i>	25-Jun-18 <i>Audited</i>
Trade creditors	108,118	130,492	237,945
Other creditors	—	8,580	—
Net wages	54,614	2,454	—
Finance lease obligation	—	22,171	20,913
	<u>162,732</u>	<u>163,697</u>	<u>258,858</u>

Below is a table showing the reconciliation between the undiscounted future cash flows and the amounts in the balance sheet:

	<i>Minimum lease payments 2018</i>	<i>Present value of minimum lease payments 2018</i>	<i>Minimum lease payments 2017</i>	<i>Present value of minimum lease payments 2017</i>
Due within 1 year	42,904	41,784	64,628	55,907
Due within 2-5 years	8,369	7,484	25,513	8,531
Total	<u>51,274</u>	<u>49,268</u>	<u>90,141</u>	<u>64,438</u>
Future finance charges	(2,006)		(25,703)	
Finance lease liability	<u>49,268</u>		<u>64,438</u>	

12. BANK LOANS AND OVERDRAFT

T2T Limited's interest-bearing bank borrowings were secured over T2T's assets were guaranteed by a Director and a related party. The loan is being charged at an interest for of 2.14% and is due to repayment on 11 June 2020.

Below is a reconciliation of opening and closing borrowings:

	<i>At 1 September 2016</i>	<i>Repayments in year</i>	<i>Interest charged</i>	<i>At 31 August 2017</i>
Total	295,119	(30,908)	12,107	276,318
	<i>At 1 September 2017</i>	<i>Repayments in year</i>	<i>Interest charged</i>	<i>At 25 June 2018</i>
Total	276,318	(35,210)	12,941	254,049

13. LOSS PER SHARE

	<i>31-Aug-16 Unaudited</i>	<i>31-Aug-17 Audited</i>	<i>25-Jun-18 Audited</i>
Loss after taxation	(81,945)	(208,195)	(43,856)
Weighted average number of ordinary shares	614,969	681,254	681,254
Basic earnings/ (loss) per share £	<u>(0.13)</u>	<u>(0.31)</u>	<u>(0.06)</u>

The diluted loss per share was not applicable as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

14. SIGNIFICANT RELATED PARTY DISCLOSURE

(a) *Identities of related parties*

T2T has related party relationships with its directors and key management personnel.

(b) *Related party transactions*

During the year ended 31 August 2017 T2T entered into loans with its directors. During the year ended 31 August 2017 an amount of £7,077 (2016: £3,496) was advanced to the directors. As at 25 June 2018 the balance of £25,076 was due from the directors. The loan is unsecured, interest free and repayable on demand.

(c) *Key management personnel*

It is considered that key management personnel in the period were Illiriana Snow, Steve Cook and Katie Chick. Details of directors and key management remuneration are set out in note 5.

15. FINANCIAL INSTRUMENTS

Financial instruments comprise:

	<i>31-Aug-16 Unaudited</i>	<i>31-Aug-17 Audited</i>	<i>25-Jun-18 Audited</i>
Financial assets at amortised cost			
Cash and bank balances	158,143	94,381	—
Trade and other receivables	<u>26,751</u>	<u>48,434</u>	<u>25,076</u>
	<u>184,894</u>	<u>142,815</u>	<u>25,076</u>

	31-Aug-16 <i>Unaudited</i>	31-Aug-17 <i>Audited</i>	25-Jun-18 <i>Audited</i>
Financial liabilities at amortised cost			
Trade and other payables	162,732	163,697	258,858
Finance lease obligations	—	64,438	49,268
Bank borrowings	276,318	257,418	254,049
	<u>439,050</u>	<u>485,553</u>	<u>562,175</u>

T2T activities are exposed to a variety of market risk (including interest rate risk and equity price risk), credit risk and liquidity risk. T2T's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on T2T's financial performance.

16. FINANCIAL RISK MANAGEMENT POLICIES

T2T's policies in respect of the major areas of treasury activity are as follows:

(a) **Market Risk**

(i) *Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. T2T's exposure to interest rate risk arises mainly from interest-bearing financial liabilities. T2T's policy is to obtain the most favourable interest rates available.

(b) **Credit Risk**

T2T's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. T2T manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), T2T minimises credit risk by taking payments for the delivery of the majority of goods and services provided at the point of delivery or in advance as is usual in the hospitality industry.

T2T establishes an allowance for impairment that represents its estimate of future losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for T2T's of similar assets in respect of losses that are likely to be expected but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

T2T does not have any major concentration of credit risk related to any individual customer or counterparty.

Exposure to credit risk

As T2T did not hold any collateral, the maximum exposure to credit risk was represented by the carrying amount of the financial assets at the end of the reporting periods.

(c) **Liquidity Risk**

Liquidity risk arises mainly from general funding and business activities. T2T's practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Below is a summary of the contractual undiscounted cash flows as at 25 June 2018:

	<i>Less than 1 year £000's</i>	<i>Between 1-2 years £000's</i>	<i>Between 2-5 years £000's</i>	<i>Total £000's</i>
Borrowings	22,803	21,574	215,769	260,146
Finance lease Liabilities	42,904	8,369	–	51,274
Total	65,708	29,943	215,769	311,420

31 August 2017

	<i>Less than 1 year £000's</i>	<i>Between 1-2 years £000's</i>	<i>Between 2-5 years £000's</i>	<i>Total £000's</i>
Borrowings	23,758	22,803	236,388	282,950
Finance lease Liabilities	64,628	25,513	–	90,141
Total	88,386	48,316	236,388	373,091

31 August 2016

	<i>Less than 1 year £000's</i>	<i>Between 1-2 years £000's</i>	<i>Between 2-5 years £000's</i>	<i>Total £000's</i>
Borrowings	19,252	23,758	259,192	302,202
Total	19,252	23,758	259,192	302,202

16.1 Capital Risk Management

T2T managed its capital to ensure T2T would be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, T2T was able to make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

T2T managed its capital based on debt-to-equity ratio that complied with debt covenants and regulatory. There are no external covenants to be complied with. The debt-to-equity ratio was calculated as total borrowings from financial institutions divided by total equity.

The debt-to-equity ratio for the year end 31 August 2016 was 1.8, 31 August 2017 was 1.82 and period ended 25 June 2018 was 1.81.

There was no change in T2T's approach to capital management during the financial period under review.

16.2 Fair Values Measurements

At 31 August 2016 and 2017 and at 25 June 2018 the fair values of the financial assets and financial liabilities approximated their carrying amounts due to the relatively short-term maturity of the financial instruments (maturity within the next 12 months).

17. COMMITMENTS

T2T operated a defined contribution pension scheme for all employees in the period. The assets of the scheme were held separately from those of T2T in an independently administered fund.

18. EXCEPTIONAL ITEMS

There were no exceptional items in the period to 25th June 2018.

19. ULTIMATE CONTROLLING PARTY

No individual party had control of T2T. The largest shareholder is Illiriana Snow with 38 percent of the issued share capital.

20. NATURE OF FINANCIAL INFORMATION

The historical financial information presented above does not constitute statutory financial statements for the period under review.

PART VII

PRO FORMA STATEMENT OF NET ASSETS

SECTION A – ACCOUNTANT’S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION



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www.crowe.co.uk

Introduction

We report on the unaudited pro forma statement of net assets of the Enlarged Group (the “Pro Forma Financial Information”) set out in Section B “*Unaudited Pro Forma Financial Information*” of Part VII of the Company’s AIM admission document dated 19 December 2019 (the “Admission Document”). The Pro Forma Financial Information has been prepared on the basis of the notes thereto, for illustrative purposes only, to provide information about how the acquisition of Tarncourt Ambit Properties Limited, Tarncourt Ambit Limited, Workshop Trading Holdings Limited (together the “Dickson Controlled Entities”) and about how the placing and admission of the Company and its securities to trading on AIM, might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing its financial information for the period ended 31 May 2019 and the Dickson Controlled Entities for the period ended 31 March 2019. This report is required by Schedule Two of the AIM Rules for Companies (the “AIM Rules”) and is given for the purpose of complying with that schedule and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the “Directors”) to prepare the Pro Forma Financial Information. It is our responsibility to form an opinion on the Pro Forma Financial Information as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting 4000 as issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying

financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial information with the Directors. We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the Company.

Declaration

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

Yours faithfully,

Crowe U.K. LLP

Chartered Accountants

SECTION B – UNAUDITED PRO FORMA FINANCIAL INFORMATION

Set out below is an unaudited pro-forma statement of net assets of the Enlarged Group (the “Pro Forma Financial Information”), which has been prepared on the basis of the financial information of the Company as at 31 May 2019 and the Dickson Controlled Entities as at 31 March 2019, as adjusted for:

- cash consideration paid to the sellers of Tarncourt Ambit Limited on the acquisition; and
- the receipt of the net proceeds from the Placing and Subscription.

As set out in the notes below. The Pro Forma Financial Information has been prepared for illustrative purposes only and because of its nature will not represent the actual consolidated financial position of the Enlarged Group as at the date of Admission.

Unaudited pro-forma net assets

£'000s	The Company (Audited) (Note 1)	Tarncourt Ambit Property Limited (Audited) (Note 2)	Tarncourt Ambit Limited (Audited) (Note 2)	Workshop Trading Holdings Limited (Note 2)	Adjustments resulting from acquisition (Audited) (Note 3)	Net Placing and Subscription (Note 4)	Pro Forma Net Assets of the Enlarged Group (Unaudited)
Non-current assets							
Property, plant and equipment	1,012	—	—	539	—	—	1,551
Intangible assets	1,074	—	—	36	—	—	1,110
Total non-current assets	2,086	—	—	575	—	—	2,661
Current assets							
Inventory	4,153	20	932	135	—	—	5,240
Trade receivables and supplier	34	4,114	5	246	—	—	4,399
Cash and cash equivalents	12	1	—	19	(375)	4,370	4,027
Total current assets	4,199	4,135	937	400	(375)	4,370	13,666
Total assets	6,285	4,135	937	975	(375)	4,370	16,327
Current liabilities							
Trade payables and advances	651	2,762	466	595	—	—	4,474
Current tax liabilities	—	103	—	—	—	—	103
Loans and Borrowings	3,408	682	1,625	4,766	—	—	10,481
Deferred Consideration	364	—	—	—	—	—	364
Total current liabilities	4,423	3,547	2,091	5,361	—	—	15,422
Non-current liabilities							
Borrowings	373	77	—	—	—	—	450
Total non-current liabilities	373	77	—	—	—	—	450
Total liabilities	4,796	3,624	2,091	5,361	—	—	15,872
Net assets	1,489	511	(1,154)	(4,386)	(375)	4,370	455

Notes:

1. The financial information of the Company as at 31 May 2019 has been extracted, without further adjustment, from Part VI Section A of this Document. No account has been taken of the activities of the Company subsequent to 31 May 2019.
2. The financial information of the Dickson Controlled Entities as at 31 March 2019 has been extracted, without further adjustment, from Part VI Sections C, E and G of this Document. No account has been taken of the activities of the Dickson Controlled Entities subsequent to 31 March 2019.
3. On completion of the acquisition of Tarncourt Ambit Limited cash consideration of £375,000 is to be paid to certain sellers of Tarncourt Ambit Limited.
4. Placing and Subscription proceeds of approximately £5,000,000 and associated costs of the Placing and Subscription of approximately £630,000 (excluding VAT). The net proceeds from the Placing and Subscription received by the Company are approximately £4,370,000.

PART VIII

ADDITIONAL INFORMATION

1. PRINCIPAL ACTIVITY OF THE GROUP

The nature of the Group's operations and its principal activities are those of a consumer-focused luxury service provider. The Group's principal place of business in the United Kingdom

2. RESPONSIBILITY

- 2.1 The Company, whose registered office appears on page 6 of this document and the Directors and the Proposed Directors, whose names, business addresses and functions also appear on page 6 of this document, accepts responsibility for the information (including any expressions of opinion) contained in this document, including individual and collective responsibility for the Company's compliance with the AIM Rules, other than: (i) the recommendations in respect of Resolution 2 set out in paragraph 28 of Part I of this document, for which only the Independent Directors in respect of such recommendations accepts responsibility; and (ii) information relating to the Concert Party, for which only the Concert Party accepts responsibility. To the best of the knowledge of the Company, the Directors and the Proposed Directors (each of whom has taken all reasonable care to ensure that such is the case) the information contained in this document for which they accept responsibility is in accordance with the facts and contains no omission likely to affect the import of such information.
- 2.2 Charles Dickson, Davina Dickson, James Dickson and Tarncourt Properties Limited accept responsibility for the information (including any expressions of opinion) contained in this document which relates to the Concert Party or to themselves as members of the Concert Party (except to the extent that such information or expressions of opinion relate to the members of the Concert Party as set out in paragraphs 2.3 to 2.7 of this Part VIII). To the best of their respective knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 2.3 Apache Capital Partners Limited accepts responsibility for the information contained in this document relating to themselves. To the best of Apache Capital Partners Limited's knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 2.4 Richard Burrell accepts responsibility for the information contained in this document relating to himself. To the best of Richard Burrell's knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this document for which he is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 2.5 Mark Lewis accepts responsibility for the information contained in this document relating to himself. To the best of Mark Lewis's knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this document for which he is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 2.6 Alan Halsall accepts responsibility for the information contained in this document relating to himself. To the best of Alan Halsall's knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this document for which he is

responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

- 2.7 David Holdsworth accepts responsibility for the information contained in this document relating to himself. To the best of David Holdsworth's knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this document for which he is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

3. INCORPORATION AND GENERAL

- 3.1 The Company was incorporated and registered in England and Wales on 28 January 2010 under the name Sovereign Mines of Africa plc with registered number 07139678 as a public company limited by shares. The Company changed its name to The Barkby Group plc on 25 June 2018 and this is its legal and commercial name.
- 3.2 On 14 April 2010 the Company was issued with a certificate entitling it to do business and borrow under section 761 of the Companies Act.
- 3.3 The Company is a public limited company and accordingly the liability of the members of the Company is limited.
- 3.4 The principal legislation under which the Company operates and under which the Consideration Shares and the Placing Shares shall be issued is the Companies Act and regulations made under it.
- 3.5 The Company is domiciled in the UK. The registered office of the Company as at the date of this document is at Lakeside Fountain Lane, St Mellons, Cardiff, United Kingdom, CF3 0FB and its principal place of business as at the date of this document is The Five Alls, Filkins, Lechlade, Gloucestershire, GL7 3JQ. Following Admission, the Company will change its registered office and principal place of business to First Floor, 115 Olympic Avenue, Milton Park, Oxfordshire OX14 4SA. Its telephone number as at the date of this document is +44 (0) 330 333 8265.
- 3.6 The Company was admitted to the AIM market on 28 July 2011 but, as it did not make an acquisition which would constitute a reverse takeover within a year of becoming an investing company pursuant to the AIM Rules for Companies, its shares were cancelled from trading on the AIM market on 22 January 2018. The Company's shares were then admitted to trading on the NEX Exchange Growth Market on 26 June 2018 when it completed its acquisition of the business and assets of Turf to Table Ltd.
- 3.7 As at the date of this document, the address of the Company's website is www.barkbygroup.com and this will be the website which discloses the information required by Rule 26 of the AIM Rules. The information on the Company's website does not form part of this document unless it is incorporated by reference into this document.

4. ORGANISATIONAL STRUCTURE

- 4.1 As at the date of this document, the Company has one subsidiary or subsidiary undertaking, Centurian Automotive Limited. Following Completion, the Company will have three additional subsidiaries or subsidiary undertakings being Workshop Holdings, DevCo and SPVCo with Workshop Holdings having one wholly owned subsidiary, Workshop Coffee. Details of all these subsidiaries as they will be at Admission are as follows:

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>Registered number</i>	<i>Principal activity</i>	<i>Percentage ownership and voting power on Admission</i>
Centurian Automotive Limited	England & Wales	08049326	Car dealership	100%
Workshop Trading Holdings Limited	England & Wales	09512474	Holding company	100%
Workshop Trading (London) Limited	England & Wales	07098152	Coffee distribution and retail	100% (by Workshop Holdings)
Tarncourt Ambit Properties Limited	England & Wales	08396002	Property development	100%
Tarncourt Ambit Limited	England & Wales	07795768	Property investment	100%

4.2 Each of Tarncourt Ambit Properties Limited and Tarncourt Ambit Limited will be changing their names following Admission, with Tarncourt Ambit Properties Limited proposing to change its name to Barkby Real Estate Developments Limited and Tarncourt Ambit Limited proposing to change its name to Barkby Real Estate Limited.

4.3 The Enlarged Group will also have investments in Transcend and VivoPlex following Completion of the DevCo Acquisition, further details of the terms of such investments are set out in paragraph 16.8.1 and 16.8.2 of this Part VIII.

5. SHARE CAPITAL

5.1 The Company does not have an authorised share capital restriction.

5.2 The history of the Company's share capital for the period from 1 September 2015 to the date of this document is as follows:

- 5.2.1 as of 1 September 2015 the Company had 310,858,850 ordinary shares of £0.0001 each and 310,858,850 deferred shares of £0.0099 each in issue of, all fully paid;
- 5.2.2 on 30 December 2015 the Company issued 550,000,000 ordinary shares of £0.0001 each, fully paid, following which there were 365,858,850 ordinary shares of £0.0001 each and 310,858,850 deferred shares of £0.0099 each in issue, all fully paid;
- 5.2.3 on 22 June 2016 all the deferred shares of £0.0099 each were redeemed by the Company for an aggregate amount of £1 and 200 ordinary shares of £0.0001 each were issued at an issue price of £0.005 each, fully paid, following which there were 860,859,050 ordinary shares of £0.0001 each in issue;
- 5.2.4 on 6 June 2018 the Company issued 4 ordinary shares of £0.0001 each at an issue price of £0.36 a share, fully paid, so that it had 860,859,054 ordinary shares of £0.0001 each in issue;
- 5.2.5 on 25 June 2018 every 33 of the Company's issued ordinary shares of £0.0001 each were consolidated into one ordinary share of £0.0033 each so that the Company then had 26,086,638 ordinary shares of £0.0033 each in issue, full paid;
- 5.2.6 on 26 June 2018 the Company issued 5,777,778 ordinary shares of £0.0033 each at an issue price of £0.09 each in part consideration of the purchase by the Company of the boutique hospitality business and assets of Turf to Table Ltd and issued a further 6,083,335 ordinary shares of £0.0033 each at an issue price of

£0.09 each following which it had 37,947,751 ordinary shares of £0.0033 each in issue, fully paid;

- 5.2.7 on 13 February 2019, the Company issued 4,216,416 ordinary shares of £0.0033 each at an issue price of £0.04755 each in part consideration of the purchase by the Company of Centurian following which it had 42,164,167 ordinary shares of £0.0033 each in issue, fully paid; and
 - 5.2.8 on 18 December 2019, the Company issued 157 ordinary shares of £0.0033 each at an issue price of £0.0588 each for cash following which it had 42,164,324 ordinary shares of £0.0033 each in issue, fully paid.
- 5.3 The consideration shares referred to in paragraph 5.2.6 above represented an issue of 15.23 per cent. of the Company's then issued share capital and were paid for in assets other than cash whilst the consideration shares referred to in paragraph 5.2.7 above represented an issue of 9.99 per cent. of the Company's then issued share capital and were paid for in assets other than cash.
- 5.4 By a resolution passed at the Company's annual general meeting on 22 October 2019, the directors were generally and unconditionally authorised pursuant to section 551 of the Companies Act to exercise all powers of the Company to allot shares in the Company, grant rights to subscribe for or convert securities into shares of the Company up to:
- 5.4.1 an aggregate nominal amount of £46,380.58 (such amount to be reduced by the nominal amount of any equity securities allotted referred to in paragraph 5.4.2 below) in connection with an offer by way of a rights issue; and
 - 5.4.2 in any other case, up to an aggregate nominal amount of £13,914.18 (such amount to be reduced by the nominal amount of any equity securities allotted as referred to in paragraph 5.4.1 above),

provided that the authority thereby given will expire on the date falling 15 months after the date of the passing of the resolution or, if earlier, the date of the annual general meeting of the Company in 2020 save that the Company may, before such expiry, make offers or agreements which would or might require shares to be allotted or rights to be granted under the authority and the directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred by the resolution has expired.

- 5.5 By another resolution passed on 22 October 2019, the directors were empowered to allot equity securities (as defined in section 560(1) of the Companies Act) for cash, either pursuant to the authority conferred by the resolution summarised in paragraph 5.4 above or by way of a sale of treasury shares, as if section 561(1) of the Companies Act did not apply to any such allotment, provided that such power is limited to:
- 5.5.1 the allotment of equity securities by way of a rights issue; and
 - 5.5.2 otherwise, up to an aggregate amount of £13,914.18,

with such power to expire on the date falling 15 months after the date of the passing of the resolution or, if earlier, the date of the annual general meeting of the Company in 2020 save that the Company may, before such expiry, make offers or agreements which would or might require shares to be allotted or rights to be granted under the authority and the directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred by the resolution has expired.

- 5.6 If the Resolutions relating to the share capital of the Company are passed at the General Meeting as set out in Resolutions 4 and 6 of the Notice of General Meeting the authorities set out in paragraphs 5.4 and 5.5 will be replaced as set out in those Resolutions and the Placing Shares and Consideration Shares will be issued pursuant to such Resolutions.

- 5.7 Save to the extent dis-applied as disclosed in paragraph 5.5 above and as will be disapplied pursuant to Resolution 6 in the Notice of General Meeting, the provisions of 561(1) of the Companies Act confer on the Company's shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash.
- 5.8 The issued share capital of the Company immediately prior to the publication of this document is as follows:

<i>Class of Share</i>	<i>Nominal value per share (£)</i>	<i>Issued</i>	
		<i>Aggregate Nominal Value (£)</i>	<i>Aggregate Number</i>
Existing Ordinary Shares	0.0033	139,142.2692	42,164,324

- 5.9 All of the issued shares in the capital of the Company immediately prior to the publication of this document are fully paid.
- 5.10 Immediately following the Share Consolidation, the issued share capital the Company will be:

<i>Class of Share</i>	<i>Nominal value per share (£)</i>	<i>Issued</i>	
		<i>Aggregate Nominal Value (£)</i>	<i>Aggregate Number</i>
New Ordinary Shares	0.00860675675675676	139,142.26	16,166,632

- 5.11 16,666,667 New Ordinary Shares are being issued pursuant to the Placing and Subscription at a price of £0.30 per New Ordinary Share (which represents a premium of £0.2914 over their nominal value of £0.00860675675675676 each). No expenses are being charged to any placee.
- 5.12 102,086,167 New Ordinary Shares, comprising the Consideration Shares, are being issued at a price of £0.30 per New Ordinary Share (which represents a premium of £0.2914 over their nominal value of £0.00860675675675676 each) pursuant to the terms of the Acquisition Agreements.
- 5.13 315,600 New Ordinary Shares, comprising the Fee Shares, are being issued at a price of £0.30 per New Ordinary Share (which represents a premium of £0.2914 over their nominal value of £0.00860675675675676 each) pursuant to the terms of the Placing Agreement.
- 5.14 The issued share capital of the Company immediately following Admission and Completion, taking into account the Placing Shares, Subscription Shares, Consideration Shares and Fee Shares referred to in paragraphs 5.11 to 5.13 above, will be as follows:

<i>Class of Share</i>	<i>Nominal value per share (£)</i>	<i>Issued</i>	
		<i>Aggregate Nominal Value (£)</i>	<i>Aggregate Number</i>
New Ordinary Shares	0.00860675675675676	1,163,935.32	135,235,066

- 5.15 Following the Placing and Subscription, the allotment and the issue of the Consideration Shares pursuant to the Acquisitions and the allotment and issue of the Fee Shares (assuming all of the Placing Shares and Subscription Shares are allotted pursuant to the Placing and Subscription), the Placing Shares and Subscription Shares will represent

12.2 per cent. of the Enlarged Share Capital and the Consideration Shares will represent 75.5 per cent. of the Enlarged Share Capital.

- 5.16 As at the date of this document, the following warrants have been granted and are outstanding in respect of the Company's share capital and Existing Ordinary Shares:

Name	Type	Number	Date Granted	Price (p)
Giles Clarke	Warrants	3,787,878	30/12/2015	3.3
Rupert Fraser	Warrants	3,787,878	30/12/2015	3.3
Jeremy Sparrow	Warrants	666,666	22/07/2016	7.59
Total in Issue		8,242,422		

- 5.17 Following the Share Consolidation, these Warrants will be outstanding in respect of the Company's share capital and New Ordinary Shares as follows:

Name	Type	Number	Date Granted	Price (p)
Giles Clarke	Warrants	1,452,347	30/12/2015	8.60
Rupert Fraser	Warrants	1,452,347	30/12/2015	8.60
Jeremy Sparrow	Warrants	255,612	22/07/2016	19.79
Total in Issue		3,160,306		

- 5.18 The Warrants issued to Giles Clarke and Rupert Fraser were created pursuant to a warrant instrument dated 30 December 2015 which created warrants to subscribe in cash for up to 250,000,000 ordinary shares of £0.0001 each, exercisable at a subscription price of £0.001 (0.1 pence) per ordinary share (which was consolidated into a right to subscribe in cash for up to 3,787,878 Existing Ordinary Shares exercisable at a price of £0.033 (3.3 pence) per Existing Ordinary Share) at any time during the period of five years to 30 December 2020 provided that one in every two of the Warrants may only be exercised if during such subscription period the Company has completed a reverse takeover as defined in the AIM Rules (which completion of the Acquisitions will satisfy) and further provided that the Warrants may not be exercised if the exercise would mean that a mandatory offer for the Company under the Takeover Code would need to be made by the relevant holder and/or persons acting in concert with him.
- 5.19 The Warrants issued to Jeremy Sparrow were created pursuant to a warrant instrument dated 21 July 2016 which created warrants to subscribe in cash for up to 22,000,000 ordinary shares of £0.0001 each, exercisable at a subscription price of £0.0023 (0.23 pence) per ordinary share (which was consolidated into a right to subscribe in cash for up to 3,787,878 Existing Ordinary Shares exercisable at a price of £0.033 (3.3 pence) per Existing Ordinary Share) at any time during the period from 28 July 2016 to 29 July 2021 (inclusive) provided that one in every two of the Warrants may only be exercised if during such subscription period the Company has completed a reverse takeover as defined in the AIM Rules (as above) and further provided that the Warrants may not be exercised if the exercise would mean that a mandatory offer for the Company under the Takeover Code would need to be made by the relevant holder and/or persons acting in concert with him.
- 5.20 The Company is establishing the CSOP, further details of which are set out in paragraph 10 of this Part VIII.
- 5.21 Save for the issue of the Placing Shares, the Subscription Shares, the Consideration Shares, the Fee Shares, the Contingent Deferred Consideration, and the Centurian Deferred Consideration Shares and the potential issue of New Ordinary Shares to satisfy the Warrants disclosed at paragraphs 5.16 to 5.19 above, the Company has no outstanding

convertible securities, exchangeable securities or securities with warrants and no capital of the Company is proposed to be issued or is under option or is agreed conditionally or unconditionally to be put under option. The New Board intends to consider whether to grant options pursuant to the CSOP to key employees of the Enlarged Group in order to incentivise and motivate them following Admission.

- 5.22 The Placing Shares, the Subscription Shares, the Fee Shares and the Consideration Shares will, on Admission, rank *pari passu* in all respects with all issued New Ordinary Shares and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company. The provisions of section 561 of the Companies Act (which confers on shareholders rights of pre-emption in respect of the allotment of equity securities which are or are to be paid up in cash other than by way of allotment to employees' share scheme as defined in section 1166 of the Companies Act) will, following Admission, apply to unissued shares in the capital of the Company to the extent not dis-applied pursuant resolution 6 in the Notice of General Meeting of up to an aggregate nominal amount of £174,590.25 and not used to allow the allotment of the Placing Shares and Subscription Shares.
- 5.23 With effect from Admission all of the New Ordinary Shares will be in registered form and capable of being held in uncertificated form.
- 5.24 There are no shares in the Company held by or on behalf of itself or by any of its subsidiaries (as they will be at Admission, as set out in paragraph 4.1 above).
- 5.25 Save as disclosed in this document, as at the date of this document:
- 5.25.1 no shares have been issued otherwise than as fully paid;
- 5.25.2 there are no acquisition rights and/or obligations over authorised but unissued capital or an undertaking to increase the capital; and
- 5.25.3 the Company does not have in issue any shares not representing capital.

6. MAJOR SHAREHOLDERS

- 6.1 Save as set out below and in paragraph 7.2 of this Part VIII, the Company is not aware of any person who, at the date of this document and immediately following Admission, has, directly or indirectly, an interest in the Company's capital or voting rights that is notifiable under the disclosure rules contained in the Disclosure and Transparency Rules, or otherwise in the UK:

Name	As at the date of this document		Placing Shares	Following Admission	
	Existing Ordinary Shares held	% of Existing Share Capital		New Ordinary Shares held	% of Enlarged Share Capital
Turf to Table Ltd	5,777,778	13.7%		2,315,313	1.7%
Michinoko Limited	4,033,333	9.6%		1,629,792	1.2%
Sir David Ord	3,770,706	8.9%	333,333	1,779,095	1.3%
Paul James Harding	2,108,208	5.0%		803,328	0.6%
Rachael Michala Harding	2,108,208	5.0%		803,328	0.6%

- 6.2 The major shareholders referred to in paragraphs 6.1 and 7.2 do not have and will not on Admission have different voting rights to the other Shareholders.
- 6.3 As at the date of this document, the Company is not directly or indirectly owned or controlled by any person. Following Admission and completion of the Acquisitions, the Dickson Family

will together hold shares representing approximately 61.4 per cent. of the Enlarged Share Capital and will be able to exert significant influence in respect of the Company. The Company has therefore entered into the Relationship Agreement, further details of which are set out in paragraph 16.2.5 of this Part VIII.

- 6.4 There are no arrangements known to the Company the operation of which may either after the date of this document or after Admission result in a change of control of the Company other than pursuant to the Acquisitions, as described in this document.

7. INFORMATION ON THE DIRECTORS AND THE PROPOSED DIRECTORS

7.1 *Functions of the Directors and Proposed Directors*

- 7.1.1 The full names and functions of the Directors and the Proposed Directors as at the date of this document and immediately following Admission will be as follows:

Full name	Function	
	As at the date of this document	As at Admission
Charles Giles Clarke	Chairman	–
Rupert Michael Fraser	Chief Executive Officer	Group Managing Director
Emma Jane Dark	Finance Director	Finance Director
Duncan George Harvey	Non-Executive Director	–
Jeremy Anthony Simon Sparrow	Non-Executive Director	Independent Non-Executive Director
Stephen Cook	Operations Director	–
Charles Edward Dickson	–	Executive Chairman
Jonathan Warburton	–	Independent Non-Executive Director
Matthew Graham Wood	–	Independent Non-Executive Director

- 7.1.2 The business address of each of the Directors is Lakeside Fountain Lane, St Mellons, Cardiff, United Kingdom, CF3 0FB; the business address of the New Board immediately following Admission will be First Floor, 115 Olympic Avenue, Milton Park, Oxfordshire OX14 4SA.

7.2 *Directors' and Proposed Directors' Shareholdings and Other Interests*

- 7.2.1 In addition to the Warrants disclosed in paragraphs 5.16 to 5.19 of this Part VIII, the interests of the Directors and the Proposed Directors in the issued share capital of the Company and (so far as is known to the Directors or Proposed Directors, or could with reasonable diligence be ascertained by them) the interests of persons connected with the Directors and the Proposed Directors, as at the date of this document and as at Admission, assuming full subscription under the Placing and Subscription and completion of the Acquisitions, will be as follows:

	<i>As at the date of this document</i>			<i>Following Admission</i>	
<i>Director/ Proposed Director/ person connected</i>	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of Existing Share Capital</i>	<i>Placing Shares/ Subscription Shares/ Consideration Shares</i>	<i>Number of New Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
Giles Clarke	3,585,859	8.5%	250,000	1,624,888	1.2%
Rupert Fraser	2,818,181	6.7%	666,667	1,747,213	1.3%
Emma Dark	—	—	—	—	—
Jeremy Sparrow	—	—	—	—	—
Duncan Harvey*	2,777,778	6.6%	—	1,065,054	0.8%
Stephen Cook	—	—	—	—	—
Charles Dickson	469,696	1.1%	33,099,667	33,279,757	24.6%
Jonathan Warburton	—	—	250,000	250,000	0.2%
Matt Wood	—	—	—	—	—

* held by his wife, Jasmin Harvey.

Save as disclosed at paragraph 7.2.1 above, the Directors and the Proposed Directors are not aware of any interests of any persons connected with them.

- 7.2.2 The Directors are not required to hold any Ordinary Shares under the Articles.
- 7.2.3 Save as disclosed in this document, none of the Directors or Proposed Directors has any interest, beneficial or non-beneficial, in the share or loan capital of the Company.
- 7.2.4 No Director or Proposed Director nor any member of their families has a related financial product referenced to the Ordinary Shares (being a financial product whose value in whole or in part is determined directly or indirectly by reference to the price of the Ordinary Shares, including a contract for difference or a fixed odds bet).
- 7.2.5 There are no outstanding loans granted by the Company to any Director or Proposed Director, nor are there any guarantees provided by the Company for their benefit.
- 7.2.6 Save as disclosed in this document, no Director or Proposed Director has or has had any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions significant to the business of the Company and which was effected by the Company during the current or immediate preceding financial year, or during any earlier financial year and which remains in any respect outstanding or unperformed.

7.3 **Additional Information on the Directors and Proposed Directors**

7.3.1 The directorships of the Directors and Proposed Directors which they currently hold and have held over the five years preceding the date of this document (other than of the Company) are as follows:

Director/Proposed Director	Current Directorships	Past Directorships
Giles Clarke	Amerisur Resources plc Clarke Clay Industries Limited Edvectus Limited Fosters Room Limited Ironveld plc Kazera Global plc Kazera Global Trading Limited RAM 106 Limited (RAM (162) Limited The Boston Tea Party Limited The Boston Tea Party Group Limited The Pure English Alpaca Company Limited West Country Business Systems (Holdings) Limited Westleigh Investments Limited Westleigh Investments Holdings Limited	ATL Telecom Limited DesignSpin Limited England and Wales Cricket Board Limited England and Wales Cricket Trust International Cricket Council M J Associated Limited West Country Business Systems Limited
Rupert Fraser	Woodforde's Limited Woodforde's BPP Limited	Farleigh Associates Limited Ironveld plc
Emma Dark	Centurian Automotive Limited Dark Consulting Limited Wiltshire Citizens Advice	Turf to Table Ltd
Jeremy Sparrow	Alexander Capital Management Limited Chalet Holdings N.V. Epsilon Capital Limited	J S Alex LLP
Duncan Harvey	DG Harvey Ltd Permaconn Topco Pty Ltd Permaconn Midco Pty Ltd Permaconn Bidco Pty Ltd Woodforde's Limited Woodforde's BPP Limited	Ironveld plc
Stephen Cook	None	

Director/Proposed**Director****Current Directorships****Past Directorships**

Charles Dickson	Apache Capital CBTR Prime I Limited Apache Capital Partners Limited Bullingham Investments LLP Charles Dickson Associates Limited Peter Alan Dickson Foundation Present Made Limited Tarncourt Ambit Limited Tarncourt Ambit Properties Limited Tarncourt Construction Limited Tarncourt Developments LLP Tarncourt Group Holdings LLP Tarncourt Investments LLP Tarncourt Properties Limited Tenth Avenue (Deeside) Limited Workshop Trading Holdings Limited Workshop Trading (London) Limited VivoPlex Animal Health Limited VivoPlex Medical Limited VivoPlex Group Limited	Apache 2009 LLP Tarncourt Industrial Properties LLP Tarncourt Ambit Properties (Hastings) Limited Workshop Investments Limited Transcend Packaging Limited
Jonathan Warburton	Alliedtropic Limited Burneys Limited H D W 2007 Limited RBJ Foods Limited Warburtons 1876 Limited Warburtons Asset Management Limited Warburtons Holdings Limited Warburtons Limited	Giles Foods Limited Samworth Brothers (Holdings) Limited

Director/Proposed**Director****Current Directorships****Past Directorships**

Matt Wood

ONE Advisory Limited
 ABT Associates Limited
 CMS Finance Limited
 (Dormant)
 Dynamis Limited
 One Legal Advisory Limited
 ONE Advisory Group Limited
 ONE Capital Limited
 Historic Heritage Trading
 Limited
 Programmatic.ly Limited
 Movie Collective Limited
 Utopia Road Film Company
 Limited
 Crazy Blue Film Company
 Limited (Dormant)
 IMF Litigation Funding
 Services Ltd
 Avarae Global Coins plc
 Shutford Grounds Farm
 (Partnership)

CMS Advisory (Legal)
 Limited*
 CMS Advisory Group Limited*
 CMS Capital Limited*
 CMS Corporate Consultants
 Ltd*
 OneView Group Ltd
 Haydale Graphene Industries
 Plc
 Haydale Limited
 Power Metal Resources Plc
 CMS Corporate Services
 Limited*
 Elevated Entertainment
 Systems Limited*
 European Financial Planning
 Consultants Limited*
 Green Holdings plc
 OpenCrowd Limited*
 Westminster Group plc

*Dissolved

- 7.3.2 Mr Clarke was formerly Chairman of Majestic Wine Corporation (**MWC**) in the US. Subsequent to his resignation in May 1988, MWC filed for protection under Chapter XI of the US Bankruptcy Code.
- 7.3.3 Mr Clarke was formerly a director of All Mass Claddings Systems Limited. Subsequent to this resignation, the directors of the company appointed an administrator to oversee the company's affairs on 24 February 2012.
- 7.3.4 Save as disclosed at paragraphs 7.3.2 to 7.3.3, at the date of this document, none of the Directors or Proposed Directors has:
- (a) any unspent convictions in relation to indictable offences; or
 - (b) been declared bankrupt or been the subject of an individual voluntary arrangement; or
 - (c) been a director of any company at the time of, or within the twelve months preceding, its receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors; or
 - (d) been a partner in any partnership at the time or within twelve months preceding its compulsory liquidation, administration, or partnership voluntary arrangement; or
 - (e) had a receiver appointed to any of his/her assets or been a partner in any partnership at the time or within twelve month preceding the receivership of any of the partnership's assets; or
 - (f) been subject to any public criticisms by any statutory or regulatory authority (including recognised professional bodies) and no Director or Proposed

Director has ever been disqualified by a court from acting in the management or conduct of the affairs of any company.

8. DIRECTORS' AND PROPOSED DIRECTORS' SERVICE AGREEMENTS AND REMUNERATION

8.1 The Directors and Proposed Directors have entered into or agreed to enter into agreements with the Company in relation to their respective appointments as follows:

8.1.1 Directors who will resign on Admission

- (a) a letter of appointment with Giles Clarke dated 6 June 2018 under which Giles Clarke was appointed non-executive chairperson of the Company for an initial term of three years commencing on 6 June 2018 unless terminated earlier by either party giving the other at least three months' prior written notice, subject to satisfactory performance and re-election at the Company's annual general meeting. Under the letter of appointment, Giles Clarke is entitled to an annual fee of £12,000 gross and reimbursement of reasonable expenses but no other remuneration. Giles Clarke has agreed by a letter of resignation dated 18 December 2019 to resign as a director for no compensation with effect from Admission.
- (b) a letter of appointment with Duncan Harvey dated 6 June 2018 under which Duncan Harvey was appointed a non-executive director of the Company for an initial term of three years which commenced on 26 June 2018 unless terminated earlier by either party giving the other at least three months' prior written notice, subject to satisfactory performance and re-election at the Company's annual general meeting. Under the letter of appointment, Duncan Harvey is entitled to an annual fee of £12,000 gross and reimbursement of reasonable expenses but no other remuneration. Duncan Harvey has agreed by a letter of resignation dated 18 December 2019 to resign as a director for no compensation with effect from Admission.
- (c) a service agreement dated 12 September 2019 between (1) the Company and (2) Stephen Cook which became effective on 11 January 2018 under which Stephen Cook was appointed Operations Director. Under the service agreement, Stephen Cook's annual salary was increased from £65,000 to £85,000 on 1 September 2019. He is also entitled to private healthcare cover and statutory pension together with 28 days holiday per year which includes usual public holidays or days in lieu if he is required to work on a public holiday. The terms can be terminated on three months' notice by either party. Stephen Cook is also subject to a three month non-solicitation clause in relation to certain employees, but no non-compete restrictive covenant.

Stephen Cook has agreed by a letter of resignation dated 18 December 2019 to resign as a director of the Company with effect from Admission but his service agreement terms will continue and he will be Operations Director of Barkby Pubs. Pursuant to a letter from the Company to Stephen Cook dated 12 September 2019, the Company has also agreed to pay Stephen Cook a one off discretionary bonus of £45,000 in lieu of the grant of options this year.

8.1.2 New Board

- (a) a service agreement dated 6 June 2018 between (1) the Company and (2) Rupert Fraser which commenced on 26 June 2018 under which Rupert Fraser was appointed Chief Executive Officer of the Company. Under the service agreement, Rupert Fraser is entitled to an annual salary of £12,000, a discretionary bonus and pension contributions together with 30 days

holiday per year together which includes the usual public holidays or days in lieu if he is required to work on a public holiday. The terms apply until terminated on six months' notice by either party. Rupert Fraser is also subject to a 12 month non solicitation clause in relation to certain employees and a six month non-compete restrictive covenant in respect of those parts of the Enlarged Group's business with which he was involved to a material extent in the 12 months prior to termination. This service agreement is being replaced with effect from Admission by the terms of a new service agreement between (1) the Company and (2) Rupert Fraser dated 18 December 2019.

Under this new service agreement Rupert Fraser will serve the Company as Group Managing Director on an annual salary of £120,000 (inclusive of any fees), a discretionary bonus and pension contributions, together with 35 days holiday per year which includes usual public holidays or days in lieu if he is required to work on a public holiday. The terms apply until terminated on 12 months' notice by either party. Rupert Fraser is also subject to a 12 month non solicitation of employees restrictive covenant in respect of those parts of the Enlarged Group's business with which he is involved to a material extent in the 12 months prior to termination and a 12 month non-compete clause.

- (b) a consultancy services agreement dated 6 June 2018 between (1) the Company and (2) Dark Consulting Limited (**Dark Consulting**) under which Dark Consulting agrees to make Emma Dark available to the Company to provide book keeping, payroll and management account services together with annual services relating to auditing, investor relations and associated presentation services with effect from 26 June 2018. Under the consultancy services agreement, the Company is to pay Dark Consulting a fee of £254 per day inclusive of VAT, with Dark Consultancy to invoice the Company on a monthly basis in arrears. Reasonable business mileage and accommodation expenses are also to be reimbursed by the Company to Dark Consulting. The terms can be terminated on four weeks' notice by either party.
- (c) a letter of appointment with Emma Dark dated 6 June 2018 under which Emma Dark was appointed finance director of the Company for an initial term of three years which commenced on 26 June 2018 and continues unless terminated earlier by either party giving the other at least four weeks prior written notice, subject to satisfactory performance and re-election at the Company's annual general meeting. Under the letter of appointment, Emma Dark is entitled to an annual fee of £12,000 gross and reimbursement of reasonable expenses but no other remuneration.
- (d) a letter of appointment with Jeremy Sparrow dated 6 June 2018 under which Jeremy Sparrow was appointed a non-executive director of the Company for an initial term of three years commencing on 6 June 2018 unless terminated earlier by either party giving the other at least three months' prior written notice, subject to satisfactory performance and re-election at the Company's annual general meeting. Under the letter of appointment, Jeremy Sparrow is entitled to an annual fee of £2,032 gross and reimbursement of reasonable expenses but no other remuneration. Jeremy Sparrow has entered into a new letter of appointment with the Company dated 18 December 2019 which will take effect on Admission.

Under his new letter of appointment, Jeremy Sparrow is appointed a non-executive director of the Company with effect from Admission for an initial term of three years commencing on Admission unless terminated

earlier by either party giving the other at least three months' prior written notice, subject to satisfactory performance and re-election at the Company's annual general meeting. Under this new letter of appointment, Jeremy Sparrow is entitled to an annual fee of £24,000 gross and reimbursement of reasonable expenses but no other remuneration.

- (e) a service agreement dated 18 December 2019 between (1) the Company and (2) Charles Dickson under which Charles Dickson will be appointed Executive Chairman of the Company on Admission. Under the service agreement, Charles Dickson is entitled to an annual salary of £120,000 (inclusive of fees), a discretionary bonus and pension contributions, together with 35 days holiday per year which includes usual public holidays or days in lieu if he is required to work on a public holiday. The terms apply until terminated on 12 months' notice by either party. Charles Dickson is also subject to a 12 month non solicitation of employees restrictive covenant in respect of those parts of the Enlarged Group's business with which he is involved to a material extent in the 12 months prior to termination and a 12 month non-compete clause.
- (f) a letter of appointment with Jonathan Warburton dated 18 December 2019 under which Jonathan Warburton will be appointed, conditional on Admission, a non-executive director of the Company for an initial term of three years commencing on Admission unless terminated earlier by either party giving the other at least three months' prior written notice, subject to satisfactory performance and re-election at the Company's annual general meeting. Under the letter of appointment, Jonathan Warburton is entitled to an annual fee of £24,000 gross and reimbursement of reasonable expenses but no other remuneration.
- (g) a letter of appointment with Matt Wood dated 18 December 2019 under which Matt Wood will be appointed, conditional on Admission, a non-executive director of the Company for an initial term of three years commencing on Admission unless terminated earlier by either party giving the other at least three month's prior written notice, subject to satisfactory performance and re-election at the Company's annual general meeting. Under the letter of appointment, Matt Wood is entitled to an annual fee of £24,000 gross and reimbursement of reasonable expenses but no other remuneration.

- 8.2 None of the Directors or Proposed Directors have other arrangements with the Company pursuant to which they are or will be entitled to payment and, in particular, have no further entitlement to benefits upon termination of employment.
- 8.3 The aggregate amount of remuneration paid (including any contingent or deferred compensation) and benefits in kind granted to the Directors by the Company during the last completed financial period ended 31 May 2019 was £370,000. The aggregate amount of remuneration payable, (including any contingent or deferred compensation) and benefits in kind granted to the Director and Proposed Directors by the Company in respect of the financial year ending 30 June 2020 under the arrangements in force as at the date of this document is estimated to be approximately £289,000.
- 8.4 Save as set out above, there are no existing or proposed service agreements between any of the Directors or Proposed Directors and the Company.
- 8.5 Save as set out above, no service contract or letter of appointment of any director has been entered into within the period of six months prior to the date of this document.

9. EMPLOYEES

- 9.1 Each member of the Enlarged Group employed the following number of employees (including directors) as at the dates specified below, being the end of the relevant financial year for the historical financial information for each such member:

<i>Name of subsidiary</i>	<i>Date</i>	<i>Number of employees</i>
The Company	31 May 2019	95
Centurian Automotive Limited	31 May 2019	5
Workshop Trading Holdings Limited	31 March 2019	None
Workshop Trading (London) Limited	31 March 2019	45
Tarncourt Ambit Limited	31 March 2019	6
Tarncourt Ambit Properties Limited	31 March 2019	4

- 9.2 The breakdown of persons employed by the Enlarged Group by main category of activity as at the date of this document is as follows:

<i>Category</i>	<i>Number</i>
Administrative for Company	0
Barkby Pubs	147
Centurian Automotive	5
Workshop Coffee	39
Tarncourt Ambit	0
Tarncourt Ambit Properties	0
Total	191

- 9.3 The Enlarged Group did not employ a significant number of temporary employees during the most recent financial years.

10. SHARE OPTION SCHEME

- 10.1 It is proposed that the Company adopt the CSOP at the General Meeting pursuant to Resolution 5 in the Notice of General Meeting set out at the end of this document so that it can grant options to employees and full time directors of the Enlarged Group in order to incentivise and motivate them. The New Board intends to consider whether to grant options pursuant to the CSOP to key employees of the Enlarged Group in order to incentivise and motivate them following Admission.

- 10.2 The following is a summary of the terms of the CSOP:

- 10.2.1 *grant of options*: the Company may grant options to directors who devote at least 25 hours per week to their duties or employees of the Company or any company which it controls provided such option holder and their associates do not have and have not in the last 12 months had a material interest in the Company;
- 10.2.2 *performance conditions*: the Company may on grant of options specify one or more performance conditions to be satisfied before an option may be exercised with the New Board having discretion to vary or waive such conditions in certain circumstances;
- 10.2.3 *share capital limit on grant*: the maximum number of shares over which options may be exercisable pursuant to the CSOP cannot exceed 10 per cent. of the Company's issued share capital from time to time;
- 10.2.4 *individual limits*: the grant of options pursuant to the CSOP is limited to a total market value (as on grant) of £30,000 in respect of any one director or employee

so that options with a greater market value would need to be granted as unapproved options;

- 10.2.5 *exercise of options*: the options must be exercised after the third anniversary and before the tenth anniversary of the date of grant;
- 10.2.6 *lapse of options*: options lapse on the occurrence of certain events unless exercised within certain specified periods, subject to the exercise by the New Board of its sole discretion, as follows: on death, one year from the date of death; on ceasing to be an employee or director on retirement or due to injury or ill health or disability, on the expiry of six months after having so resigned or retired; on termination of employment or office by reason of summary dismissal, immediately on such termination; otherwise, on resignation, retirement or dismissal for other reasons within 90 days of such termination. The New Board may at its discretion extend the periods above;
- 10.2.7 *merger or takeover*: on a merger, takeover or other re-organisation resulting in a change of control of the Company, the New Board may determine that each option may become exercisable; and
- 10.2.8 *adjustment of options*: in the event of a variation in the share capital of the Company, the New Board may make such adjustment to the number and description of shares subject to each option and/or to the exercise price as it deems fair and appropriate.

11. ARTICLES OF ASSOCIATION

The current Articles of Association of the Company were adopted by special resolution of the Company on 30 June 2015 and contain provisions, amongst other things, to the following effect:

11.1 Objects

The memorandum and articles of association of the Company contain no restrictions on the activities of the Company.

11.2 Voting Rights

- 11.2.1 Subject to the Articles and any special terms as to voting upon which any class of shares may be issued or may for the time being be held at a general meeting, on a show of hands, each member present in person or by proxy and entitled to vote in his own right and the duly authorised representative of one or more corporations shall have one vote, and on a poll each every member who is present in person or by proxy shall have one vote for each share of which he is the holder.
- 11.2.2 A poll may be demanded by:
 - (a) the chairman of the meeting; or
 - (b) at least three members present in person or by proxy and entitled to attend and vote at the meeting; or
 - (c) any member or members present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or
 - (d) any member or members present in person or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to and not less than one-tenth of the total sums paid up on all shares conferring that right.

- 11.2.3 A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.
- 11.2.4 A member who is a patient for any purpose of any statute relating to mental health or in respect of whom an order has been made by any Court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may if so permitted by the board in its absolute discretion vote, whether on a show of hands or on a poll, by his receiver, committee, curator bonis, or other person authorised in that behalf by the Court, and such receiver committee, curator bonis, or other person authorised may vote on a poll by proxy, and may otherwise act and be treated as such member for the purposes of any general meeting, provided that such evidence as the board may require of the authority of the person claiming to vote shall have been deposited at the registered office of the Company (or at such other place in the United Kingdom as may be specified for the delivery of instruments of proxy in the notice convening the meeting or other document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting or for the taking of the poll at which it is desired to vote.
- 11.2.5 In the case of an equality of votes at a general meeting, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a second or casting vote.
- 11.2.6 In the case of joint holders of a share the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. Seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
- 11.2.7 A proxy need not be a member and a member may appoint more than one proxy to attend on the same occasion, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him.

11.3 ***Restrictions on Voting***

Unless the board otherwise determines, no member shall be entitled to vote at any general meeting or meeting of the holders of any class of shares in the capital of the Company either in person or by proxy or to be reckoned in a quorum or to exercise any other right conferred by membership in relation to meetings of the Company or the holders of any class of shares in the Company unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

11.4 ***General Meetings***

- 11.4.1 The board shall convene and the Company shall hold general meetings and annual general meetings in accordance with the requirements of the Act at such times and places as the board shall appoint.
- 11.4.2 The board may, whenever it thinks fit, convene a general meeting or in default such meetings may be convened by such requisition as is provided by the Act. If there are not within the United Kingdom sufficient directors to call a general meeting, any director or member may call the meeting. In the case of a general meeting called in pursuance of a requisition, unless such meeting shall have been called by the board, no business other than that stated in the requisition as the object of the meeting shall be transacted.

- 11.4.3 The provisions relating to general meetings apply to every separate general meeting of the holders of any class of shares in the capital of the Company but:
- (a) the quorum is two members present in person or by proxy and representing not less than one-third in nominal value of the issued shares of the class;
 - (b) if at any adjourned meeting of such holders such a quorum is not present one holder of shares of the class present in person or by proxy whatever the amount of his holding shall be deemed to constitute a quorum and a meeting;
 - (c) at the meeting, a holder of shares of the class present in person or by proxy may demand a poll;
 - (d) on a poll every holder of shares of the class shall be entitled to one vote for every share of the class held by him.
- 11.4.4 An annual general meeting shall be called by not less than 21 clear days' notice in writing. A meeting other than an annual general meeting shall be called by not less than 14 days' clear notice in writing.
- 11.4.5 The notice shall specify the place, day and time of the meeting, and the general nature of the business and include details of any arrangements made for the purposes of an adjournment. There shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and on a poll to vote instead of him, and that a proxy need not be a member. The notice convening an annual general meeting shall specify the meeting as such. The notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as such.
- 11.4.6 Subject to the provisions of the Act, notice of every general meeting shall be given to all members other than those who, under the provisions of these Articles or the terms of issue of the shares which they hold, are not entitled to receive such notices from the Company, and also to the Company's auditors.
- 11.4.7 Notwithstanding that a meeting of the Company is called by shorter notice than that specified under the Articles, it shall be deemed to have been duly called if it is so agreed:
- (a) in the case of a meeting called as an annual general meeting, by all the members entitled to attend and vote at the meeting; and
 - (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.
- 11.4.8 The accidental omission to give notice of a meeting, or in cases where instruments of proxy are sent out with the notice the accidental omission to send such instrument of proxy to, or the non-receipt of notice of a meeting or such instrument of proxy by, any person entitled to receive such notice, shall not invalidate the proceedings at that meeting.
- 11.4.9 The quorum for a general meeting is at least two members present in person or by proxy and entitled to vote.
- 11.4.10 If within fifteen minutes (or such longer time not exceeding one hour as the chairman of the meeting may determine to wait) after the time appointed for the meeting a quorum is not present or if during the meeting a quorum ceases to be present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case it shall stand adjourned to such other day (not being

less than seven days thereafter) and at such time or place as the chairman of the meeting may determine. If at the adjourned meeting a quorum is not present within 15 minutes from the time appointed for the meeting, or if during the meeting a quorum ceases to be present the meeting shall be dissolved. The Company shall give not less than seven days' notice in writing of any meeting adjourned through want of a quorum and such notice shall state that two members present in person or by proxy and entitled to vote shall be a quorum.

11.4.11 The chairman may, with the consent of the meeting at which a quorum is present (and shall, if directed by the meeting to do so), adjourn the meeting either indefinitely or to another time or place. The chairman may also, without the consent of the meeting, adjourn the meeting (whether or not it has commenced or is quorate) either indefinitely or to such other time and place as he or the directors decide if it appears to him that:

- (a) adequate facilities are not available to accommodate the number of persons wishing to attend in the place appointed for the meeting; or
- (b) the unruly conduct of persons attending the meeting prevents or is likely to prevent the orderly holding or continuation of the meeting; or
- (c) an adjournment is otherwise necessary for the business of the meeting to be conducted properly; or
- (d) a proposal of such importance is made that the consideration of a larger number of members is desirable.

11.4.12 When a meeting is adjourned for 30 days or more or for an indefinite period, not less than seven clear days' notice of the adjourned meeting shall be given as in the case of an original meeting save that it shall not be necessary to specify the business to be transacted. Unless a meeting is adjourned for want of a quorum, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

11.4.13 Each director shall be entitled to attend and speak at any general meeting of the Company even if not a member.

11.4.14 The chairman (if any) of the board or, in his absence, a deputy chairman (if any) shall preside as chairman at every general meeting. If there is no such chairman or deputy chairman, or if at any meeting neither the chairman nor a deputy chairman is present within 15 minutes after the time appointed for holding the meeting, or if neither of them is willing to act as chairman, the directors present shall choose one of their number to act, or if one director only is present he shall preside as chairman if willing to act. If no director is present, or if each of the directors present declines to take the chair, the persons present and entitled to vote on a poll shall elect one of their number to be chairman.

11.5 **Dividends**

11.5.1 Subject to the Act, the Company in a general meeting may from time to time declare dividends to be paid to the members according to their rights and interests in the profits available for distribution, but no dividend shall be declared in excess of the amount recommended by the board.

11.5.2 Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide:

- (a) all dividends shall be declared and paid according to the nominal amounts (excluding any premium) paid up on the shares in respect of which the

dividend is paid, but no amount paid up on a share in advance of calls shall, for this purpose, be treated as paid up on the share; and

- (b) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

- 11.5.3 The board may from time to time pay to the members such interim dividends as appear to the board to be justified by the profits of the Company and in particular (but without prejudice to the generality of the foregoing) if at any time the share capital of the Company is divided into different classes the board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders deferred or non-preferential rights as well as in respect of those shares which confer on the holders preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferential rights if at the time of payment any preferential dividend is in arrears. Provided that the board acts bona fide, the board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights.
- 11.5.4 No dividend shall be paid otherwise than out of profits available for distribution in accordance with the Act.
- 11.5.5 Subject to the provisions of the Act, insofar as in the opinion of the board the profits of the Company justify such payments, the board may pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for payment of them.
- 11.5.6 The board may deduct from any dividend or other moneys payable to a member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in respect of shares of the Company.
- 11.5.7 The board may retain the dividends payable upon shares in respect of which any person is entitled to become a member under the provisions of the Articles as to the transmission of shares, or which any person is under those provisions entitled to transfer, until that person becomes a member in respect of those shares, or transfers the same.
- 11.5.8 All dividends shall be apportioned and (subject to any lien of the Company) paid to members on the Company's register of members on the date on which the dividend is declared, made or paid (notwithstanding any subsequent transfer or transmission of shares) proportionately to the amounts paid up on the shares during any portion of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
- 11.5.9 No dividend or other moneys payable by the Company on or in respect of any share shall bear interest against the Company.
- 11.5.10 Any dividend unclaimed after a period of 12 years from the date such dividend became due for payment shall be forfeited and shall revert to the Company. The payment by the board of any unclaimed dividend, interest or other sum payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.

- 11.5.11 Any general meeting declaring a dividend may by ordinary resolution, upon the recommendation of the board, direct payment or satisfaction of such dividend wholly or in part by the distribution of specific assets, and in particular of paid up shares or debentures of the Company or any other company, and the board shall give effect to such direction. Where any difficulty arises in regard to such distribution the board may settle it as it thinks expedient, and in particular may issue fractional certificates or authorise any person to sell and transfer any fractions and arrange for the distribution of the net proceeds of sale in due proportion among the members who would have been entitled to the fractions, or for the retention of such net proceeds for the benefit of the Company, or may ignore fractions altogether. The board may fix the value for distribution purposes of any such specific assets and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to secure equality of distribution and may vest such specific assets in trustees as may seem expedient to the board.

11.6 Variation of Rights

- 11.6.1 Subject to the Companies Act (and associated legislation) and the terms of their issue, all or any of the rights and restrictions for the time being attached to any class of shares for the time being issued may from time to time (whether or not the Company is being wound up) be varied, added to or abrogated with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class (as is currently required by law).
- 11.6.2 The rights conferred upon the holders of any shares or class of shares shall be deemed to be varied or abrogated by the reduction of the capital paid up on such shares or by the allotment of further shares ranking in priority to them for payment of a dividend or repayment of capital but shall not, unless otherwise expressly provided in the Articles or the rights attaching to, or the terms of issue of, such shares, be deemed to be varied or abrogated by:
- (a) the issue of further shares ranking *pari passu* with them or subsequent to them save as to the date from which such new shares shall rank for dividends; or
 - (b) subject to the rights attaching to the shares, a purchase by the Company of its own shares.

11.7 Transfer of Shares

- 11.7.1 Subject to any other applicable provisions of the Articles, any member may transfer all or any of his shares, in the case of certificated shares, by an instrument of transfer in the usual common form or in any other manner (whether or not by written instrument) which the board may approve. Any written instrument of transfer of a share shall be signed by or on behalf of the transferor and also (in the case of a partly paid share) the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of it.
- 11.7.2 In the case of uncertificated shares, and subject to the Act, but notwithstanding any other provision of the Articles, a member shall be entitled to transfer his shares and other securities by means of a relevant system.
- 11.7.3 The board may, without giving any reason, decline to register any transfer of any share which is not a fully paid share providing that any such refusal will not prevent dealings in the shares from taking place on an open and proper basis.

11.7.4 The board may decline to register a transfer of any share to a person known to be a minor, bankrupt or person who is mentally disordered or a patient for the purpose of any statute relating to mental health.

11.7.5 The board may also decline to register any transfer unless:

- (a) any written instrument of transfer, duly stamped, is lodged with the Company at the Company's registered office or such other place as the board may appoint accompanied by the certificate for the shares to which it relates (except in the case of a transfer by a recognised person or a holder of such shares in respect of whom the Company is not required by law to deliver a certificate and to whom a certificate has not been issued in respect of such shares);
- (b) there is provided such evidence as the board may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person to do so; and
- (c) any instrument of transfer is in respect of only one class of share; and
- (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four.

11.7.6 If the board declines to register a transfer it shall, within ten business days or such other period (if any) as may be prescribed by the Act, send to the transferee notice of the refusal.

11.7.7 No fee shall be charged by the Company for registering any transfer.

11.8 *Alteration and Increase of Capital*

11.8.1 If as a result of any alteration of share capital by way of consolidation and/or division members would become entitled to fractions of a share, the board may, for the purpose of dealing with the fractions, issue fractional certificates or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale in due proportion amongst the members who would have been entitled to the fractions, or, if permitted, for the retention of such net proceeds for the benefit of the Company. For this purpose the board may authorise some person to transfer the shares representing fractions to the purchaser, who shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

11.8.2 Upon any consolidation of fully paid shares into shares of larger amounts, the board may settle any difficulty which may arise as it thinks expedient subject to the provisions of the Articles.

11.9 *Redemption*

The Ordinary Shares are not redeemable.

11.10 *Directors*

11.10.1 *Number of directors*

Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall be not less than two but shall not be subject to any maximum in number.

11.10.2 *Remuneration of directors*

The directors (other than alternate directors) shall be paid such fee for their services in their offices as directors as are determined by the other directors. The aggregate of the fees for non-executive directors (excluding amounts payable under any other provision of the Articles) shall not exceed in aggregate £250,000 per annum or such higher amount as the Company may from time to time by ordinary resolution determine. The non-executive directors may be paid all reasonable travelling, hotel and incidental expenses properly incurred by them in connection with their attendances with the discharge of their duties.

11.10.3 *Restrictions on voting by directors*

Except as otherwise provided by the Articles, a director may not vote at a meeting of the board or of a committee of the board on any resolution concerning a contract in which he has an interest and, if he does vote, his vote will not be counted, except where that interest cannot reasonably be regarded as likely to give rise to a conflict of interest or where that interest relates to:

- (a) a resolution about giving him any guarantee, indemnity or security for money which he or any other person has lent or obligations he or any other person has undertaken at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (b) a resolution about giving any guarantee, indemnity or security to another person for a debt or obligation which is owed by the Company or any of its subsidiary undertakings to that other person, if the director has taken responsibility for some or all of that debt or obligation. The director can take this responsibility by giving a guarantee, indemnity or security;
- (c) a resolution about giving him any other indemnity where all other directors are also being offered indemnities on substantially the same terms;
- (d) a resolution about the Company funding his expenditure on defending proceedings or the Company doing something to enable him to avoid incurring such expenditure where all other directors are being offered substantially the same arrangements;
- (e) a resolution relating to an offer by the Company or any of its subsidiary undertakings of any shares or debentures or other securities for subscription or purchase if the director takes part because he is a holder of shares, debentures or other securities or if he takes part in the underwriting or sub-underwriting of the offer;
- (f) a resolution about a contract in which he has an interest because of his interest in shares or debentures or other securities of the Company or because of any other interest in or through the Company;
- (g) a resolution about a contract involving any other company if the director has an interest of any kind in that company (including an interest by holding any position in that company or by being a shareholder in that company). This does not apply if he knows that he has a Relevant Interest in that company (being where he holds an interest in shares representing one per cent. or more of a class of equity share capital (calculated exclusive of any shares of that class in that company held as treasury shares) or of the voting rights of that company);
- (h) a resolution about a contract relating to a pension fund, superannuation or similar scheme or retirement, death or disability benefits scheme or

employees' share scheme which gives the director benefits which are also generally given to the employees to whom the fund or scheme relates;

- (i) a resolution about a contract relating to an arrangement for the benefit of employees of the Company or of any of its subsidiary undertakings which only gives him benefits which are also generally given to the employees to whom the arrangement relates; and
- (j) a resolution about a contract relating to any insurance which the Company can buy or renew for the benefit of directors or of a group of people which includes directors.

11.10.4 *Powers to Authorise Conflicts of Interest*

The directors may, subject to the quorum and voting requirements set out in the New Articles, authorise any matter which would otherwise involve a director breaching his duty under the Act to avoid conflicts of interest. A director seeking authorisation in respect of a conflict must tell the directors of the nature and extent of his interest in a conflict as soon as possible. The director must give the directors sufficient details of the relevant matter to enable them to decide how to address the conflict together with any additional information which they may request.

Any director (including the relevant director) may propose that the relevant director be authorised in relation to any matter the subject of a conflict. Such proposal and any authority given by the directors shall be effected in the same way that any other matter may be proposed to and resolved upon by the directors under the provisions of the Articles except that:

- (a) the relevant director and any other director with a similar interest will not count in the quorum and will not vote on a resolution giving such authority; and
- (b) the relevant director and any other director with a similar interest may, if the other directors so decide, be excluded from any meeting of the directors while the Conflict is under consideration. If a director knows that he is in any way directly or indirectly interested in a proposed contract with the Company or a contract that has been entered into by the Company, he must tell the other directors of the nature and extent of that interest in accordance with the Companies Act.

A director cannot vote or be counted in the quorum on a resolution of the directors about a contract in which he has an interest and, if he does vote, his vote will not be counted, subject to exceptions specified in the Articles.

If a question arises at a meeting of the directors about whether a director (other than the chairman of the meeting) has an interest in a contract and whether it is likely to give rise to a conflict of interest or whether he can vote or be counted in the quorum and the director does not agree to abstain from voting on the issue or not to be counted in the quorum, the question must be referred to the chairman of the meeting. The chairman of the meeting's ruling about any other director is final and conclusive, unless the nature or extent of the director's interest (so far as it is known to him) has not been fairly disclosed to the directors. If the question comes up about the chairman of the meeting, the question shall be decided by a resolution of the directors. The chairman of the meeting cannot vote on the question but can be counted in the quorum. The directors' resolution about the chairman of the meeting is conclusive, unless the nature or extent of the chairman's interest (so far as it is known to him) has not been fairly disclosed to the directors.

The Company can by ordinary resolution suspend or relax the provisions of the Articles relating to a director's conflict of interest to any extent or ratify any contract which has not been properly authorised in accordance with its provisions.

11.10.5 *Executive Directors*

The board may from time to time appoint one or more of its body to be Executive Chairman, Non-Executive Chairman, Chief Executive Director, Joint Chief Executive Director, Managing Director, Joint Managing Director, Assistant Managing Director or Chief Operating Officer or to hold any other employment or executive office with the Company for such period (subject to the Companies Acts) and upon such terms as the board may determine and may revoke or terminate any of such appointments. Any such revocation or termination as aforesaid shall be without prejudice to any claim for damages that such director may have against the Company or the Company may have against such director for any breach of any contract of service between him and the Company.

An Executive Director shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine, and either in addition to or in lieu of his remuneration as a director.

11.10.6 *Retirement of directors by rotation*

At each annual general meeting, one third of the directors (other than Executive directors) or, if their number is not three or a multiple of three, the number nearest to but not greater than, one third shall retire from office and each director shall retire from office at least once every three years. If there is only one director who is subject to retirement by rotation, he shall retire. The directors who shall retire shall be those directors subject to retirement by rotation who have been longest in office since their last election, but, as between persons who became or were re-elected on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by a lot.

11.10.7 *Directors' gratuities and pensions*

The board, on behalf of the Company, may, subject to the provisions of the Companies Acts, exercise all the powers of the Company to grant pensions, annuities or other allowances and benefits in favour of any person including any director or former director or the relations, connections or dependants of any director or former director, provided that no pension, annuity or other allowance or benefit (except such as may be provided for by any other Article) shall be granted to a director or former director who has not been an Executive Director or held any other office or place of profit under the Company or any of its subsidiaries or subsidiary undertakings or to a person who has no claim on the Company except as a relation, connection or dependant of such a director or former director without the approval of an ordinary resolution of the Company. A director or former director shall not be accountable to the Company or the members for any benefit of any kind conferred under or pursuant to the relevant Article and the receipt of any such benefit shall not disqualify any person from being or becoming a director of the Company.

11.11 ***Borrowing Powers***

Except as otherwise provided by the Articles, the board may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and assets (present or future) and uncalled capital or any part thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

11.12 ***Winding Up***

The board shall have power in the name and on behalf of the Company to present a petition to the Court for the Company to be wound up. Save as otherwise provided in the Articles and subject to the rights attached to any shares issued on any special terms and conditions, on a return of assets on a winding up or otherwise the surplus assets of the Company, after discharge of its liabilities shall belong to and be distributed amongst the holders of shares in proportion to the number of such shares held by them respectively after deducting in respect of any share not fully paid up, the amount remaining unpaid on it (whether or not then payable).

11.13 ***Pre-emption Rights***

There are no rights of pre-emption under the Articles in respect of transfers of issued Ordinary Shares, however in certain circumstances, Shareholders may have statutory pre-emption rights under the Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment to existing Shareholders on a pro rata basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the Shareholders.

11.14 ***Change in Control***

There are no provisions in the Articles which would have an effect of delaying, deferring or preventing a change in control of the Company.

11.15 ***Ownership threshold***

There are no provisions in the Articles which govern the ownership threshold above which shareholder ownership must be disclosed.

12. **TAXATION**

Taxation in the United Kingdom

The following information is based on UK tax law and HM Revenue and Customs (**HMRC**) practice currently in force in the UK. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The information that follows is for guidance purposes only. Any person who is in any doubt about his or her position should contact their professional advisor immediately.

12.1 *Tax treatment of UK investors*

The following information, which relates only to UK taxation, is applicable to persons who are resident in the UK and who beneficially own Ordinary Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to potential investors:

- (1) who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 10 per cent., of any of the classes of shares in the Company; or
- (2) who intend to acquire Ordinary Shares as part of tax avoidance arrangements; or
- (3) who are in any doubt as to their taxation position.

Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in

particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Ordinary Shares are connected, will not normally be liable to UK taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Ordinary Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

12.2 *Dividends*

Where the Company pays dividends no UK withholding taxes are deducted at source, Shareholders who are resident in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

UK resident individual Shareholders who are domiciled in the UK, and who hold their Ordinary Shares as investments, will be subject to UK income tax on the amount of dividends received from the Company.

Dividend income received by UK tax resident individuals will have a £2,000 annum dividend tax allowance. Dividend receipts in excess of £2,000 will be taxed at 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers, and 38.1 per cent. for additional rate taxpayers.

Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received but will not be entitled to claim relief in respect of any underlying tax.

12.3 *Disposals of Ordinary Shares*

Any gain arising on the sale, redemption or other disposal of Ordinary Shares will be taxed at the time of such sale, redemption or disposal as a capital gain.

The rate of capital gains tax on disposal of Ordinary Shares by basic rate taxpayers is 10 per cent. and for upper rate and additional is 20 per cent.

For Shareholders within the charge to UK corporation tax, indexation allowance up until 1 January 2018 may reduce any chargeable gain arising on disposal of Ordinary Shares but will not create or increase an allowable loss.

Subject to certain exemptions, the corporation tax rate applicable to its taxable profits is currently 19 per cent. falling to 17 per cent. after 1 April 2020.

12.4 *Further information for Shareholders subject to UK income tax and capital gains tax*

“Transactions in securities”

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HM Revenue and Customs to raise tax assessments so as to cancel “tax advantages” derived from certain prescribed “transactions in securities”.

12.5 *Stamp Duty and Stamp Duty Reserve Tax (SDRT)*

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or SDRT or (except

where stated otherwise) to persons connected with depositary arrangements or clearance services who may be liable at a higher rate.

No stamp duty or SDRT will generally be payable on the issue of Ordinary Shares.

Neither UK stamp duty nor SDRT should arise on transfers of Ordinary Shares on AIM (including instruments transferring Shares and agreements to transfer Ordinary Shares) based on the following assumptions:

- (A) the Ordinary Shares are admitted to trading on AIM, but are not listed on any market (with the term “listed” being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and
- (B) AIM continues to be accepted as a “recognised growth market” (as construed in accordance with section 99A of the Finance Act 1986).

In the event that either of the above assumptions does not apply, stamp duty or SDRT may apply to transfers of Ordinary Shares in certain circumstances.

Any transfer of Ordinary Shares for consideration prior to admission to trading on AIM is likely to be subject to stamp duty or SDLT.

The above comments are intended as a guide to the general stamp duty and SDRT position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

THIS SUMMARY OF UK TAXATION ISSUES CAN ONLY PROVIDE A GENERAL OVERVIEW OF THESE AREAS AND IT IS NOT A DESCRIPTION OF ALL THE TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO INVEST IN THE COMPANY. THE SUMMARY OF CERTAIN UK TAX ISSUES IS BASED ON THE LAWS AND REGULATIONS IN FORCE AS OF THE DATE OF THIS DOCUMENT AND MAY BE SUBJECT TO ANY CHANGES IN UK LAWS OCCURRING AFTER SUCH DATE. LEGAL ADVICE SHOULD BE TAKEN WITH REGARD TO INDIVIDUAL CIRCUMSTANCES. ANY PERSON WHO IS IN ANY DOUBT AS TO HIS TAX POSITION OR WHERE HE IS RESIDENT, OR OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT HIS PROFESSIONAL ADVISER.

13. WORKING CAPITAL

The Directors and Proposed Directors are of the opinion, having made due and careful enquiry and after taking into account the net proceeds of the Placing and Subscription receivable by the Company and the funds available pursuant to the Bridging Facility, that the working capital available to the Enlarged Group will be sufficient for its present requirements, that is the period of at least twelve months following Admission.

14. PREMISES

- 14.1 The Company's registered office at Lakeside Fountain Lane, St Mellons, Cardiff, United Kingdom, CF3 0FB is currently provided by Westleigh Investments Holdings Limited, a company of which Giles Clarke is a director and shareholder, under an informal licence for no charge. This arrangement will terminate with effect from Admission and the Company will change its registered office to First Floor, 115 Olympic Avenue, Milton Park, Oxfordshire OX14 4SA having the non-exclusive right to share occupation of this property with others, use desk space at the property and have the property as its registered office address pursuant the terms of a licence agreement between the VivoPlex Medical Limited (company

number: 06939964) and the Company to be entered into with effect from Admission for which total consideration of £1 is payable.

- 14.2 The Enlarged Group has or will have the following interests in the following premises immediately following Admission:

<i>Property Address</i>	<i>Tenure</i>	<i>Nature of Premises</i>	<i>Term and Break Clause (if applicable)</i>	<i>Current Rent (per annum)</i>
The Company				
The Plough Inn, Kelmscott, Lechlade, GL7 3HG	Freehold	Public house and restaurant with guest accommodation	N/A	N/A
Stable Cottage, Kelmscott, Lechlade, GL7 3HG	Freehold	Residential property	N/A	N/A
The Bull Hotel, Market Place, Fairford, Gloucestershire, GL7 4AA	Leasehold	Public house and restaurant with guest accommodation	10 years commencing on 27 June 2018 and expiring on 26 June 2028.	£108,505 plus service charge
Five Alls Inn, Filkins, Lechlade, GL7 3JQ	Leasehold	Public house and restaurant with ancillary accommodation	21 years commencing on 8 June 2018. There are no break clauses.	£110,000 plus service charge

<i>Property Address</i>	<i>Tenure</i>	<i>Nature of Premises</i>	<i>Term and Break Clause (if applicable)</i>	<i>Current Rent (per annum)</i>
The George at Burpham, Burpham, Arundel, West Sussex BN18 9RR	Leasehold	Public house and restaurant with ancillary accommodation	<p>10 years commencing on 29 November 2018 and expiring on 28 November 2028.</p> <p>The tenant may terminate the lease on 28 November 2019 or on 28 November 2021 on the provision of not less than 6 months' prior written notice and subject to the provisions of the lease.</p> <p>The landlord may terminate the lease at any time after 28 November 2023 provided that it gives not less than six months' notice to the tenant, but only if the landlord has not received in respect of the second, third, fourth and fifth years of the term the Business profit rent aggregating (for those years) at least £30,000 (but if in any of those years the UK's GDP declines by 10% or more, the landlord's break option will not operate).</p>	£36,000 plus business profit rent

Property Address	Tenure	Nature of Premises	Term and Break Clause (if applicable)	Current Rent (per annum)
The Rose & Crown, 3 High Street, Ashbury, Swindon, SN6 8NA	Leasehold	Public house with ancillary accommodation	3 years commencing on 10 June 2019.	£10,000
The Queens Arms Hotel, Newbury Road, East Garston, Hungerford, RG17 7ET	N/A Occupied by Company under the terms of a management agreement	Public house and restaurant with guest and ancillary accommodation	8 years commencing on 25 February 2019	N/A
Centurian				
Old Stone Barn, George Road, Woodford, Kettering, NN14 4JB	Leasehold	Showroom	3 years commencing on 1 February 2019 Either party can terminate the lease on the provision of not less than six months' written notice.	£20,000
SPVCo				
The Old Cement Works, Thaxted Road, Saffron Waldon, land lying to the north-west of Tiptofts Lane, Saffron Waldon and land adjoining The Old Cement Kilns, Thaxted Road, Saffron Waldon	Freehold	Development land. There is outline planning approval for the development of 49 dwellings with reserved matters approval for 35 dwellings.	N/A	N/A
DevCo				
None				

Property Address	Tenure	Nature of Premises	Term and Break Clause (if applicable)	Current Rent (per annum)
Workshop Holdings				
Ground floor shop and basement, 1 Barrett Street, London, W1U 1AX	Leasehold	Retail	For a term commencing on 3 December 2016 and expiring on 20 July 2020. There is a right for either party to break the lease at any time after 2 June 2017 subject to serving a break notice on the provision of six months' prior notice.	£35,000 plus service charge
The Roof Café, 17th Floor of White Collar Factory, City Road, London, EC1V 9BR	Leasehold	Retail	For a term commencing on 20 June 2017 and expiring on 14 May 2022	Peppercorn rent
The Lobby Café, Ground Floor, White Collar Factory, Old Street Yard, City Road, London, EC1V 9BR	Leasehold	Retail	5 years commencing on 15 May 2017 and expiring on 14 May 2022	£20,000
Ground Floor, 29-43 Vyner Street, London, E2 9DQ	Leasehold	Retail	15 years commencing on 15 April 2015 and expiring on 14 April 2030. The tenant has the option to break the lease on 15 April 2020 and 15 April 2025 on the provision of at least six months' prior written notice.	£107,500
80a Mortimer Street, London, W1W 7FE	Leasehold	Retail	10 years commencing on 5 August 2014 and expiring on 18 February 2024.	£52,500

Property Address	Tenure	Nature of Premises	Term and Break Clause (if applicable)	Current Rent (per annum)
Basement, Ground Floor, First Floor and Rear of 27 Clerkenwell Road, London, EC1M 5RN (not in occupation)	Leasehold	Retail	For a term commencing on 29 September 2002 and expiring on 24 December 2019.	£94,700

15. LITIGATION

No member of the Enlarged Group has been engaged in or is currently engaged in any governmental, legal or arbitration proceedings which have had or may have a significant effect on the financial position or profitability of any member of the Enlarged Group and, so far as the Directors and Proposed Directors are aware, there are no such proceedings pending or threatened against any member of the Enlarged Group, nor will there be immediately following Completion of the Acquisitions other than in respect of the following:

- 15.1 Workshop Coffee was engaged in a dispute during the period September 2017 to February 2018 with Zefilix Limited (**Landlord**) relating to its site in Clerkenwell Road, London owing to allegations of misrepresentation. The dispute cost Workshop Coffee circa £14,000 plus VAT but no further costs are expected as the dispute is resolved and settled.
- 15.2 The oppositions filed or raised in respect of registration of trademarks by Workshop Coffee as summarised in paragraph 17 of this Part VIII.

16. MATERIAL CONTRACTS

The following contracts, not being a contract entered into in the ordinary course of business, have been entered into by members of the Enlarged Group during the two years immediately prior to the date of this document and are, or may be, material and/or contain provisions under which any member of the Enlarged Group has an obligation or entitlement which is material to the Enlarged Group as at the date of this document:

16.1 *The Acquisitions*

16.1.1 *Workshop Holdings Acquisition Agreement*

- (a) On 18 December 2019, the Company entered into the Workshop Holdings Acquisition Agreement with the Workshop Holdings Sellers pursuant to which the Company has conditionally agreed to acquire the entire issued share capital of Workshop Holdings, which has Workshop Coffee as its wholly owned subsidiary. The consideration payable under the Workshop Holdings Acquisition Agreement is to be satisfied by the issue and allotment of 15,936,166 Consideration Shares with completion of the Workshop Holdings Acquisition being conditional, *inter alia*, on the passing of the Resolutions, the other Acquisition Agreements becoming unconditional and Admission.
- (b) Certain of the Workshop Holdings Sellers, being Charles Dickson, James Dickson and Davina Dickson (**Workshop Warrantors**), are providing warranties to the Company relating to Workshop Holdings' and its subsidiary's business, assets and liabilities with the aggregate liability of the Warrantors being the amount of the consideration apportioned to them. No claim for breach of warranty can be brought unless the individual claim exceeds £10,000 and the aggregate of all such claims exceeds £50,000, with

any claim to be brought before the second anniversary of Completion. The warranty claims are subject to certain other limitations under the Workshop Holdings Acquisition Agreement.

- (c) The Workshop Warrantors are also providing an indemnity in favour of the Company, Workshop Holdings and Workshop Coffee for claims which may be brought by the landlord of the premises no longer occupied by Workshop Coffee at Clerkenwell Road, London (whose lease with Workshop Coffee expires on 24 December 2019) in respect of occupation by third parties in breach of the terms of the lease.
- (d) Certain of the Sellers, being the Workshop Warrantors together with Mark Jeffrey Lewis and David Alan Halsall, have also undertaken to the Company that they will not compete with the business for two years from Admission and also provide non-solicitation covenants as regards to employees and wholesale clients or customers in favour of the Company and agreed to restrictions on use of the names “Workshop Coffee” or “Workshop”.

16.1.2 *DevCo Acquisition Agreement*

- (a) On 18 December 2019, the Company entered the DevCo Acquisition Agreement with the DevCo Sellers pursuant to which the Company has conditionally agreed to acquire the entire issued share capital of DevCo. The consideration payable under the DevCo Acquisition Agreement is to be satisfied by the issue and allotment of 48,816,667 Consideration Shares with completion of the DevCo Acquisition being conditional, inter alia, on the passing of the Resolutions, the other Acquisition Agreements becoming unconditional and Admission.
- (b) Certain of the DevCo Sellers, being Charles Dickson, James Dickson and Davina Dickson (**DevCo Warrantors**), are providing warranties to the Company relating to DevCo's business, assets and liabilities with their aggregate liability being the amount of the consideration. No claim for breach of warranty can be brought unless the individual claim exceeds £35,000 and the aggregate of all such claims exceeds £150,000, with any claim to be brought before the second anniversary of Completion. The warranty claims are subject to certain other limitations under the DevCo Acquisition Agreement.
- (c) The DevCo Warrantors have also undertaken to the Company that they will not compete with the Company's business for two years from Admission and also provide non-solicitation covenants as regards customers in favour of the Company and agreed to restrictions on use of the name “Barkby Real Estate Developments”.

16.1.3 *SPVCo Acquisition Agreement*

- (a) On 18 December 2019, the Company entered the SPVCo Acquisition Agreement with the SPVCo Sellers pursuant to which the Company has conditionally agreed to acquire the entire issued share capital of SPVCo. The consideration payable under the SPVCo Acquisition Agreement is to be satisfied by the issue and allotment of 37,333,334 Consideration Shares on Completion, £750,000 cash payable to the SPVCo Sellers who are not members of the Concert Party with £375,000 payable within 10 Business Days of Completion and the balance of £375,000 being payable within 10 Business Days of DevCo receiving a final payment in respect of its Hastings site, and the Contingent Deferred Consideration (if any) payable to

all Sellers within 90 days of the Trigger Event, with completion of the SPVCo Acquisition being conditional, *inter alia*, on the passing of the Resolutions, the other Acquisition Agreements becoming unconditional and Admission.

- (b) All of the SPVCo Sellers, are providing warranties to the Company relating to SPVCo's business, assets and liabilities with the aggregate liability of such warrantors being the amount of the consideration apportioned to them. No claim for breach of warrants can be brought unless the individual claim exceeds £30,000 and the aggregate of all such claims exceeds £115,000, with any claim to be brought before the second anniversary of Completion. The warranty claims are subject to certain other limitations under the SPVCo Acquisition Agreement.
- (c) No restrictive covenants are being provided by any of the Sellers given the nature of SPVCo's business, however all of the Sellers have agreed to restrictions on use of the name "Barkby Real Estate".

16.2 **Placing, Subscription and funding arrangements**

16.2.1 *Placing Agreement*

- (a) On 18 December 2019, the Company entered into the Placing Agreement between (1) the Company, (2) finnCap, (3) the Directors and (4) the Proposed Directors pursuant to which finnCap has agreed, subject to certain conditions, to act as agent for the Company and to use its reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price.
- (b) The Placing Agreement is conditional upon, *inter alia*, the passing of the Resolutions, the Acquisition Agreements and the Subscription Letters becoming unconditional (save for any conditions in those agreements relation to the Placing Agreement or Admission) and Admission occurring on or before 8.00 a.m. on 7 January 2020 or such later date as the Company and finnCap may agree, being in any event no later than 8.00 a.m. on 31 January 2020.
- (c) finnCap has the right to terminate the Placing Agreement in certain circumstances, including a breach of any warranties, a material adverse change affecting the current or prospective financial conditions or business affairs of the Enlarged Group or a material breach of the Company's obligations under the Placing Agreement.
- (d) Pursuant to the terms of the Placing Agreement the Company is to pay finnCap a corporate finance fee and commission on gross funds raised by the Company together with all finnCap's expenses in connection with the Placing and Admission, including fees and disbursements of its legal advisers. Half of the corporate finance fee is due and payable on Admission and finnCap can deduct this from the proceeds of the Placing. The balance of the corporate finance fee is payable on or before 30 April 2020 and the Company will satisfy the commission due to finnCap by the issue of the Fee Shares at the Issue Price.
- (e) The Company, the Directors and the Proposed Directors are providing usual warranties to finnCap customary for a reverse takeover and associated admission to trading on AIM. A claim against the Directors or Proposed Directors for any breach of these warranties must be notified no later than three months after publication of 30 June 2021 annual audited accounts and the liability of the Directors and Proposed Directors for breach of warranty is subject to certain financial caps. The liability of the Company for breach of

warranty is not subject to time limits or financial caps. In addition, the Company has agreed to indemnify finnCap and its associates for losses arising in connection with the Placing Agreement and the carrying out of the Proposals.

16.2.2 *Subscription Letters*

- 16.2.2.1 The Company has issued subscription letters (**Subscription Letters**) to subscribers for New Ordinary Shares at the Issue Price pursuant to the Subscription, with the terms of the Subscription Letters which have been returned duly signed by the various subscribers providing that an aggregate of 7,143,335 Subscription Shares will be paid for on Admission whilst the balance of 3,499,999 Subscription Shares will be paid on or before 31 January 2020.
- 16.2.2.2 The terms of the Subscription Letters are conditional on completion of the Acquisitions and Placing and on Admission occurring on or before 31 January 2020.
- 16.2.2.3 All the Subscription Shares are being issued in certificated form and share certificates will not be issued in respect of the Subscription Shares to a particular subscriber until all payments have been made by that subscriber. Should a subscriber fail to make all such payments then the Company is authorised and empowered to sell such subscriber's Subscription Shares.

16.2.3 *Bridging Facility*

- 16.2.3.1 The Company has entered into a term loan facility agreement between (1) the Company and (2) Tarncourt Investments LLP (company number: OC333822), a limited liability partnership with Tarncourt Group Holdings LLP and Charles Edward Dickson as its sole members, dated 18 December 2019 under which Tarncourt Investments LLP has agreed to make available to the Company a loan facility of up to £3.5 million, to be drawn down in tranches of no less than £250,000, such facility being conditional on Admission taking place before 31 January 2020 and being effective from Admission.
- 16.2.3.2 The main terms of the Bridging Facility are as follows:
 - (a) the loan monies are to be used to:
 - (i) repay the Tarncourt Facilities (as defined in the Bridging Facility) being any monies owed by the Company and other members of its group (including DevCo, SPVCo, Workshop Holdings and Workshop Coffee) to Tarncourt Investments LLP and any member of its group; and
 - (ii) fund the working capital requirements of the Company and any member of its group;
 - (b) the loan is to be made available in tranches of no less than £250,000, the first of which can be requested from 10am on the day of Admission;
 - (c) save for the first loan, drawdown requests must be submitted by the Company providing at least 10 Business Days' prior notice of a proposed drawdown date and advising as to the amount of the

loan subject to a minimum amount of £250,000 (or less if the balance of the Bridging Facility is less than this);

- (d) the amounts borrowed pursuant to the terms of the Bridging Facility Agreement bear interest at a rate of 3.5 per cent. per annum on each loan. If the amount of interest paid by the Company is less than £875 for each £25,000 advanced by Tarncourt Investments LLP, then the Company is to pay on the repayment date, an amount equal to the shortfall;
- (e) where the Company defaults on repayment of the loan(s), interest will accrue on a daily basis on the monies owed at a rate of 6.5 per cent. per annum;
- (f) the principal amount drawn down pursuant to the Bridging Facility together with all accrued interest and any interest shortfall is repayable no later than the date being 18 months of the date the first loan is drawn down;
- (g) the outstanding balance of the Bridging Facility together with all accrued interest can be repaid early by the Company on the provision of not less than 5 Business Days' notice;
- (h) the Company is to provide various representations and warranties at the time of entering into the Bridging Facility, on the first day of each quarter period thereafter, and both on the date of a draw down request and on the date of the drawn down, together with a negative pledge relating the security;
- (i) the Company is to confirm (amongst other things) that it is the "sole legal and beneficial owner of, and has good, valid and marketable title to, all its assets and no Security exists over its assets except for the Permitted Security", in essence that only the existing security granted in favour of HSBC Bank plc exists;
- (j) the Company has ongoing obligations pursuant to the terms of the Bridging Facility Agreement to supply Tarncourt Investments LLP with (amongst other things) copies of its annual financial statements, provide monthly management accounts and cash flow statements on a 12 month rolling basis both within 15 days of the end of each month, and also provide it with copies of the minutes of all board meetings;
- (k) save for non-payment, non-compliance and insolvency, the Company will be in default of the Bridging Facility if it (or a member of its group) suspends or ceases to carry on a material part of its business, is in default if any third party funding agreement in the amount of £25,000 or more, or an event occurs which in Tarncourt Investments LLP's opinion is reasonably likely to have a material adverse effect on its business or ability perform its obligations under the Bridging Facility; and
- (l) although the Company is not permitted to assign any of its rights or obligations under the Bridging Facility Agreement, Tarncourt Investments LLP can assign its rights to another member of its group, or with the Company's consent to any other party.

16.2.4 *Nomad and broker engagement letter*

- (a) The Company entered into a nominated adviser and broker engagement letter dated 18 December 2019 (**Nomad Engagement Letter**) pursuant to which the Company appointed finnCap to act as its nominated adviser and broker to the Company for the purposes of the AIM Rules for Companies, conditional on Admission.
- (b) Pursuant to the Nomad Engagement Letter, the Company has agreed to pay finnCap an annual retainer fee for its services as nominated adviser and broker of £75,000 plus, where applicable, VAT with up to £50,000 of such annual fee to be set off by the Company against any fee(s) which exceed an aggregate amount of £200,000 (excluding VAT) over a 12 month period in respect of services provided by finnCap outside the scope of the Nomad Engagement Letter. finnCap is also entitled to reimbursement of expenses.
- (c) The Nomad Engagement Letter may be terminated by either party any time on at least three months' prior written notice to be given by either the Company or finnCap provided that the Company may not serve notice to terminate to expire earlier than one year from Admission. finnCap may also terminate the Nomad Engagement Letter at any time if the Company commits a material breach of the Nomad Engagement Letter or the AIM Rules.

16.2.5 *Relationship Agreement*

- (a) A relationship agreement dated 18 December 2019 was entered into between (1) the Company, (2) finnCap, (3) Charles Dickson, (4) Davina Dickson and (5) James Dickson to regulate the relationship between the parties on an arm's length and normal commercial basis following Admission given that Charles Dickson, Davina Dickson and James Dickson (being the Dickson Family) will in aggregate hold approximately 61.4 per cent. of the Enlarged Share Capital on Admission (**Relationship Agreement**).
- (b) The Relationship Agreement takes effect conditional on Admission and remains in place until the Dickson Family (together with their respective associates) cease to hold an interest in 20 per cent. or more of the issued share capital of the Company or there only being independent directors on the Company's board.
- (c) Pursuant to the terms of the Relationship Agreement, each member of the Dickson Family undertakes to the Company and (for long as it remains as the nominated adviser to the Company) finnCap that they will (and will use reasonable endeavours to procure that any associate will) do all such things as they are reasonably, properly and lawfully able to do (subject to obligations under general law, the AIM Rules and the Takeover Code) to ensure, *inter alia*, that:
 - i. the Enlarged Group is capable at all times of carrying on its business independently of the Dickson Family and their associates;
 - ii. the Company's board acts in the best interest of all Shareholders, independently of the Dickson Family or their associates;
 - iii. all transactions, agreements or arrangements entered into between any member of the Enlarged Group and a member of the Dickson Family or any associate is made at arm's length and on a normal commercial basis approved by independent directors;

- iv. there are at all times no less than two such independent directors with no additional directors to be appointed or any directors removed except with the prior written approval of finnCap (such approval not to be withheld or delayed);
 - v. the Dickson Family or their respective associates do not requisition a general meeting to amend the Articles which might reasonably be expected to adversely affect the independence of the Enlarged Group; and
 - vi. none of the Dickson Family or any of their associates shall seek to procure or vote on any resolution to cancel the Company's admission to trading on AIM without the approval of the independent directors.
- (d) The Dickson Family is entitled to nominate/remove one director to the Company's board from time to time while they hold an interest in 20 per cent. or more of the Company's issued shares provided that they shall consult the Company and finnCap and any appointment is conditional on the proposed nominated director satisfying any required due diligence determined by finnCap as appropriate to assess the ongoing appropriateness of the Company to comply with the AIM Rules. Charles Dickson is the initial such nominated director.

16.3 **Lock-in Arrangements**

16.3.1 *Director Lock-in Arrangements*

- (a) Under lock-in agreements dated 6 June 2018 between (1) the Company (2) Allenby Capital, and (3) each of Giles Clarke, Rupert Fraser, Emma Dark, Duncan Harvey and Jeremy Sparrow (**NEX Directors**) each of the NEX Directors agreed that they will not dispose of Existing Ordinary Shares for a period of 12 months following NEX Admission and, other than through Allenby Capital or the Company's broker so as to preserve an orderly market, that they will not sell any Existing Ordinary Shares for the period of 12 months thereafter other than if effected through Allenby Capital.
- (b) The Locked-In Director who is an existing Director and will be a Director of the Company following Admission entered into Lock-in Agreement dated 18 December 2019 between (1) the Company, (2) finnCap and (3) the Locked-in Director. Under this Lock-in Agreement, the Locked-in Director has undertaken that he will not dispose of any interest in any shares in the capital of the Company held as at Admission for a period of 12 months from Admission and, for a further 12 months, to only dispose of any interest in such shares through finnCap (or the broker for the time being of the Company if it is not finnCap) in such manner as finnCap (or such replacement broker) may reasonably require as to ensure an orderly market in the Company's shares. These restrictions do not prevent a disposal made, *inter alia*, with the prior written consent of the Company and finnCap, to an associate, in acceptance of a general offer to shareholders recommended by the Company's board or by the personal representatives after the death of the shareholder.
- (c) Charles Dickson is party to the lock in agreements summarised in paragraph 16.3.2 (c) below.

16.3.2 Shareholder Lock In Arrangements

- (a) Pursuant to the terms of the T2T Acquisition Agreement, T2T has provided a lock in undertaking as summarised in paragraph 16.5.2(e) below which is to be released on Admission.
- (b) Pursuant to the terms of the Centurian SPA, the Centurian Sellers have provided a lock in undertaking as summarised in paragraph 16.4(e) below.
- (c) Lock in agreements have been entered into between (1) the Company, (2) finnCap and (3) each of member of the Dickson Family, Christopher Mark Reynolds; Gary Mark Langridge-Brown; and Peter Richard Hector Clayden (the **Locked-in Sellers**) dated 18 December 2019 under which each Locked-in Seller has undertaken that he/she will not dispose of any interest in any shares in the capital of the Company held as at Admission (or acquired from an associate following Admission) for a period of 12 months from Admission and, for a further 12 months, to only dispose of any interest in such shares through finnCap (or the broker for the time being of the Company if it is not finnCap) in such manner as finnCap (or such replacement broker) may reasonably require as to ensure an orderly market in the Company's shares. These restrictions do not prevent a disposal made, *inter alia*, with the prior written consent of the Company and finnCap, to an associate, in acceptance of a general offer to shareholders recommended by the Company's board or by the personal representatives after the death of the shareholder.

16.4 Centurian SPA

- (a) The Company entered into the Centurian SPA with the Centurian Sellers and Allenby Capital on 13 February 2019. This is to be amended by way of a deed of variation dated 18 December 2019 between (1) the Company (2) the Centurian Sellers (3) Allenby Capital and (4) finnCap (**Variation Deed**) with such amendments to the Centurian SPA to take effect on Admission.
- (b) Under the Centurian SPA, the Company agreed to acquire the entire issued share capital of Centurian from the Centurian Sellers, Centurian having purchased from the Centurian Sellers the partnership business trading as Centurian Automotive together with associated assets of the business and certain specified liabilities, including the amount outstanding as at 6 February 2019 to NextGear Capital UK Limited in the sum of £686,563, to MotoNovo Finance in the sum of £231,688 (including the additional facility), to Funding Circle in the sum of £125,000, and to Charles Lionel Stopford Sackville in the sum of £100,000.
- (c) The purchase price for Centurian was a completion payment of £201,333.86, satisfied by the issue and allotment of 4,216,416 Existing Ordinary Shares to the Centurian Sellers (**Centurian Consideration Shares**). In addition, the Company was to pay the Centurian Sellers additional deferred consideration, dependent on whether the relevant profit of Centurian in a financial year exceeds £200,000 (**Condition**) during the three years from Completion amounting in aggregate to £251,667.33 (**Deferred Consideration**), payable as to £75,500.20 if the Condition is met in the year ending on 31 May 2020; £75,500.20 if the Condition is met in the year ending on 31 May 2021; and £100,666.93 if the Condition is met in the year ending on 31 May 2021. All such earn-out payments were to be satisfied by the issue and allotment of additional Existing Ordinary Shares at a price of £0.04775 (4.775 pence) a share. However, it has been agreed, pursuant to the Variation Deed, conditional on Admission, that the Company will pay the Deferred Consideration in respect of the financial years ending 30 June 2020, 30 June 2021 and June 2022 to be satisfied by the issue and allotment of New Ordinary Shares at a price of £0.1245 (12.45 pence) a share.

- (d) The Centurian Sellers provided certain warranties under the Centurian SPA to the Company relating, inter-alia, to the business operated by and the assets owned by Centurian being acquired including litigation and compliance matters. The aggregate liability of the Centurian Sellers for claims under the warranties cannot exceed the completion payment referred to above and no claim can be brought unless the individual claim exceeds £5,000 and the aggregate of all such claims exceed £20,000, with any claim to be brought before 13 August 2020. The warranty claims are subject to certain other limitations under the Centurian SPA.
- (e) In addition, pursuant to the terms of the Centurian SPA, the Centurian Sellers undertook to the Company and Allenby Capital that they would not dispose of any interest in the Centurian Consideration Shares for a period of 12 months from Completion nor any interest in any other Existing Ordinary Shares acquired by the Centurian Sellers for a period of 12 months from the date of their relevant allotment and, in each case, for a further 12 months to only dispose of any interest in such shares through Allenby Capital (unless otherwise agreed in writing by Allenby Capital, such consent not to be unreasonably withheld, conditioned or delayed). The benefit of this lock-in undertaking is being assigned to finnCap pursuant to the Variation Deed, subject to and conditional on Admission, with confirmation that the undertaking will apply equally on admission of further New Ordinary Shares to trading on AIM.
- (f) The Centurian Sellers also undertook to the Company that they would not compete with the business of the resale of used premium brand cars as carried by Centurian at completion of the Centurian SPA for three years from completion in England and also provided non-solicitation covenants as regards employees in favour of the Company and agreed to restrictions on use of trade names.

16.5 **NEX Admission and T2T Acquisition Agreement**

16.5.1 *Facility Agreement*

On 2 February 2018, the Company entered into a letter facility agreement with T2T under which the Company agreed to make available to T2T a loan in the principal sum of £125,000. Such loan did not accrue interest and was repaid in full on the Company's NEX Admission when the associated charge over shares in T2T held by Alexander Snow, Sebastian Snow and Iliriana Snow was released by the Company.

16.5.2 *T2T Acquisition Agreement (as amended)*

- (a) The Company entered into the T2T Acquisition Agreement with T2T and Allenby Capital on 6 June 2018. This is to be amended by way of a deed of variation dated 18 December 2019 between (1) the Company (2) T2T and (3) Allenby Capital (**Variation Deed**) with such amendments to the T2T Acquisition Agreement to take effect on Admission.
- (b) Under the T2T Acquisition Agreement, the Company agreed to purchase the business and associated assets of T2T and assumed certain specified liabilities, including such amount as was required to redeem the mortgage granted by T2T in favour of the Royal Bank of Scotland plc and associated overdraft facility, trade creditors, assumed contracts, plumbing works at the Plough Inn (of approximately £15,000 plus VAT), water and sewage charges for the Bull Hotel from 31 October 2016 and liabilities in respect of VAT and PAYE which were an aggregate of £108,893 as at 28 February 2018 and otherwise as incurred in the ordinary course of business.
- (c) The purchase price for the business was a completion payment of £645,000, satisfied by the issue and allotment of 5,777,778 Existing Ordinary Shares to

T2T (**T2T Consideration Shares**) plus £125,000 in cash to enable T2T to repay to the Company all monies owed pursuant to the Facility Agreement referred to in paragraph 16.5.1 above. In addition, the Company was to pay T2T additional deferred consideration, dependent on the operating profit of the Business during the three years from completion amounting in aggregate to £510,000, payable as to £180,000 if the operating profits in respect of the year ending on the first anniversary of Completion exceeded £150,000; £180,000 if the operating profits in respect of the 12 month period ending on the second anniversary of completion exceeded £250,000; and £200,000 if the operating profit in respect of the 12 months ending on the third anniversary of completion exceeded £375,000. All such earn-out payments were to be satisfied in cash or otherwise at the Company's discretion, by the issue and allotment of additional Existing Ordinary Shares at a price of £0.0027 (27 pence) a share. It has been agreed, pursuant to the Variation Deed, conditional on Admission, that the Company will pay T2T the sum of £230,000 in lieu of any such deferred consideration. £80,000 will be paid within 10 Business Days of Admission, £80,000 will be paid on 31 March 2020 and £70,000 will be paid on 30 June 2020.

- (d) T2T provided certain warranties under the T2T Acquisition Agreement to the Company relating, *inter-alia*, to its business and the assets being acquired including litigation and compliance matters. The aggregate liability of T2T for claims under the warranties cannot exceed the completion payment referred to above and no claim can be brought unless the individual claim exceeds £5,000 and the aggregate of all such claims exceed £20,000, with any claim to be brought before 6 June 2020. The warranty claims are subject to certain other limitations under the T2T Acquisition Agreement.
- (e) In addition, pursuant to the terms of the T2T Acquisition Agreement, T2T undertook to the Company and Allenby Capital that it would not dispose of any interest in the T2T Consideration Shares for a period of twelve months from NEX Admission nor any interest in any other Existing Ordinary Shares acquired by T2T for a period of 12 months from the date of their relevant allotment and, in each case, for a further 12 months to only dispose of any interest in such shares through Allenby Capital (unless otherwise agreed in writing by Allenby Capital, such consent not to be unreasonably withheld, conditioned or delayed). This lock-in undertaking is being released pursuant to the Variation Deed, subject to and conditional on Admission.
- (f) T2T also undertook to the Company that it will not compete with the Barkby Pubs for two years from NEX Admission in Gloucester and also provides non-solicitation covenants as regards employees in favour of the Company and agreed to restrictions on use of trade names.

16.5.3 NEX Exchange Corporate Adviser and Broker Agreement – Allenby

- (a) Under an agreement dated 6 June 2018 between (1) the Company, (2) the directors of the Company and (3) Allenby Capital, Allenby Capital was appointed as NEX Exchange Corporate Adviser and Broker to the Company for the purposes of the NEX Exchange Rules. This agreement terminated with effect from 20 August 2019 when finnCap was appointed as NEX Exchange Corporate Adviser and Broker to the Company.
- (b) Under this agreement the Company agreed to pay Allenby Capital:
 - (i) an annual fee of £40,000 plus VAT (if applicable); and

- (ii) all reasonable and properly incurred costs and expenses (including legal expenses) incurred after NEX Admission by Allenby Capital in connection with its appointment as NEX Corporate Adviser and Broker plus VAT (if applicable);

payable quarterly in advance.

- (c) The initial term for this agreement was 12 months from the date of NEX Admission and it was terminable by either party giving not less than three months' prior written notice expiring on or after the date twelve months from NEX Admission.

16.5.4 *NEX Placing Agreement*

- (a) Under a placing agreement dated 6 June 2018 between (1) the Company (2) the directors and proposed directors at the time of the NEX Admission and (3) Allenby Capital (the **NEX Placing Agreement**), Allenby Capital was appointed as agent of the Company to use its reasonable endeavours to procure subscribers for 6,083,335 Existing Ordinary Shares at an issue price of £0.09 per share. Pursuant to the NEX Placing Agreement, the Company and the directors and proposed Directors at the time of the NEX Admission gave certain warranties and an indemnity to Allenby Capital and the Directors and Proposed Directors regarding, inter alia, the accuracy of information in the Company's NEX admission document.
- (b) Under the NEX Placing Agreement, the Company agreed to pay (together with VAT where applicable) a corporate finance fee of £150,000 and all professional fees (including without limitation its legal fees) and out-of-pocket expenses incurred by Allenby Capital for the purpose of or in connection with the Placing.

16.5.5 *NEX Exchange Corporate Adviser and Broker Agreement – finnCap*

- (a) Under an agreement dated 19 August 2019 between (1) the Company and (2) finnCap, finnCap agreed to act as the NEX Exchange Corporate Adviser and Broker to the Company for the purposes of the NEX Exchange Rules.
- (b) In consideration of finnCap acting as NEX Exchange Corporate Adviser and Broker, the Company agreed to pay finnCap a fee of £45,000 (plus applicable VAT) per annum. In addition, the Company agreed to pay all of the costs, charges and expenses of finnCap incurred in connection with acting as NEX Exchange Corporate Adviser and Broker, together with applicable VAT.
- (c) The Company has provided various undertakings to finnCap under the agreement, including that it has complied and will comply with all applicable NEX Exchange Rules and other applicable legislation and that it will consult with finnCap prior to approving certain matters including changes to the capital structure of the Company (including any issues of new securities) and changes to the directors of the Company.
- (d) The Company has agreed to indemnify finnCap for any losses, costs or expenses it suffers in connection with the provisions of services to the Company pursuant to the agreement, save in certain limited circumstances.
- (e) The agreement may be terminated by either party on not less than three months' prior written notice, or immediately on the occurrence of certain specified events. The parties have agreed that the agreement will terminate immediately upon Admission becoming effective.

16.6 **Warrants/options**

16.6.1 The Company has issued certain warrants as summarised in paragraph 5.16 and 5.17 above. The terms for these warrants are summarised in paragraphs 5.18 and 5.19 above.

16.6.2 The Company is establishing the CSOP, subject to the approval by Shareholders at the General Meeting, further details of which are set out in paragraph 10 above.

16.7 **Workshop – other contracts**

Workshop Coffee has borrowed various amounts from its ultimate shareholders, directors, persons connected to them as set out in paragraph 19.1.4(a) to 19.1.4(c) of this Part VIII.

16.8 **DevCo – other contracts**

16.8.1 VivoPlex Option and VivoPlex Loan Notes:

- (a) DevCo has been granted an option to subscribe for up to £2,000,000 of VivoPlex convertible loan notes pursuant to an option agreement between (1) VivoPlex and (2) DevCo dated 16 December 2019.
- (b) The option is exercisable by DevCo (or any member of the Enlarged Group to whom it has assigned its interest) at any time from issue until 16 December 2020 by serving notice on VivoPlex stating the number of loan notes (in multiples of £10,000) it will subscribe for and the proposed completion subscription date.
- (c) The main terms of the VivoPlex Loan Notes instrument dated 16 December 2019 created pursuant to the loan note are:
 - (i) the loan notes are transferrable in multiples of £1,000,000 (or in such tranches as agreed between by the directors of VivoPlex in writing) save where a redemption notice or conversion notice has been given;
 - (ii) the loan notes can be converted into fully paid ordinary shares of £0.50 each in VivoPlex at the conversion price of £25.00 per share (**Conversion Price**) by prior written notice from the holder of more than 50 per cent. of the nominal amounts of the loan notes, not more than 25 Business Days and not less than five Business Days prior to 31 December 2024;
 - (iii) outstanding loan notes will automatically be converted by VivoPlex into fully paid ordinary shares of £0.50 each at the Conversion Price on the earlier of the date of completion of the next fund raising by VivoPlex to raise more than £3,000,000 prior to 31 March 2020 by fresh issue of shares (**Relevant Fund Raising**), and the date that a change of control of VivoPlex occurs;
 - (iv) the loan notes can be redeemed by prior notice from the holders of more than 50 per cent. of the nominal amount of the loan notes for the principal amount plus interest at a rate of 6 per cent. per annum, accruing from issue of the loan notes to the date of redemption, on completion of the next Relevant Funding Raising or on 31 December 2024;
 - (v) the loan notes will be immediately redeemed for the principal amount plus interest at a rate of 6 per cent. per annum if VivoPlex suffers an insolvency event; and

- (vi) where there has been neither an event of default resulting in an immediate redemption of the loan notes nor has the holder of more than 50 per cent. of the nominal amount of the loan notes served a redemption notice, VivoPlex can at any time serve a notice on each noteholder seeking to convert all or just some of the outstanding loan notes to fully paid ordinary shares of £0.50 each at the Conversion Price within 25 Business Days of service of the notice.

16.8.2 *Transcend Facility*

- (a) DevCo has entered into a secured convertible facility agreement (**Transcend Facility Agreement**) between (1) DevCo, and (2) Transcend dated 12 December 2019 (as amended on 18 December 2019) under which DevCo (as **Lender**) has agreed to provide Transcend with a loan facility (**Transcend Facility**) of an aggregate amount of £4 million, conditional on Admission occurring on or before 31 January 2020.
- (b) The Transcend Facility is secured by a debenture dated 12 December 2019 registered against Transcend in the name of DevCo, as security trustee to be held for the benefit of DevCo and other investors pursuant to the terms of a security trust dated 12 December 2019. This debenture is subject to a deed of priority dated 12 December 2019 between (1) Transcend (2) Guillaume Clignet (3) DevCo (4) Golden Rule Investments S.R.L. and (5) Mohd Razali Abdul Rahman which confirms that this debenture ranks behind the other security arranged by Transcend to date.
- (c) The main terms of the Transcend Facility are as follows:
 - (i) the loan is to be made available in four tranches of no more than £1 million each, the first tranche of which, in the sum of at least £1 million, is to be capable of being advanced to Transcend within one month of the date of Admission, and if the first loan is not drawn down in the first month the Transcend Facility will be cancelled;
 - (ii) save for the first loan, drawdown requests must be submitted by Transcend after the expiry of the first month, providing at least 10 Business days' prior notice of a proposed drawdown date and advising as to the amount of the loan subject to a minimum amount of £1 million;
 - (iii) the amounts borrowed pursuant to the terms of the Transcend Facility bear interest at 5 per cent. per annum, compounded quarterly to be repaid on the relevant repayment date with a minimum interest payment of £125,000 and is to be secured by an agreed form debenture;
 - (iv) the principal amount drawn down pursuant to the Transcend Facility together with all accrued interest is repayable no later than the second anniversary of the first date of drawdown under the Transcend Facility (**Repayment Date**), when a repayment premium of 100 per cent. of the amount drawn down is also payable;
 - (v) warrants over 40,000 ordinary shares of £0.001 each in Transcend (being 1,000 for every £100,000 lent pursuant to the Transcend Facility Agreement), exercisable to a price of £12.50 per share are also to be granted;

- (vi) DevCo can convert the loan notes at any time after Transcend issues 200,000 ordinary shares or raises at least £1 million by the issue of equity securities (**Relevant Funding Raising**) into fully paid ordinary shares of £0.001 each at the average share price at the last relevant or future fund raising or if this is more than £4.00 then at a discount of 25 per cent. (**Transcend Conversion Price**); and
- (vii) Transcend can convert all or part of the loan notes (on service of notice by Transcend) either immediately before the Repayment Date, or at least 20 Business days before the date Transcend is the subject of an IPO, into fully paid ordinary shares of £0.001 each at the Transcend Conversion Price.

16.8.3 *Framework Agreement with Ambit Developments Limited*

DevCo entered into a five year framework agreement on 18 December 2019 with Ambit Developments Limited (which can be extended by mutual consent by up to two years), the latter being a wholly owned subsidiary of Ambit Property Holdings Limited whose shareholders are Gary Langridge-Brown, Chris Reynolds, and Peter Clayden, which governs the relationship between the parties where Ambit Developments Limited provides services to DevCo in relation to specific developments. The framework agreement includes a calculation of net profit on those developments based on a specified formula unless agreed otherwise, and each parties' share of that net profit, with Ambit Developments Limited's share being 25 per cent. The framework agreement is terminable on the occurrence of a repeated or material irremediable breach, an event of insolvency or where either ceases or threatens to cease to carry on their businesses. DevCo is also permitted to terminate the framework agreement if there is a change of control of Ambit Developments Limited. For the avoidance of doubt these terms do not govern the development of existing sites within the Enlarged Group.

17. **RESEARCH AND DEVELOPMENT, INTELLECTUAL PROPERTY, PATENTS AND LICENCES**

- 17.1 Workshop Coffee has registered the trademark "Workshop" and logo  in the United Kingdom, the EU and certain other countries to which it supplies coffee, including China and Saudi Arabia.
- 17.2 The application to register the logo in Europe was initially opposed by Witor's s.p.a as a result of which Workshop Coffee and Witor's s.p.a entered into a co-existence agreement dated 8 October 2018 following which the registration was approved.
- 17.3 Workshop Coffee's application in Canada to register "Workshop" as a trademark has been opposed on the grounds of prior use (although on 2 November 2018 it was confirmed that the application to register WORKSHOP had been accepted for opposition purposes). A counterstatement to defend the trademark was filed and the opposing company had until 23 November 2019 to file evidence if it wished to support the opposition. As the opposing company are only raising rights acquired through use, it is expected that evidence will be filed to be able to properly demonstrate Workshop Coffee's right to register the trade mark. No update has been received to confirm whether or not the opposing party has filed evidence.
- 17.4 As at the date of this document, and immediately following completion of the Acquisitions, no member of the Enlarged Group is dependent on patents or licenses, industrial,

commercial or financial contracts or new manufacturing processes which are or may be material to its business or profitability.

18. INVESTMENTS

18.1 Save as set out in this document in respect of the Acquisitions, no member of the Enlarged Group has any principal investments that are in progress and no member of the Enlarged Group will have any principal investments in progress immediately following completion of the Acquisitions other than as follows:

18.1.1 the VivoPlex Option, in respect of VivoPlex Loan Notes further details of which are set out in paragraph 16.8.1 above; and

18.1.2 the Transcend Facility, further details of which are set out in paragraph 16.8.2 above.

18.2 No member of the Enlarged Group has any environmental issues which may affect its utilisation of its tangible fixed assets.

19. RELATED PARTY TRANSACTIONS

19.1 During the 12 months immediately prior to the date of this document no member of the Enlarged Group has entered into any related party transactions and no member of the Enlarged Group will have entered into any related party transactions immediately following completion of the Acquisitions other than as follows:

19.1.1 the Company's current registered office is Lakeside Fountain Lane, St Mellons, Cardiff, United Kingdom, CF3 0FB provided by Westleigh Investments Holdings Limited as referred to in paragraph 14.1 above;

19.1.2 DevCo owed the following related parties the amounts specified as at 25 November 2019:

(a) Tarncourt Group Holdings LLP (of which the Concert Parties are all members) £895,000 of which £250,000 was assigned to Charles Dickson and £645,000 was assigned to Davina Dickson on 16 December 2019 and all of which was then capitalised into shares in DevCo on 16 December 2019;

(b) Tarncourt Properties Limited (a subsidiary of Tarncourt Group Holdings LLP, of which the Concert Parties are all members) £1,250,000 which was capitalised into shares in DevCo on 16 December 2019;

(c) Tarncourt Investments LLP (of which the Concert Parties are all members) £950,000 to help fund the development of DevCo's site at Hastings, Kent which will be repaid by DevCo on practical completion of that site pursuant to the confirmatory letter from Tarncourt Investments LLP to DevCo dated 18 December 2019, subject to and effective on Admission; and

(d) Ambit Developments Limited (a subsidiary of Ambit Property holdings Limited which is owned by Peter Clayden, CBR Estates Limited, Christopher Reynolds and Gary Langridge-Brown, the latter two being shareholders of DevCo) £24,000 in respect of consultancy services which will be paid in the ordinary course by DevCo.

19.1.3 SPVCo owed Tarncourt Investments LLP (of which the Concert Parties are all members) £590,000 to help fund the planning promotion of its site at Saffron Walden which will be repaid on Admission from the Bridging Loan.

19.1.4 Workshop Coffee owed the following related parties the amounts specified as at 30 September 2019:

- (a) Tarncourt Investments LLP (of which the Concert Parties are all members) £250,000 which will be repaid on Admission from the Bridging Loan;
- (b) Davina Dickson £1,000,000 which was capitalised into shares in Workshop Holdings on 16 December 2019; and
- (c) James Dickson, Charles Dickson and Mark Jeffry Lewis £105,000, £47,000 and £100,000 respectively by way of directors' loan the terms of which are set out in loan agreements dated 16 December 2019 between (1) each of these and Workshop Coffee conditional on and with effect from Admission, (2) with such loans to bear interest at 3.5 per cent. per annum from Admission and due to be repaid 18 months from Admission, subject to earlier repayment or on the occurrence of an event of default at Workshop Coffee's discretion.

20. NO SIGNIFICANT CHANGE

- 20.1 Save as disclosed in this document, there has been no significant change in the financial or trading position of the Group (including any significant changes to its indebtedness) since 31 May 2019, the date to which the last audited accounts of the Group were prepared, to the date of this document.
- 20.2 Save as disclosed in this document, there has been no significant change in the financial or trading position of any of the Dickson Controlled Entities (including any significant changes to their indebtedness) since 31 March 2019, the date to which the last audited accounts of the Dickson Controlled Entities were prepared, to the date of this document.

21. GENERAL

- 21.1 The auditors of the Company, as at the date of this document and in respect of the periods covered by the historical financial information on the Group set out in Part VI of this document, are Crowe U.K. LLP of St Bride's House, 10 Salisbury Square, London EC4Y 8EH. Crowe U.K. LLP are registered to carry on company audit work by the Institute of Chartered Accountants in England and Wales and authorised and regulated by the Financial Conduct Authority.
- 21.2 The statutory accounts of the Company for the financial period ended 31 May 2019 have been audited. The financial information referred to in this document does not constitute full statutory accounts as referred to in section 434 of the Act.
- 21.3 The expenses of or incidental to Admission, the Placing and the Subscription (including AIM fees, printing, advertising and distribution costs, legal, accounting, corporate finance and public relations fees and expenses) payable by the Company are estimated to amount to approximately £0.5 million including VAT.
- 21.4 Crowe U.K. LLP has given and not withdrawn its written consent to the inclusion of references to the firm in this document in the form and context in which they appear and to the inclusion of its reports in this document.
- 21.5 finnCap has given and not withdrawn its written consent to the issue of this document with its name included in it and references to it in the form and context in which they appear.
- 21.6 The Company's accounting reference date is 31 May. This will be changed following Admission when the accounting reference dates for all members of the Enlarged Group will become 30 June.

- 21.7 This document has been prepared in accordance with current UK tax legislation, practice and concession and interpretation thereof. Such legislation and practice may change and the current interpretation may therefore no longer apply.
- 21.8 No person, either directly or indirectly, has in the twelve months prior to the date of this document received or is contractually entitled (except as otherwise disclosed in this document) to receive either directly or indirectly, from the Company (excluding in either case persons who are professional advisers otherwise disclosed in this document or trade suppliers):
- 21.8.1 fees totalling £10,000 or more;
 - 21.8.2 securities where these have a value of £10,000 or more calculated by reference to the issue price; or
 - 21.8.3 any other benefit with a value of £10,000 or more at the date of Admission.
- 21.9 Where information in this document has been sourced from a third party, the information has been accurately reproduced and, as far as the Company and the Directors and Proposed Directors are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Reference materials include various historical and recent publications.

21.10 Obtaining hard copies of information incorporated by reference

You may request a hard copy of any information incorporated into this document by reference pursuant to Rule 24.15 of the Takeover Code by contacting The Barkby Group plc, between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday on +44(0) 330 333 8265. It is important that you note that unless you make such a request, a hard copy incorporated into this document by reference will not be sent to you.

21.11 Documents available on display

Copies of the following documents will be made available on display at the offices of the Company, Lakeside, Fountain Lane, St Mellons, Cardiff CF3 0FB during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) and at the following website address www.barkbygroup.com/ from the date of posting of this document up to the date of the General Meeting and at the place of meeting for 15 minutes prior to the meeting and during the meeting:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the audited accounts of the Company for the 12 month period ended 31 December 2016, for the 12 month period ended 31 December 2017 and for the 17 month period ended 31 May 2019;
- (c) Director Service Agreements referred to in paragraph 8.1 of this Part VIII;
- (d) the placing agreement referred to in paragraph 16.2.1 of this Part VIII;
- (e) the irrevocable undertakings referred to in paragraph 14 of Part I;
- (f) the consent letters from finnCap and the members of the Concert Party referred to in paragraphs 21.5 and 2.2 to 2.7 of Part VIII;
- (g) the material contracts referred to in paragraph 16 of this Part VIII; and
- (h) a copy of this document together with the Notice of General Meeting.

Date: 19 December 2019

NOTICE OF GENERAL MEETING

THE BARKBY GROUP PLC

(registered in England and Wales under company number: 07139678)

NOTICE IS HEREBY GIVEN that a general meeting of The Barkby Group plc (**Company**) will be held at The Bull Hotel, Market Place, Fairford GL7 4AA at 10.00 a.m. on 6 January 2020 for the purpose of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 5 will be proposed as ordinary resolutions and resolutions 6 to 9 as special resolutions, with voting on resolution 2 to be conducted on a poll of the Independent Shareholders (as defined in the Admission Document of the Company dated 19 December 2019 of which this notice forms part (**Admission Document**)).

ORDINARY RESOLUTIONS

1. Subject to the passing of Resolutions 2 to 9, the acquisition (**Acquisitions**) by the Company of the whole of the issued share capital of each of Tarncourt Ambit Limited, Tarncourt Ambit Properties Limited and Workshop Trading Holdings Limited on and subject to the terms and conditions of the Acquisition Agreements (as defined in the Admission Document), be and is hereby approved, pursuant to the NEX Exchange Rules (as defined in the Admission Document) and all other purposes subject to such minor amendments, variations or waivers as may be approved by the directors (or a duly constituted committee thereof) who are authorised to do all such things as are necessary or desirable to give effect to the Acquisitions.
2. Subject to the passing of Resolutions 1 and 3 to 9, the waiver by the Panel on Takeovers and Mergers of the obligation that would otherwise arise on the members of the Concert Party (as defined in the Admission Document), both individually and collectively, to make a general offer to the remaining shareholders of the Company pursuant to Rule 9 of the City Code on Takeovers and Mergers as a result of the allotment and issue to the Concert Party of the Consideration Shares, Placing Shares or Subscription Shares (as defined in the Admission Document) be and is hereby approved.
3. Subject to the passing of Resolutions 1, 2 and 4 to 9, with effect from 8.00 a.m. on the Business Day following this resolution is passed every 193 ordinary shares of £0.0033 (0.33 pence) each in the capital of the Company be consolidated into 74 ordinary shares of £0.00860675675675676 (0.860675675675676 pence) each (each a **New Ordinary Share**), with the shareholders entitled to fractions waiving their rights to such fractional shares together with the net proceeds raised from the sale of such fractional shares which instead shall be retained for the benefit of the Company.
4. Subject to the passing of Resolutions 1 to 3 and 5 to 9, the directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (**Act**) to exercise, and to delegate to any duly constituted committee of the directors, all of the powers of the Company to allot shares in the Company (**Shares**), grant rights to subscribe for or convert security into Shares (**Rights**):
 - 4.1. up to an aggregate nominal value of £878,630.81 pursuant to the issue of the Consideration Shares (as defined in the Admission Document);
 - 4.2. up to an aggregate nominal value of £143,445.95 pursuant to the issue of Placing Shares and Subscription Shares (each as defined in the Admission Document);
 - 4.3. up to an aggregate nominal value of £2,716.30 pursuant to the issue of the Fee Shares (as defined in the Admission Document);

- 4.4. up to an aggregate nominal value of £116,393.53 pursuant to share options and subscription rights (as described in paragraph 10 of Part VIII of the Admission Document);
- 4.5. otherwise conditionally only upon Admission having occurred up to an aggregate nominal amount of £174,590.29 (such amount to be reduced by the nominal amount of any equity security allotted pursuant to the authority in Resolution 4.5 below); and
- 4.6. for the allotment of equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of £174,590.29 in connection with an offer by way of a rights issue:
 - 4.6.1. to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings;
 - 4.6.2. to the holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

but subject to such exclusion or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the law of any territory or the requirements of any regulatory body or stock exchange;

provided that this authority shall, unless renewed, varied or revoked by the Company expire on the date of the annual general meeting of the Company in 2020 or, if earlier, the date which is 15 months after the passing of this Resolution save that the Company may, before such expiry, make offers or agreements which would or might require Shares to be allotted or Rights to be granted and the directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this Resolution has expired.

This Resolution revoked and replaces all unexercised authorities previously granted to the directors to allot equity securities but without prejudice to and allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

5. Subject to the passing of Resolutions 1 to 4 and 6 to 9, the terms of the company share option plan (**CSOP**), a copy of the rules of which is produced to the meeting and initialled by the chairman of the meeting for the purposes of identification and the main features of which are summarised in paragraph 10.2 of Part VIII of the Admission Document be approved, and the directors be authorised to do all acts and things necessary to establish the Plan.

SPECIAL RESOLUTIONS

6. Subject to the passing of Resolutions 1 to 5 and 7 to 9, the directors be given the power in accordance with section 570 of the Act, to allot equity securities (as defined by section 560(1) of the Act) for cash, either pursuant to the authority conferred by Resolution 4 or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:
 - 6.1. the allotment of equity securities in connection with an offer by way of a rights issue:
 - 6.1.1. to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
 - 6.1.2. to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange;

- 6.2. the allotment of equity securities up to an aggregate nominal amount of £878,630.81 as Consideration Shares pursuant to the terms of the Acquisition Agreement;
- 6.3. the allotment of equity securities up to an aggregate nominal amount of £143,445.95 pursuant to the Placing and Subscription (each as defined in the Admission document);
- 6.4. the allotment of equity securities up to an aggregate nominal amount of £2,716.30 in respect of the grant of the Fee Shares;
- 6.5. the allotment of equity securities up to an aggregate nominal amount of £116,393.53 in respect of the grant of share options and subscription rights;
- 6.6. the allotment (otherwise than pursuant to Resolutions 6.1 to 6.4 above) of equity securities up to an aggregate nominal amount of £174,590.27.

The power granted by this Resolution will expire on the date falling 15 months from the passing of this Resolution or, if earlier, the conclusion of the Company's next annual general meeting (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this Resolution has expired.

This Resolution revokes and replaces all unexercised powers previously granted to the directors to allot equity securities as if section 561(1) of the Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

7. Subject to the passing of Resolutions 1 to 6 and 8 and 9, the share premium account of the Company be reduced by £6,347,000.
8. Subject to the passing of Resolutions 1 to 7 and 9, the capital redemption reserve of the Company be reduced from £3,078,000 to £0.00.
9. Subject to the passing of Resolutions 1 to 8, the Company's shares be cancelled from trading on the NEX Exchange Growth Market.

By order of the Board
Emma Dark
Company secretary

Registered Office
Lakeside Fountain Lane
St Mellons
Cardiff CF3 0FB

19 December 2019

NOTES

Entitlement to attend and vote

- 1 In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that only those shareholders entered on the relevant register of members (**Register**) for certificated or uncertificated shares of the Company (as the case may be) at 10.00 a.m. on 2 January 2020 (**Specified Time**) will be entitled to attend or vote at the General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register after the Specified Time will be disregarded in determining the rights of any person to attend or vote at the General Meeting. Should the General Meeting be adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned General Meeting. Should the General Meeting be adjourned for a longer period, then to be so entitled, members must be entered on the Register at the time which is 48 hours before the time fixed for the adjourned General Meeting or, if the Company gives notice of the adjourned General Meeting, at the time specified in the notice.

Appointment of proxies

- 2 As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a Proxy Form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the Proxy Form.
- 3 A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the Proxy Form or via CREST are set out in the notes to the Proxy Form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
- 4 If you do not give your proxy an indication of how to vote on any Resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

Appointment of proxy using hard copy Proxy Form

- 5 The notes to the Proxy Form explain how to direct your proxy to vote on each Resolution or withhold their vote.
- 6 To appoint a proxy using the Proxy Form, the form must be:
 - completed and signed;
 - sent or delivered to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR or delivered to voting@shareregistrars.uk.com; and
 - received by Share Registrars Limited no later than 10.00 a.m. on 2 January 2020.
- 7 In the case of a member which is a company, the Proxy Form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
- 8 Any power of attorney or any other authority under which the Proxy Form is signed (or a duly certified copy of such power or authority) must be included with the Proxy Form.

Appointment of proxy by joint members

- 9 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Register in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

- 10 To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
- 11 Where you have appointed a proxy using the hard-copy Proxy Form and would like to change the instructions using another hard-copy Proxy Form, please contact Share Registrars Limited on +44 1252 821390. Calls will be charged at your network provider's standard rates. Calls to the helpline from outside the UK should be made on +44 1252 821390 and will be charged at the applicable international rate. Share Registrars Limited are open between 09:00am-17:30, Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Resolutions proposed nor give any financial, legal or tax advice.
- 12 If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

- 13 In order to revoke a proxy instruction (other than a CREST Proxy instruction) you will need to inform Share Registrars Limited by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
- 14 The revocation notice must be received by Share Registrars Limited no later than 10.00 a.m. on 2 January 2020. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
- 15 Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

Appointment of proxy via CREST

- 16 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.
- 17 In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (formerly CRESTCo's) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must in order to be valid, be transmitted so as to be received by Share Registrars Limited (ID 7RA36) by no later than 10.00 a.m. on 2 January 2020. No such message received through the CREST network after this time will be accepted. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- 18 CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- 19 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- 20 Capitalised terms in this notice shall, unless the context requires otherwise, have the meaning given to them in the Admission Document of which this notice forms part.

Voting in CREST

- 21 CREST Members who wish to appoint a proxy or proxies through the CREST electronic service may do so for the General Meeting and any adjournment(s) of it by using the procedures described in the CREST Manual.
- 22 CREST Personal Members of other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.
- 23 In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCO Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual.
- 24 The message regardless of whether it related to the appointment of a proxy or to an amendment to the instruction given by a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent 7RA36 by the latest time(s) for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

- 25 CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo Limited does not make available special procedures in CREST for any particular messages. Normal system timing and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of CREST by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST systems and timings.
- 26 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

