

**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 for the purposes of the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.**

This document, which comprises an admission document, has been drawn up in accordance with the Public Offers of Securities Regulations 1995 (as amended) (the "POS Regulations") and rules of AIM of the London Stock Exchange plc ("AIM") and has been delivered to the Registrar of Companies in England and Wales in accordance with Regulation 4(2) of the POS Regulations. Copies of this document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Seymour Pierce Limited at Bucklersbury House, 3 Queen Victoria Street, London EC4N 8EL from the date of this document and for a period of one month from the date on which Admission takes place, which is expected to be 29 October 2004.

The Directors of Clerkenwell Ventures plc (the "Company") whose names appear on page 6 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (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. Under no circumstances should the information contained in this document be relied upon as being accurate at any time after Admission.

**Application has been made for the whole of the ordinary share capital, issued and to be issued pursuant to the Placing, of Clerkenwell Ventures plc to be admitted to trading on AIM. 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 his or her own independent financial adviser. The London Stock Exchange plc has not itself examined or approved the contents of this document.**

**The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for the Ordinary Shares to be admitted to the Official List of the United Kingdom Listing Authority. It is expected that dealings in the Ordinary Shares will commence on AIM on 29 October 2004.**

The whole of the text of this document should be read. Your attention is particularly drawn to the section entitled "Risk Factors" in Part II of this document.

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# CLERKENWELL VENTURES plc

*(Incorporated in England and Wales under the Companies Act 1985 with Registered No. 5127684)*

## Placing of 55,714,286 Ordinary Shares of 1p each at 7p per share and Admission to trading on AIM

*Nominated Adviser and Broker*  
**Seymour Pierce Limited**

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### ORDINARY SHARE CAPITAL IMMEDIATELY FOLLOWING THE PLACING AND ADMISSION

<i>Authorised Number</i>	£		<i>Issued and fully paid Number</i>	£
325,000,000	3,250,000	Ordinary Shares of 1p each	68,911,145	689,111.45

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Seymour Pierce Limited, which is a member of the London Stock Exchange plc and is regulated by the Financial Services Authority, has agreed to act as Nominated Adviser and Broker to the Company. Persons receiving this document should note that, in connection with the Placing and Admission, Seymour Pierce Limited is acting exclusively for the Company and no-one else and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Seymour Pierce Limited, or for advising any other person on the transactions and arrangements described in this document.

The Placing described in this document is only being made in the United Kingdom. This document does not constitute an offer to sell or the solicitation of an offer to buy or subscribe for Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for distribution in or into the United States, Canada, Australia, the Republic of Ireland, South Africa or Japan. The Ordinary Shares have not been and will not be registered under the applicable laws of the United States, Canada, Australia, the Republic of Ireland, South Africa or Japan. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

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

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## DEFINITIONS

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

“Act”	the Companies Act 1985 (as amended)
“Admission”	admission of the issued Ordinary Shares (including the Placing Shares) to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the AIM market of the London Stock Exchange
“AIM Rules”	the rules published by the London Stock Exchange governing admission to, and operation of, AIM
“Articles of Association” or “Articles”	the articles of association of the Company
“Board” or “Directors”	the directors of the Company whose names are set out on page 6 of this document
“Business Day”	a day on which banks in the City of London are open for a full range of banking transactions
“Clerkenwell Ventures” or “Company”	Clerkenwell Ventures plc, a company incorporated in England and Wales with registered number 5127684
“Combined Code”	the code of best practice, including the principles of good governance, titled the “Combined Code on Corporate Governance” published by the Financial Reporting Council in July 2003 and appended to, but not forming part of, the Listing Rules of the UKLA
“CREST”	the relevant system (as defined in the CREST Regulations) operated by CRESTCo in accordance with which securities may be held or transferred in uncertificated form
“CRESTCo”	CRESTCo Limited, a company incorporated under the laws of England and Wales and the operator of CREST
“EIS”	the Enterprise Investment Scheme and related reliefs as detailed in Chapter III, Part VII of the Income and Corporation Taxes Act 1988 and in sections 150A to 150C and Schedule 5B and 5BA of the Taxation of Chargeable Gains Act 1992 (as amended)
“Executive Directors”	the executive directors of the Company from time to time
“Existing Ordinary Shares”	the 13,196,859 Ordinary Shares in issue at the date of this document
“FSA”	Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000
“Group”	the Company and its subsidiaries and any associated companies
“London Stock Exchange”	London Stock Exchange plc
“Official List”	the Official List of the UKLA
“Ordinary Share Capital”	the fully diluted issued ordinary share capital of the Company including taking account of all other Ordinary Shares under option as if the options had been exercised and the resulting Ordinary Shares were in issue
“Ordinary Shares”	the ordinary shares of one pence each in the capital of the Company from time to time
“Panel”	the Panel on Takeovers and Mergers

“Placing”	the conditional placing by Seymour Pierce of the Placing Shares at the Placing Price pursuant to the Placing Agreement, as described in this document
“Placing Agreement”	the conditional agreement dated 25 October 2004 between the Company (1), the Directors (2) and Seymour Pierce (3) relating to the Placing, details of which are set out in paragraph 10.1 of Part IV of this document
“Placing Price”	7 pence per Placing Share
“Placing Shares”	the 55,714,286 new Ordinary Shares to be allotted and issued by the Company and subscribed for under the Placing
“Plan”	The Clerkenwell Ventures Share Option Plan
“POS Regulations”	the Public Offer of Securities Regulations 1995 as amended
“Seymour Pierce”	Seymour Pierce Limited
“Shareholders”	holders of Ordinary Shares
“subsidiary”	as defined in section 736 and 736A of the Act
“UK Listing Authority” or “UKLA”	the FSA, acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“Uncertificated Securities Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) including any modification thereof or any regulations in substitution therefore made under section 207 of the Companies Act 1989 and for the time being in force
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US” or “USA”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia and all other areas subject to its jurisdiction
“VCT”	a venture capital trust for the purposes of section 842AA and Schedule 28B of the Income and Corporation Taxes Act 1988

## PLACING STATISTICS

Placing Price	7p
Number of Existing Ordinary Shares	13,196,859
Number of Placing Shares being issued under the Placing	55,714,286
Number of Ordinary Shares in issue on Admission	68,911,145
Market capitalisation following the Placing at the Placing Price	£4,823,780
Percentage of enlarged issued share capital being subject to the Placing	80.85%
Gross proceeds of the Placing	£3,900,000
Net proceeds to be received by the Company (exclusive of applicable VAT)	£3,724,850

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Admission and dealings in the Ordinary Shares to commence on AIM	29 October 2004
CREST accounts credited by	29 October 2004
Despatch of definitive share certificates (where applicable) by	5 November 2004

## DIRECTORS, SECRETARY AND ADVISERS

**Directors:** David Michael Page FRSA (*Non-Executive Chairman*)  
Thomas Kelly Quigley ACA (*Non-Executive Director*)  
Paul Adam Campbell ACA (*Non-Executive Director*)

all of:

**Registered office:** 1 Park Row  
Leeds LS1 5AB

**Company Secretary:** Patrick Hartrey ACIS

**Nominated Adviser  
and Broker:** Seymour Pierce Limited  
Bucklersbury House  
3 Queen Victoria Street  
London EC4N 8EL

**Solicitors to the Company:** Pinsents  
Dashwood House  
69 Old Broad Street  
London EC2M 1NR

**Solicitors to the  
Nominated Adviser and Broker:** Memery Crystal  
44 Southampton Buildings  
London WC2A 1AP

**Auditors and Reporting  
Accountants:** RSM Robson Rhodes LLP  
186 City Road  
London EC1V 2NU

**Principal Bankers:** HSBC plc  
69 Pall Mall  
St James's  
London SW1Y 5EZ

**Registrars:** Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol BS13 8AE

## PART I

### INFORMATION ON THE COMPANY

#### **Background and general information on the Company**

Clerkenwell Ventures has been formed to acquire businesses in the leisure sector. The Directors collectively have many contacts and connections in the leisure sector and intend to use their experience of mergers and acquisitions and growing leisure businesses to enable them to identify profitable concerns with scope for growth.

The Directors believe that the Placing and Admission will establish the Company as a credible acquirer of targeted companies in the leisure sector. This Placing will raise £3.9 million before expenses. The Company will have cash resources of in excess of £3.7 million.

The Directors expect to raise additional finance, either through raising debt and/or through the issue of further equity, to complete any acquisitions that the Company may agree.

Provisional approval has been obtained from the Inland Revenue that the Company should qualify as a qualifying company for the purposes of EIS and VCT provisions. Upon Admission, however, the Company will have no trading activity.

#### **Acquisition strategy**

The Company will seek to acquire leisure businesses and the Directors will have regard, amongst others, to the following criteria in assessing potential acquisitions:

- the businesses should have the potential for rapid growth and/or above average cashflow and dividend yield;
- strong operational management, capable of forming the executive board of the Company; and
- a proven business model with attractive returns on capital invested.

The Directors have many years of experience in the leisure sector and will use this experience and their contacts to identify and assess potential targets for acquisition.

The Directors intend to retain key members of the management team of any acquired businesses, supplemented whenever appropriate with additional, experienced management drawn from the appropriate sector. The Directors believe that the incentivisation of staff and management is a key factor to growing a successful business and therefore incentives will be put in place, which may include cash bonuses and equity participation in the Company.

#### **Reasons for Placing**

The proceeds of the Placing will be used to provide the funds needed by the Company to identify and carry out due diligence on potential target acquisitions and to provide working capital for the Company's initial operations in line with its acquisition strategy.

The Directors believe that Admission will have the following benefits:

- quoted shares may be an attractive form of consideration to potential vendors and it will also facilitate acquisitions to be financed by vendor placings;
- the status of being a company with shares publicly traded is likely to enhance the Company's reputation;
- the ability to incentivise staff through the use of share options may be important in retaining key managers; and
- shareholders will have access to a regulated market in which to buy and sell shares in the Company.

## Directors

The Directors of Clerkenwell Ventures are:

### *David Michael Page FRSA (aged 52) (Non-Executive Chairman)*

David was involved with PizzaExpress plc for 27 years. From 1976 to 1992 he was a major shareholder of the largest PizzaExpress franchisee group which merged with the franchisor, reversed into Star Computer Group plc and thereby obtained a quote on the London Stock Exchange with a market capitalisation of approximately £21 million. The shares reached £9.77 giving the company a market capitalisation of approximately £661 million. The business grew from 23 company restaurants in the UK at the time of the reverse to more than 350 worldwide by 2003. In October 2003 he then co-founded and was appointed chairman of The Clapham House Group plc, an AIM company which has raised a total of £22 million and acquired two restaurant operations, The Real Greek and the Bombay Bicycle Club. In 2004 he was a founder shareholder of Urban Dining plc an AIM company which has the stated aim of purchasing established restaurant groups having 15 or more sites. In August 2004 David was appointed non-executive director of Singer & Friedlander AIM 3 VCT PLC.

### *Thomas Kelly Quigley (aged 41) (Non-Executive Director)*

Tom qualified as a chartered accountant with Price Waterhouse and has many years of corporate finance experience at Schroders, Hill Samuel and Close Brothers Corporate Finance where he became a director in 1997 and a managing director in 1999. Tom is currently a managing director and head of the Leisure, Retail and Hospitality sector team at ING Corporate Finance.

Tom has acted on a number of high profile leisure sector transactions including the sale of My Kinda Town plc to Capital Radio plc, advising Punch Taverns and Whitbread plc on the sale of First Quench Retailing to Nomura Principal Finance Group and advising TDR Capital on the successful contested take-private of PizzaExpress plc.

### *Paul Adam Campbell (aged 40) (Non-Executive Director)*

Paul Campbell qualified as a chartered accountant with Price Waterhouse, before joining The Capita Group plc where he was managing director of Capita Corporate Finance advising on a broad range of corporate transactions. He was subsequently chief executive of Relaxion Group plc, a leisure management company with operations throughout the UK and also a director of Kunick Plc, a listed company which purchased Relaxion. He joined PizzaExpress plc as group finance director in February 2002 and left following the purchase of the company by TDR Capital. He has been the chief executive officer of The Clapham House Group plc since its formation in 2003.

Save for the Company Secretary, there are no other officers or employees of the Company as at the date of this document. It is intended that new suitable staff will be employed following Admission and on the acquisition of target companies.

## Interests of Directors and lock-in agreements

The Directors and other Shareholders have invested a total of £472,300 in the Ordinary Shares further information of which is set out in paragraph 3 of Part IV of this document. As an incentive to the Directors to achieve the Company's strategy, they have each been issued with options to subscribe for 1,000,000 Ordinary Shares at 3 pence. Details of the terms of these options are set out in paragraph 4 of Part IV of this document.

On Admission and after the Placing, the interests of the Directors and their associates will be as follows:

<i>Shareholders</i>	<i>Number of Ordinary Shares</i>	<i>% holding</i>	<i>No. of options</i>
David Page	2,783,433	4.04	1,000,000
Mrs Hatts-Page	250,000	0.36	–
Jasper Page	50,000	0.07	–
Paul Campbell	2,100,100	3.05	1,000,000
Tom Quigley	1,600,000	2.32	1,000,000

**In accordance with Rule 7 of the AIM Rules, each of the Directors have agreed not to dispose of (and each Director has agreed to procure persons connected with him shall not dispose of) any interest in Ordinary Shares at the date of Admission for a period of one year following Admission, save as permitted by the AIM Rules and in certain limited circumstances and have further agreed that in the second year following Admission they will only sell such Ordinary Shares through the Company's broker.**

### **Incorporation, funding and authority to issue shares**

Clerkenwell Ventures was incorporated on 13 May 2004 and has not traded. Since its incorporation, the Company has raised a total of £472,300 through the issue of 13,196,859 Ordinary Shares. As at the date of this document, the Company has a total of 28 Shareholders.

Following completion of the Placing, the Company is expected to have net cash balances in excess of £4 million.

The Directors have authority to allot 325,000,000 Ordinary Shares whether for cash or otherwise of which they may allot a maximum of 325,000,000 Ordinary Shares for cash or otherwise on a non pre-emptive basis. This means that the Directors, following Admission and Placing may allot and issue 256,088,855 new Ordinary Shares for cash or non-cash consideration without further reference to Shareholders (unless required by law or otherwise).

### **The Placing and Admission**

Through the Placing, the Company intends to issue 55,714,286 Ordinary Shares in order to raise gross proceeds of £3.9 million. The Placing Shares have been conditionally placed by Seymour Pierce, as agent for the Company, with institutional and other investors in the UK in accordance with the terms of the Placing Agreement, further details of which are set out in paragraph 10.1 of Part IV of this document.

In the Placing Agreement, the Company and the Directors have undertaken that should the net proceeds of the Placing not be fully invested within two years from the date of Admission, a proposal will be put to Shareholders in general meeting to determine whether the Company's funds should be returned to Shareholders.

The Placing is subject to the conditions set out in the Placing Agreement, including Admission occurring on or before 29 October 2004.

Admission is expected to take place and dealings in the Ordinary Shares are expected to commence on 29 October 2004.

All Ordinary Shares issued pursuant to the Placing will be issued at the Placing Price, are of the same class and rank *pari passu* with all other Ordinary Shares in issue as at the date of this document and to be issued on Admission through the Placing.

Provisional approval is being sought from the Inland Revenue that an investment in the Company should qualify for the taxation advantages offered under the EIS and is also a qualifying investment for VCTs.

### **Corporate governance**

The Directors support high standards of corporate governance and confirm that following Admission, the Company intends (having regard to its size and nature) to comply, so far as it considers practicable and appropriate, with the Combined Code. The Company will hold Board meetings monthly. The Board will be responsible for formulating, reviewing and approving the Company's strategy, budgets, major items of capital expenditure and acquisitions.

As the Company grows following the acquisition of appropriate target companies, further non-executive Directors will be appointed to the Board. At that point, the Directors will establish an audit committee to receive and review reports from management and from the auditors relating to the interim and annual accounts and to the system of internal financial control. The Directors will also establish a remuneration

committee at the appropriate time which will determine the terms and conditions of service of Executive Directors.

The Directors intend to comply with Rule 19 of the AIM Rules relating to directors' dealings as applicable to AIM companies and they will adopt a share dealing code based on the model code set out in the listing rules of the UKLA.

### **Dividend policy**

The Directors consider it unlikely that the Company will pay dividends for the foreseeable future. The Directors do not intend to pay a dividend prior to making the first acquisition. Following the first acquisition the Directors will consider the cash requirements of the Company and will, if appropriate, consider paying dividends to Shareholders. The main focus of the Company will be on delivering capital growth for Shareholders.

### **CREST**

The Articles of Association permit the Company to issue shares in uncertificated form in accordance with the Uncertificated Securities Regulations. The Directors have applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place in the CREST system if the relevant shareholders wish.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain certificates will be able to do so.

### **EIS and VCT investment reliefs**

Provisional approval has been obtained from the Inland Revenue that the Company should qualify as a qualifying company for the purposes of EIS and VCT provisions. Further information on the EIS tax reliefs is set out in Part IV of this document. Any persons who are in any doubt as to their taxation position should consult their professional taxation adviser.

Individuals should note that the Company may only apply for tax relief certificates four months after its first acquisition has been completed. Once the Inspector is satisfied that tax relief certificates should be issued, he will send to the Company a form EIS 2 (authorisation) and EIS 3 tax relief certificates to be completed by the Company and investor as appropriate. The Company intends to supply certificates to those investors who have specified that they wish to subscribe under the EIS as soon as possible after its four month qualifying trading period has been completed.

No guarantee is given that the future activities of the Company will be such as to obtain or retain any qualifying company status for EIS or VCT purposes.

### **Further information**

Your attention is drawn to the additional information in Parts II to IV of this document.

## PART II

### RISK FACTORS

The Directors consider the following risks to be the most significant for potential investors in the Company. The following factors do not purport to be a complete list or explanation of all the risk factors involved in investing in Clerkenwell Ventures. In particular, the Company's performance may be affected by changes in the market and/or economic conditions in legal, regulatory and tax requirements.

An investment in Ordinary Shares involves a high degree of risk. Accordingly prospective investors in Ordinary Shares should carefully consider all the information in this document and the risks attaching to an investment in the Company, including but not limited to those risks set out below.

#### **AIM**

The value of the Ordinary Shares may go down as well as up. Investors may, therefore, realise less than the original amount subscribed pursuant to the Placing and could lose their entire investment. Furthermore, an investment in a share that is traded on AIM is likely to carry a higher risk than an investment in a share listed on the Official List.

The market price of the Ordinary Shares may not reflect the underlying value of the assets of the Company. The market in the Ordinary Shares may be illiquid or subject to sudden or large fluctuations and it may be difficult for investors to sell their Ordinary Shares and they may receive less than the amount originally invested.

#### **No trading history**

The Company has not commenced trading and will only do so once it has identified and completed an acquisition.

#### **Barriers to entry and competition**

The Company will initially be dependent upon the ability of the Directors to identify suitable companies or groups of companies for acquisition some of which may be offered for sale in competitive circumstances.

#### **Management and staff**

The success of the Company will be influenced by the recruitment of and retention of high calibre management.

#### **The market**

The Company is likely to face competition from other entities operating in its business sector which may have greater resources than the Company and, as a result, the Company will be affected by the competitive pressures that implies.

It is possible that recessionary pressures may decrease the disposable income customers have available to spend on leisure activities. This could lead to a reduction in the revenues of Clerkenwell Ventures outlets. There can be no guarantee that the Company's investment objectives will be achieved.

#### **Requirement for additional capital and capital risk**

The Company may be unable to effect an investment in an identified opportunity, as a consequence of which, resources might have been expended without reward on investigative work and due diligence. The Company is likely to need to conduct further fundraising exercises in the future in order to develop its business and sustain cash resources.

## **EIS/VCT**

Provisional approval has been obtained from the Inland Revenue that the Company should qualify as a qualifying company for the purposes of EIS and VCT provisions. Neither the Company nor the Company's advisers give any warranties or undertakings that EIS relief or VCT qualifying status will be available or that, if given, such relief or status will not be withdrawn. Should the law regarding EIS or VCT change then any reliefs or qualifying status previously obtained may be lost.

If the Company ceases to carry on the business outlined in this document during the three year period from the last allotment of Ordinary Shares, this could prejudice the qualifying status of the Company under the EIS and VCT scheme. This situation will be closely monitored with a view to preserving the Company's qualifying status but this cannot be guaranteed.

Circumstances may arise where the Directors believe that the interests of the Company are not best served by acting in a way that secures or preserves the EIS relief (including Capital Gains Tax) or VCT qualifying status. In such circumstances, the Company cannot undertake to conduct its activities in a way designed to secure or preserve any such relief or status claimed by any shareholder.

If the Company does not employ at least 80% of the proceeds of an EIS/VCT share issue (and other shares of the same class issued on the same day) for qualifying trading purposes within 12 months of the Company starting its trade, and the remainder within 24 months of this date, the EIS shares would cease to be eligible shares and all of the EIS tax reliefs of investors would be withdrawn.

In respect of share subscriptions made by a VCT, the funds invested by the VCT would be apportioned pro-rata and its qualifying holding would be equal to the VCT's funds that had been employed for qualifying trading purposes within the above time limits. Any remaining element of the VCT's investment would comprise part of its non-qualifying holding.

The information in this document is based upon current tax law and practice and other legislation and any changes in the legislation or in the levels and bases of, and reliefs from, taxation may affect the value of an investment in the Company.

**AN INVESTMENT IN CLERKENWELL VENTURES PLC MAY NOT BE SUITABLE FOR ALL RECIPIENTS OF THIS DOCUMENT. POTENTIAL INVESTORS ARE ACCORDINGLY ADVISED TO CONSULT A PERSON AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 WHO SPECIALISES IN INVESTMENTS OF THIS KIND, OR AN APPROPRIATELY QUALIFIED TAXATION ADVISER, PRIOR TO INVESTING.**

## PART III

### ACCOUNTANTS' REPORT ON THE COMPANY

The Directors  
Clerkenwell Ventures plc  
1 Park Row  
Leeds  
LS1 5AB

**RSM** Robson Rhodes

The Directors  
Seymour Pierce Limited  
Bucklersbury House  
3 Queen Victoria Street  
London  
EC4N 8EL

25 October 2004

Dear Sirs

#### **Clerkenwell Ventures plc (the "Company")**

#### **Introduction**

We report on the financial information of the Company set out below. The financial information has been prepared for inclusion in the Admission Document of the Company dated 25 October 2004.

#### **Basis of preparation**

The financial information set out below is based on the transactions of the Company from incorporation on 13 May 2004 to 30 September 2004.

#### **Responsibility**

**The Directors of the Company are responsible for the contents of the Admission Document dated 25 October 2004 in which the report is included. It is our responsibility to form an opinion on the financial information and to report our opinion to you.**

#### **Basis of opinion**

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

#### **Opinion**

In our opinion, the financial information gives, for the purposes of the Admission Document dated today, a true and fair view of the state of affairs of the Company as at 30 September 2004.

#### **Financial information**

The Company was incorporated on 13 May 2004. The Company has not completed its first accounting period. No statutory financial statements have been prepared, audited or filed with the Registrar of Companies since its incorporation.

The total authorised share capital of the Company on incorporation was £50,000 comprising 50,000 ordinary shares of £1 each and two subscriber shares of £1 each were issued nil paid.

On 12 June 2004, the authorised share capital was altered by subdividing the existing 50,000 ordinary shares of £1 each into 5,000,000 ordinary shares of 1p each. Also on 12 June 2004, the authorised share capital was increased from £50,000 to £3,250,000 by the creation of 320,000,000 ordinary shares of 1p each, ranking equally with the existing ordinary shares of 1p each.

As at 30 September 2004, the Company has carried out no trading and the only other transactions of the Company have been as follows:

- On 28 June 2004, 5,500,000 ordinary shares of 1p each were issued for cash at par.
- On 11 August 2004, 1,483,334 ordinary shares of 1p each were issued for cash at 3p per ordinary share.
- On 20 August 2004, the Company issued 3,000,000 share options at an exercise price of 3p per share to the directors.
- On 27 September 2004, 6,213,325 ordinary shares of 1p each were issued for cash at 6p per ordinary share.

### **Consent**

We consent to the inclusion in the Admission Document dated 25 October 2004 of this report and accept responsibility for this report for the purposes of paragraph 45(8)(b) of Schedule 1 to the Public Offers of Securities Regulations 1995.

Yours faithfully

**RSM ROBSON RHODES LLP**

## PART IV

### ADDITIONAL INFORMATION

#### 1. Responsibility

The Directors of the Company, whose names appear on page 6 of this document accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (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.

#### 2. Incorporation and Status of the Company

- 2.1 The Company was incorporated and registered in England and Wales on 13 May 2004 with the name Clerkenwell Ventures plc as a public limited company under the Act with registered number 5127684.
- 2.2 The principal legislation under which the Company operates is the Act and regulations made thereunder.
- 2.3 The Company was issued with a certificate pursuant to section 117 of the Act (allowing it to carry on business and to exercise its borrowing powers) on 6 October 2004.
- 2.4 The Company's principal activity is that of a general commercial company.
- 2.5 The liability of the members of the Company is limited.
- 2.6 The Company's registered office is located at 1 Park Row, Leeds LS1 5AB.

#### 3. Share Capital of the Company

- 3.1 At the date of its incorporation, the Company had an authorised share capital of £50,000 divided into 50,000 ordinary shares of £1 each, of which two ordinary shares of £1 each were in issue nil paid.
- 3.2 On 12 June 2004 pursuant to resolutions of the shareholders of the Company:
  - 3.2.1 the authorised share capital of the Company was altered by sub-dividing the existing 50,000 ordinary shares of £1 each, into 5,000,000 ordinary shares of 1p each;
  - 3.2.2 the authorised share capital of the Company was increased from £50,000 to £3,250,000 by the creation of 320,000,000 ordinary shares of 1p each, ranking equally with the existing ordinary shares of 1p each and that the Directors' authority to allot shares was extended to expire on the fifth anniversary of the passing of the resolution and to cover all unissued shares;
  - 3.2.3 the Directors were given power in accordance with section 95 of the Act to allot equity securities (within the meaning of section 94 of the Act) as if section 89(1) of the Act did not apply to the allotment; and
  - 3.2.4 new Articles of Association were adopted.
- 3.3 On 28 June 2004, 5,500,000 Ordinary Shares were issued for cash at par.
- 3.4 On 11 August 2004, 1,483,334 Ordinary Shares were issued for cash at 3 pence per Ordinary Share.
- 3.5 On 27 September 2004, 6,213,325 Ordinary Shares were issued for cash at 6 pence per Ordinary Share.

- 3.6 As at the date of this document, the Company has an authorised share capital of £3,250,000 divided into 325,000,000 Ordinary Shares and a fully paid up or credited as fully paid up issued share capital of £131,968.59 divided into 13,196,859 Ordinary Shares.
- 3.7 Immediately following the Placing and Admission, the authorised share capital of the Company will be £3,250,000 divided into 325,000,000 Ordinary Shares and the issued share capital will be £689,111.45 divided into 68,911,145 Ordinary Shares each fully paid or credited as fully paid.
- 3.8 Immediately following the Placing and Admission, the Directors will have authority pursuant to section 80 of the Act to allot relevant securities up to an aggregate amount of £2,560,888.55.
- 3.9 Save as disclosed in this document, the Directors have no present intention of issuing any part of the authorised but unissued share capital.
- 3.10 The provisions of section 89(1) of the Act confer on Shareholders rights of pre-emption in respect of the allotment of equity securities (as defined in section 94(2) of the Act) which are, or are to be, paid up in cash and upon Admission will apply to the whole of the authorised but unissued share capital of the Company except to the extent disapplied by the resolution referred to in paragraph 3.2.3 above.
- 3.11 Save as disclosed in this document:
- 3.11.1 no unissued share or loan capital of the Company has been issued or is now proposed to be issued, fully or partly paid, either for cash or for consideration other than cash;
- 3.11.2 there has been no listed or unlisted securities issued by the Company not representing share capital and there are no convertible securities issued by the Company;
- 3.11.3 no unissued share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option;
- 3.11.4 there are no shares in the capital of the Company currently in issue with a fixed date on which entitlement to a dividend arises; and
- 3.11.5 no commission, discount, brokerage or other special terms has been granted by the Company or is now proposed in connection with the issue or sale of any part of the share or loan capital of the Company.
- 3.12 The Placing Shares that are being issued by the Company under the Placing are being issued at a price of 7p per share, representing a premium of 6p over their nominal value. The Placing Price is payable in full in cash on application. No applications for Placing Shares have been or will be accepted other than under the terms of the Placing Agreement and the placing letters sent to prospective placees under the Placing. All Placing Shares have been conditionally placed.
- 3.13 None of the Ordinary Shares have been sold or are available in whole or in part to the public in conjunction with the application for Admission.
- 3.14 The Ordinary Shares in issue at the date of this document are in registered form. The Ordinary Shares issued on Admission may be represented by definitive certificates and will be freely transferable in registered form. It is expected that definitive certificates will be despatched by 5 November 2004.

#### **4. Share Scheme**

##### **4.1 The Clerkenwell Ventures Share Option Plan**

Clerkenwell Ventures has established the Plan in order to allow selected employees to share in the success of the Group and promote motivation and retention.

The terms of the Plan are set out in summary below.

## **Grants of Options**

Options may be granted to employees at the discretion of the Board. Options may be granted at any time save that after Admission all grants must be made in accordance with the AIM Rules (and must not therefore be made in a close period as defined in the AIM Rules).

## **Eligibility**

Any employee including any Director of the Company is eligible to receive unapproved options.

## **Exercise of Options**

Options shall generally be exercisable at any time from the date of the grant and shall lapse on the tenth anniversary of the date of grant.

As at 19 October 2004 (being the last practicable date prior to publication of this document), save for the options granted to Directors (as set out in paragraph 6.3 below), the Company has not granted any further options to employees of the Company.

Options under the Plan will not lapse on the optionholder ceasing to be employed or otherwise hold the office of director at the Company.

## **Exercise Price**

The exercise price shall be determined by the Board at the time of grant, and shall not be less than the nominal value of an Ordinary Share.

## **Adjustment Mechanism**

The Plan has mechanisms for adjustment on a variation of share capital if the Ordinary Share Capital is altered by way of capitalisation or rights issue, sub-division, or reduction or there is any other variation in the share capital of the Company (save for a share consolidation), the Board may make any such adjustment as it considers appropriate:-

to the aggregate number or amount of Shares subject to any Option; and

to the Exercise Price of each Option.

In the event of consolidation, the Board shall adjust the Exercise Price of each Option by multiplying the Exercise Price immediately prior to the consolidation by the same number as the number of shares which are to be consolidated into each new share (e.g. if there had been a consolidation of ten one penny shares into one share of ten pence, the option exercise price in respect of an option over a share with a nominal value of one penny would be converted into an exercise price ten times as much for an option over a share with a nominal value of ten pence).

If after the application of the adjustment mechanism the total number of shares subject to all the Options under the Plan exceeds 10 per cent of the Ordinary Share Capital on that day then the number of shares subject to all the Options granted under the Plan shall be reduced, the reduction being on a proportionate basis, to the extent necessary to ensure that this limit is not exceeded.

## **5. Memorandum and Articles of Association**

- 5.1 The Memorandum of Association of the Company provides that its principal object is to carry on business as a general commercial company. Its objects are set out in full in clause 4 of the Memorandum of Association.
- 5.2 The Articles which were adopted on 12 June 2004, inter alia, include provisions to the following effect:

### 5.2.1 **Voting Rights**

Subject to disenfranchisement as provided for below and subject to any special terms as to voting on which any shares may be issued (no such shares currently being in issue), on a show of hands every member present in person (or, being a corporation, present by a duly authorised representative) shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder.

### 5.2.2 **Transfer of Shares**

The Ordinary Shares are in registered form and are capable of being held in uncertificated form.

A member may transfer all or any of his uncertificated shares by means of a relevant system, as defined in the Uncertificated Securities Regulations, which includes CREST. The Directors may refuse to register any transfer of an uncertificated share where permitted by the Uncertificated Securities Regulations. If the Directors refuse to register a transfer of an uncertificated share they shall, within two months of the date on which the transfer instruction relating to such a transfer was received by the Company, send to the transferee notice of the refusal.

All transfers of certificated shares must be effected by a transfer in writing in any usual form or any other form approved by the Directors. The instrument of transfer shall be executed by or on behalf of the transferor and, in the case of a partly paid share, by or on behalf of the transferee. The Directors may refuse to register any transfer of a partly paid share held in certificated form and may also refuse to register any transfer of a certificated share unless the instrument of transfer is:-

- (a) duly stamped (if so required), is lodged with the Company's registrars or at such other place as the Directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) in respect of only one class of shares; and
- (c) in favour of not more than four transferees.

### 5.2.3 **Dividends**

The Company in general meeting may declare dividends in accordance with the respective rights of the members, provided that no dividend shall be payable in excess of the amount recommended by the Directors. The Directors may pay such interim dividends as appear to them to be justified. No dividend or other moneys payable in respect of a share shall bear interest as against the Company.

There are no fixed dates on which entitlement to dividends arises.

All dividends unclaimed for a period of twelve years after becoming due for payment shall be forfeited and shall revert to the Company.

### 5.2.4 **Disclosure of interests in shares**

If any member or other person appearing to be interested in shares of the Company is in default in supplying within 14 days after the date of service of a notice requiring such member or other person to supply to the Company in writing all or any such information as is referred to in section 212 of the Act, the Directors may, for such period as the default shall continue, impose sanctions upon the relevant shares.

The sanctions available are the suspension of voting or other rights conferred by membership in relation to meetings of the Company in respect of the relevant shares and, additionally, in the case of a shareholding representing at least 0.25 per cent by nominal value of any class of shares of the Company then in issue, the withholding of payment of any dividends on, and the restriction of transfers of, the relevant shares.

#### 5.2.5 **Distribution of assets on liquidation**

On a winding-up any surplus assets will be divided amongst the holders of the Ordinary Shares according to the respective numbers of shares held by them and in accordance with the provisions of the Act, subject to the rights of any shares which may be issued with special rights or privileges (no such shares presently being in issue). The Articles provide that the liquidator may, with the sanction of an extraordinary resolution and any other sanction required by the Act, divide amongst the members in specie the whole or any part of the assets of the Company in such manner as he may determine.

#### 5.2.6 **Changes in share capital**

Without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine, or in the absence of such determination as the Directors may determine. Subject to the Act, the Company may issue shares which are, or at the option of the Company or the holder are liable, to be redeemed.

- (a) The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of larger amount, subdivide its shares or any of them into shares of smaller amount or cancel or reduce the nominal value of any shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amounts so cancelled or the amount of the reduction.
- (b) Subject to the Act, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account, and may also, subject to the Act, purchase its own shares.

#### 5.2.7 **Variation of rights**

Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of that class) be varied or abrogated either with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate meeting of such holders.

#### 5.2.8 **Directors' interests**

- (a) A Director who is in any way, directly or indirectly, interested in a transaction or arrangement with the Company shall, at a meeting of the Directors, declare in accordance with section 317 of the Act the nature of his interest.
- (b) Provided that he has declared his interest in accordance with paragraph (a), a Director may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is otherwise interested and may be a director or other officer or otherwise interested in any body corporate promoted by the Company or in which the Company is otherwise interested. No director so interested shall be accountable to the Company, by reason of his being a Director, for any benefit which he derives from such office or interest or any such transaction or arrangement.
- (c) Any Director may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
- (d) A Director shall not vote at a meeting of the Directors in respect of a matter in which he has any material interest otherwise than by virtue of his interest in shares, debentures or other securities of, or otherwise in or through, the Company unless his interest arises only because the case falls within one or more of the following paragraphs:

- (i) the giving to him of any guarantee, security or indemnity in respect of money lent or an obligation incurred by him at the request of or for the benefit of the Company or any of its subsidiary undertakings;
  - (ii) the giving to a third party of any guarantee, security or indemnity in respect of any obligation of the Company or any of its subsidiary undertakings for which he has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
  - (iii) the subscription by him for shares, debentures or other securities of the Company or any of its subsidiary undertakings or by virtue of his participation in the underwriting or sub-underwriting of an offer of such shares, debentures or other securities for subscription, purchase or exchange;
  - (iv) any proposal concerning any other company in which he is interested, directly or indirectly, whether as an officer or shareholder or otherwise, provided that the shares in which he is interested do not represent one per cent or more of any class of the equity share capital of such company or of the voting rights available to members of the relevant company;
  - (v) any proposal relating to an arrangement in whole or in part for the benefit of the employees of the Group which does not award to him as such any privilege or advantage not awarded to the employees to whom such arrangement relates;
  - (vi) any proposal concerning the purchase or maintenance of insurance against any liability which would otherwise attach to all or any of the Directors.
- (e) Where proposals are under consideration concerning the appointment of two or more Directors to offices or employments with the Company or any company in which the Company is interested the proposals may be divided and considered in relation to each Director separately and (if not otherwise precluded from voting) each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.
- (f) The Company may by ordinary resolution suspend or relax these provisions to any extent or ratify any transaction not duly authorised by reason of a contravention of these provisions.

#### 5.2.9 Remuneration of Directors

- (a) The ordinary remuneration of the Directors (other than an executive director) shall be such amount as the Directors shall from time to time determine (provided that unless otherwise approved by the Company in general meeting the aggregate of the ordinary remuneration of such Directors shall not exceed £200,000 per year) to be divided among them in such proportion and manner as the Directors may determine. The Directors shall also be paid by the Company all travelling, hotel and other expenses as they may incur in attending meetings of the Directors or general meetings or otherwise in connection with the discharge of their duties.
- (b) Any Director who, by request of the Directors, performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration as the Directors may determine.
- (c) The emoluments and benefits of any executive director for his services as such shall be determined by the Directors and may be of any description, including membership of any pension or life assurance scheme for employees or their dependants, or apart from membership of any such scheme, the payment of a pension or other benefits to him or his dependants on or after retirement or death.

#### 5.2.10 Retirement of Director

A Director shall be capable of being appointed or reappointed a Director despite having attained the age of 70 or any other age and shall not be required to retire by reason of his having attained any particular age and section 293 of the Act (relating to the appointment and retirement as Directors of persons who are aged 70 or over) shall not apply.

#### 5.2.11 Borrowing Powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital.

The Directors shall restrict the borrowings of the Company and by the exercise of the Company's voting and other rights or powers of control over its subsidiary undertakings secure that they restrict their borrowings so that the aggregate amount at any time outstanding in respect of money borrowed by the Group (excluding intra-Group borrowings) shall not without the previous sanction of an ordinary resolution of the Company exceed a sum equal to the greater of two times the adjusted share capital and reserves and £50 million.

### 6. Directors' and other Interests

6.1 The interests of the Directors and the persons connected (within the meaning of section 346 of the Act) with them (all of which are beneficial save where otherwise stated) in the issued share capital of the Company:-

6.1.1 which have been notified by each Director to the Company pursuant to section 324 or 328 of the Act;

6.1.2 which are required to be shown in the register maintained under section 325 of the Act; or

6.1.3 are interests of a connected person (within the meaning of section 346 of the Act) of a Director which would, if the connected person were a director, be required to be disclosed under paragraphs 6.1.1 and 6.1.2 above and the existence of which is known to or could with reasonable diligence be ascertained by that Director,

were as at 19 October 2004 (being the last practicable date prior to the publication of this document) and will be, immediately following Admission and Placing, as follows:

	<i>Number of Ordinary Shares immediately prior to Admission</i>	<i>Percentage of the issued ordinary share capital immediately prior to Admission</i>	<i>Number of Ordinary Shares following Admission</i>	<i>Percentage of issued ordinary share capital following Admission</i>
David Page	2,783,433	21.09	2,783,433	4.04%
Mrs Hatts-Page	250,000	1.89	250,000	0.36%
Jasper Page	50,000	0.38	50,000	0.07%
Paul Campbell	2,100,100	15.91	2,100,100	3.05%
Tom Quigley	1,600,000	12.12	1,600,000	2.32%

6.2 Save as set out in this paragraph 6, none of the Directors (nor any person connected with them within the meaning of section 346 of the Act) has or will immediately following Admission have any interest in the share capital of the Company.

6.3 As at the close of business on 19 October 2004 (being the last practicable date prior to the publication of this document) each of David Page, Tom Quigley and Paul Campbell had 1,000,000 options at an exercise price of three pence per share. These options were granted on 20 August 2004 and expire on 20 August 2014.

6.4 As at 19 October 2004 (being the last practicable date prior to the publication of this document), insofar as it is known to the Directors, the following persons (in addition to those disclosed in this

paragraph 6) will immediately following Admission and Placing be interested in 3 per cent. or more of the Company's issued share capital:

	<i>Number of Ordinary Shares immediately prior to Admission</i>	<i>Percentage of the issued ordinary share capital immediately prior to Admission</i>	<i>Number of Ordinary Shares following Admission</i>	<i>Percentage of issued ordinary share capital following Admission</i>
Nicholas Donaldson	875,000	6.63	875,000	1.27%
Antonia Miles	741,666	5.62	741,666	1.08%
George Jones	616,666	4.67	616,666	0.89%
Nicholas Wong	458,000	3.47	458,000	0.66%

- 6.4 Save as set out in this paragraph 6, the Directors are not aware of any person who will immediately following Admission, be interested (within the meaning of the Act) directly or indirectly in 3 per cent. or more of the issued share capital of the Company or of any persons who directly or indirectly, jointly or severally, will exercise or could exercise control over the Company.
- 6.5 Save as disclosed in this document, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by any member of the Company during the current financial year and which remains in any respect outstanding or unperformed.
- 6.6 There are no loans, warranties or guarantees granted or provided by the Company to or for the benefit of any of the Directors which are now outstanding.
- 6.7 There is no arrangement under which any of the Directors has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.
- 6.8 None of the Directors or persons connected with them within the meaning of section 346 of the Act has a related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares.

## **7. Directors' Service Agreements**

- 7.1 Mr Page entered into a non-executive letter of engagement with the Company on 22 October 2004. His remuneration is £5,000 per annum until the conclusion of the first acquisition made by the Company when it shall increase to £10,000 per annum for such number of days as the Company and Mr Page may agree. The appointment is terminable by either party on the giving of six months' written notice.
- 7.2 Mr Quigley entered into a non-executive letter of engagement with the Company on 22 October 2004. His remuneration is £5,000 per annum until the conclusion of the first acquisition made by the Company when it shall increase to £10,000 per annum for such number of days as the Company and Mr Quigley may agree. The appointment is terminable by either party on the giving of six months' written notice.
- 7.3 Mr Campbell entered into a non-executive letter of engagement with the Company on 22 October 2004. His remuneration is £5,000 per annum until the conclusion of the first acquisition made by the Company when it shall increase to £10,000 per annum for such number of days as the Company and Mr Campbell may agree. The appointment is terminable by either party on the giving of six months' written notice.
- 7.4 Save as disclosed in this paragraph 7, there are no service agreements, existing or proposed, between any Director and the Company.
- 7.5 For the financial period ending 31 May 2005, under the current arrangements in force at the date of this document, it is estimated that the aggregate remuneration and benefits in kind granted to the Directors will be approximately £30,000 excluding bonuses.

## 8. Additional Information on the Board

8.1 The Directors currently hold the following directorships (other than of the Company) and have or have held the following directorships within the five years prior to the publication of this document and are currently or have been partners in the following firms within the five years prior to publication of this document.

<i>Name</i>	<i>Current Directorships</i>	<i>Past Directorships</i>
David Page	Best Hatts Limited Hillstock plc Crestgale Limited Boxlane Limited 29 St John's Hill Management Limited Olive Finance Limited Anchovies Finance Limited Anchovies Finance 2 Limited The Clapham House Group plc The Real Greek Food Company Limited CHG2 Limited CHG3 Limited CHG Brands Limited CHG5 Limited Souvlaki & Bar Limited Nilecroft Limited Odsey Limited Overpark Limited Seahawk Limited Singer & Friedlander AIM 3 VCT PLC	PizzaExpress (Holdings) Limited PizzaExpress Limited PizzaExpress Merchandising Limited PizzaExpress (Wholesale) Limited PizzaExpress (Restaurants) Limited PizzaExpress (Franchises) Limited PizzaExpress (Soho) Limited PizzaExpress (Camberley) Limited Pasta Holdings Limited Pasta di Milano Limited Birritalia Limited New Hampshire Investments Limited BLP Limited Godfrey & Father (Wimbledon) Limited Godfrey & Father (Wandsworth) Limited Godfrey & Father (Kingston) Limited Godfrey & Father (Croydon) Limited Godfrey & Father (Bromley) Limited Godfrey & Father (Bristol) Limited Godfrey & Father (Brighton) Limited Godfrey & Father (Beckenham) Limited Godfrey & Father (Bath) Limited C. & G. (Canterbury) Limited Citygate Restaurants (Basingstoke) Limited Agenbite Limited G. & F. Holdings Limited ( <i>In Liquidation</i> ) Reltek Engineering Limited
Tom Quigley	London & Midlands Property Limited Midland & City Developments Limited MCD (Fleet Street) Limited Browning Management Company Limited MCD (Browning) Limited Urban Impact limited Islington Gates Management Company Limited Management Company Two Limited Management Company Three Limited MCD (Sheepcote) Limited The KEW Management Company Limited	Q.Ton Forum Limited L.M.P. LTD West Hove Golf Club Limited Oxford Hotel Ventures (Imperial Wharf) Limited LMP Developments Limited London and Midlands Properties Limited Close Brothers Corporate Finance Limited City Spirit Developments Limited Midcity Residential Limited Midcity Impact Limited
Paul Campbell	Olive Finance Limited Anchovies Finance Limited Anchovies Finance 2 Limited Campbell Corporation Limited Hillstock plc The Clapham House Group plc The Real Greek Food Company Limited CHG2 Limited CHG3 Limited	Bar Meze plc Café Pasta Limited PizzaExpress Limited PizzaExpress (Franchises) Limited PizzaExpress Merchandising Limited PizzaExpress (Restaurants) Limited PizzaExpress (Wholesale) Limited Circa Catering Limited Circa Leisure plc

CHG Brands Limited	Circa Strategies Limited
CHG5 Limited	Leisure Connection Limited
The Real Greek Wine Company Limited	Leisure Connection (CG) Limited
Souvlaki & Bar Limited	Relaxion Limited
Nilecroft Limited	Relaxion FM Limited
Odsey Limited	Relaxion Kingfisher Limited
Overpark Limited	Relaxion Leisure Limited
Seahawk Limited	Relaxion Splash Limited
	Relaxion (South Oxfordshire) Limited
	Bookcash Trading Limited
	Harpers Fitness Clubs plc
	St. Albans Leisure Limited
	Kunick Limited
	September 1993 plc
	Pinco 1151 Limited

8.2 Save as disclosed above, no Director has:

8.2.1 any unspent convictions;

8.2.2 had any bankruptcy order made against him or entered into any voluntary arrangements;

8.2.3 been a director of any company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or which has entered into any company voluntary arrangements or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within 12 months preceding such event;

8.2.4 been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months preceding such event;

8.2.5 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or

8.2.6 been disqualified by a court from acting as a director or acting in the management or conduct of the affairs of any company.

## 9. Material Contracts

The Company has not entered into any contracts other than in the normal course of business within the two years immediately preceding the date of this document which are or may be material other than those referred to in paragraphs 7 and 10 of this Part IV of this document.

## 10. Placing Arrangements

### 10.1 Placing Agreement

On 25 October 2004, the Company (1), the Directors of the Company (2) and Seymour Pierce (3) entered into a placing agreement (the "**Placing Agreement**") pursuant to which Seymour Pierce has agreed conditionally, *inter alia*, upon Admission (expected to be 29 October 2004, or such later date as the Company and Seymour Pierce may agree, being in any event not later than 3 pm on 5 November 2004) to use its reasonable endeavours to procure Placees (as defined therein) to subscribe for the Placing Shares at the Placing Price. The Placing Agreement contains certain warranties given by the Company and the Directors, *inter alia*, as to the accuracy of information contained in this document and other matters relating to the Company. In addition, the Company has given an indemnity to Seymour Pierce in respect of certain matters.

Under the Placing Agreement, which is subject to the satisfaction of certain conditions, the Company has agreed to pay Seymour Pierce a commission of an amount equal to 3 per cent. of the value at the Placing Price of the total number of Placing Shares subscribed for pursuant to the Placing (exclusive of VAT) payable on Admission.

## 10.2 Nominated Adviser and Broker Agreement

On 22 October 2004, the Company (1), the Directors (2) and Seymour Pierce (3) entered into a nominated adviser agreement and a broker agreement whereby Seymour Pierce has agreed to act as Nominated Adviser and Broker to the Company, under the AIM Rules, in relation to Admission on the terms set out therein. Seymour Pierce has further undertaken to provide its services as Nominated Adviser and Broker to the Company on a continuing basis following Admission in return for an aggregate annual fee of £10,000 per annum rising to £30,000 following completion of the first acquisition by the Company (plus VAT where applicable). Each agreement contains certain indemnities by the Company in favour of Seymour Pierce. The appointment of Seymour Pierce under each agreement may be terminated by either party giving not less than 3 months written notice such notice not to take effect prior to the first anniversary of the date of Admission.

## 11. Property

The Company currently has no premises.

## 12. Litigation

The Company is not, or has not been, engaged in any legal or arbitration proceedings and, so far as the Directors are aware, there are no such proceedings pending or threatened against or being brought by the Company, which are having or may have or have had during the twelve months preceding the date of this document a significant effect on the Company's financial position.

## 13. Working Capital

The Directors are of the opinion, after making due and careful enquiry, that following Admission and taking account of the proceeds of the Placing, the Company will have sufficient working capital for its present requirements, that is for at least the next 12 months from the date of Admission.

## 14. Taxation

**The comments set out below are based on existing law and what is understood to be current Inland Revenue practice. They are intended as a general guide only and apply only to Shareholders who are resident and ordinarily resident in the United Kingdom for tax purposes (except to the extent that specific reference is made to Shareholders resident outside the United Kingdom), who hold the shares as investments, who are the absolute beneficial owners of those shares, and who are not employees or connected with employees of the Company. Any person who is in any doubt as to their taxation position or who is subject to taxation in any jurisdiction other than the United Kingdom, should consult their own professional advisers immediately.**

### 14.1 Taxation of Dividends

Under current United Kingdom law no taxation will be withheld from dividends paid by the Company.

An individual United Kingdom resident Shareholder is generally entitled to a tax credit in respect of the dividend, which he can set off against his total liability to United Kingdom income tax. The amount of the tax credit is equal to 1/9th of the cash dividend. The cash dividend aggregated with the amount of the tax credit (the "**gross dividend**") will be included in the Shareholder's income for United Kingdom tax purposes and will be treated as the top slice of the Shareholder's income. Thus, a Shareholder receiving a dividend of £90 will be treated as having received income of £100 which has a tax credit of £10 attached to it.

An individual United Kingdom resident Shareholder who, after taking into account the gross dividend, pays income tax at the lower rate or basic rate will pay tax on the gross dividend at the Schedule F ordinary rate of 10%, against which he can set the tax credit. Such a Shareholder will have no further liability to account for income tax on the dividend.

An individual United Kingdom resident Shareholder who, after taking into account the gross dividend, pays income tax at the higher rate will pay tax on the gross dividend at the Schedule F

upper rate of 32.5% against which he can set the tax credit. Such a Shareholder will have a liability to account for additional tax on the gross dividend, calculated by multiplying the gross dividend by the Schedule F upper rate and deducting the tax credit. This will be equivalent to 25% of the cash dividend received.

An individual United Kingdom resident Shareholder who does not pay income tax or whose liability to income tax does not exceed the amount of the tax credit will not be entitled to claim repayment of the tax credit attaching to the dividend.

Trustees who are liable to income tax at the rate applicable to trusts (previously 34% but increased to 40% with effect from 6 April 2004) will pay tax on the gross dividend at the Schedule F trust rate (previously 25% but increased to 32.5% with effect from 6 April 2004) against which they can set the tax credit. To the extent that the tax credit exceeds the trustees' liability to account for income tax the trustees will have no right to claim repayment of the tax credit. Special taxation provisions apply where trustees of discretionary trusts receive payment of dividends and subsequently make a distribution out of the trust. Trustees who are in any doubt as to their position should consult their own professional advisers immediately.

A United Kingdom resident corporate Shareholder will not generally be liable to corporation tax on any dividend received.

United Kingdom pension funds and charities are generally exempt from tax on dividends which they receive but are not entitled to claim repayment of the tax credit.

Whether a non United Kingdom resident Shareholder is entitled to repayment of any part of the tax credit in respect of dividends paid to him, will depend upon the provisions of the double tax treaty (if any) between the country in which the Shareholder is resident and the United Kingdom. A non United Kingdom resident Shareholder should consult his own professional advisers on the possible application of such provisions, the procedure for claiming repayment and what relief or credit (if any) may be claimed for such tax credit in the jurisdiction in which he is resident.

## 14.2 Taxation of Chargeable Gains

A subsequent disposal of Ordinary Shares may result in a liability to United Kingdom taxation of chargeable gains, depending upon individual circumstances.

Shareholders should note that since 6 April 2000 all shares listed on AIM will qualify for "**business assets**" taper relief provided that the company in which the shares are held is a trading company or the holding company of a trading group. The effect of this relief is to reduce the proportion of any capital gain chargeable to tax for each complete year that the shares are held. Maximum relief is obtained once shares have been held for two years.

Under current United Kingdom law the effect of taper relief is as follows:

<i>Number of years shares held</i>	<i>Percentage of Gain Chargeable</i>	<i>Effective rate when higher rate tax payer (40%)</i>
0-1	100	40
1-2	50	20
More than 2	25	10

Special tax provisions may apply to individuals who are employees or connected with employees of the Company. Such individuals who are in any doubt as to their position should contact their own professional advisers immediately.

## 14.3 Stamp Duty and Stamp Duty Reserve Tax

No liability to stamp duty or stamp duty reserve tax should arise on the allotment of Ordinary Shares under the Placing.

### 14.3.1 Shares held outside the CREST system

The conveyance or transfer on sale of the Ordinary Shares will usually be subject to stamp duty on the instrument of transfer, generally at the rate of 0.5% of the amount or value of the consideration. Stamp duty is charged in multiples of £5. An obligation to account for

stamp duty reserve tax (“SDRT”) at the rate of 0.5 per cent. of the amount or value of the consideration will also arise if an unconditional agreement to transfer the Ordinary Shares is not completed by a duly stamped instrument of transfer before the “**accountable date**” for SDRT purposes. The accountable date is the seventh day of the month following the month in which the agreement for the transfer is made. Payment of the stamp duty will cancel the liability to account for SDRT. It is the purchaser who is in general liable to account for stamp duty or SDRT.

#### 14.3.2 **Shares held within the CREST system**

The transfer of the Ordinary Shares in uncertificated form in the CREST system will generally attract a liability to SDRT at the rate of 0.5% of the amount or value of the consideration. The SDRT is payable on the fourteenth day following the date of the unconditional agreement for the transfer of the Ordinary Shares.

The above statements are intended as a general guide to the current position. Certain categories of person are not liable to stamp duty or SDRT, and others may be liable at a higher rate or may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

### 14.4 **EIS Tax Relief**

The following information provides an outline only of the EIS tax reliefs. It is not an exhaustive summary of EIS and it is strongly recommended that potential investors obtain independent advice from a professional adviser to take into account the effect of the legislation in the context of their particular personal circumstances.

#### 14.4.1 **EIS Relief**

EIS relief may be available where a qualifying company issues new shares. The purpose of issuing these shares (and any others issued at the same time) must be to raise money for a qualifying business activity. The EIS shares must be subscribed wholly in cash and be fully paid up at the date of issue. The shares must be held for at least three years after issue or if later three years after the company begins to trade.

The EIS relief has four elements:

##### (a) **Income tax relief**

The individual's income tax liability for the year of the share issue is reduced by 20% of the amount subscribed. In effect, up to 20% of the cost of the investment is paid for by the Inland Revenue.

The minimum investment which is eligible for relief is £500 per company. The maximum subscription on which an individual can claim income tax relief in any one tax year is £200,000. Husbands and wives are taxed independently of each other and the £200,000 limit is available to each of them. This limit has been increased from £150,000 to £200,000 for shares issued after 6 April 2004.

If the Company does not employ at least 80% of the proceeds of the EIS share issue and other shares of the same class issued on the same day (the “**Share Issue**”) for a qualifying business activity within 12 months of the commencement of the Company's trade, and the remainder within 24 months of this date (the “**Relevant Time Limits**”), all of the income tax relief of the EIS investors would be clawed back.

##### (b) **CGT exemption**

If the EIS investor does not dispose of his or her shares for at least three years after the shares were issued or, if later, three years after the company begins to carry on a qualifying trade and the EIS income tax relief has not been withdrawn in the meantime any capital gains realised on the disposal of the shares will be tax free.

If the proceeds of the Share Issue are not employed for a qualifying business activity within the Relevant Time Limits, any gain on the disposal of EIS shares would not benefit from the capital gains exemption.

(c) *Loss relief*

Tax relief is available where there is a loss on a disposal at any time of shares on which EIS income tax relief (see (a) above) or CGT deferral (see (d) below) has been given. The amount of the loss (after taking account of any income tax relief initially obtained) can be set against the individual's gains or taxable income in the tax year in which disposal occurs.

(d) *CGT Deferral relief*

To the extent to which a UK resident investor (including individuals and certain trustees) subscribes in cash for qualifying shares, he can claim to defer tax on all or part of a chargeable gain arising on the disposal of any asset. Although there is a limit of £200,000 for income tax relief and the exemption from CGT (see (a) and (b) above), there is no limit on the amount of gain that can be deferred.

The subscription must be made within one year before or three years after the date of the disposal which gives rise to the gain, or the date when a previously deferred gain crystallises. The gain is deferred until there is a chargeable event such as a disposal of the shares or an earlier breach of the EIS rules.

If the proceeds of the Share Issue are not employed for a qualifying business activity within the Relevant Time Limits, any gains deferred would come back into charge.

#### 14.4.2 ***“Qualifying Investor” for EIS Income Tax Relief***

EIS income tax relief applies only to individuals and not, for example, companies or trusts. The individual need not be resident and ordinarily resident in the UK for tax purposes when the shares are issued but he will, of course, need to be liable to UK income tax.

There are certain restrictions affecting the EIS investor which apply throughout the investor's “five-year period”. The investor's five-year period is from two years before until three years after the EIS shares are issued, or if later three years after the company begins to carry on a qualifying trade.

The main restriction is that the EIS investor must not be “connected” with the company during the “five-year period” referred to above. The EIS legislation specifies a number of ways in which the investor can become connected with the company, for example:-

- (a) If his and his “associates” interest in the company exceeds 30% (and this includes share capital, loan capital, voting rights or assets on a winding up).
- (b) If he or any of his “associates” is an employee or partner of the company.
- (c) If he or any of his “associates” is a director of a company (although under the EIS, an investor who has not previously been connected with the company or employed in the business can take an active role in its management through becoming a paid director, and receives only reasonable remuneration).

There are various anti-avoidance measures designed to prevent abuse of the EIS. The rules are very complex and are therefore not set out here. In particular, there are measures to deny relief if the investor or his “associates” receive certain payments or value from the company or any person connected with it during the investor's three year qualifying period. Other anti-avoidance measures relate to arrangements for a change of control of the company. This is not an exhaustive list of all the anti-avoidance rules, and it is essential that advice is taken at the outset and also before any transactions or arrangements are entered into in the relevant period.

#### 14.4.3 **Qualifying Company**

The company must:

- (a) exist for the purposes of carrying on one or more qualifying trades; or
- (b) be the holding company of a trading group.

Any activities, apart from the qualifying trading activities, must not be significant.

Certain activities are excluded and the trade of the company must not include these activities (to any substantial extent) during the company's three-year qualifying period. What constitutes "substantial" is not defined but the Inland Revenue interprets this as 20%.

There are complex rules governing the identity of the company carrying on the qualifying activity. There are also conditions which must be met in relation to subsidiaries of EIS companies.

The gross assets of the EIS company must not exceed £15 million before the relevant share issue and £16 million afterwards. At least 80% of the money raised by the EIS company must be used for the purpose of a "qualifying business activity" carried on wholly or mainly in the UK within 12 months of the shares being issued or, where this activity constitutes preparing to carry on a qualifying trade, 12 months after the date trading starts. The remainder of the money raised must be employed within 2 years after the date the shares were issued or the commencement of the trade, if later.

#### 14.4.4 **Eligible Shares**

EIS relief is available where "eligible shares" are issued in order to raise money for a "qualifying business activity". Eligible shares are new ordinary shares with no present or future preferential right to income or to assets in a winding up, and with no present or future right to be redeemed. If eligible shares become ineligible during the investor's holding period (see 14.4.1 above), all EIS reliefs will be lost.

All of the company's shares qualifying for EIS relief must be fully paid up in cash throughout the company's "relevant period". The company's relevant period starts on the date the EIS shares are issued. It ends either three years after that date or, if later, three years after the company starts to trade. New provisions in the Finance Act 2004 provide that individuals who subscribe wholly in cash for qualifying shares will not be prevented from obtaining EIS relief because the company also issues bonus shares of the same class to them on the same day, or because any other subscribers for the company's shares which are of the same share class and which are issued on the same day do not subscribe for them wholly in cash.

A company can become listed within its three year relevant period without loss of EIS reliefs. The company only need be unquoted (which includes trading on AIM) at the time the EIS shares are issued **provided that no arrangements exist at that time for the company to cease to be an unquoted company.**

#### 14.4.5 **Claims**

The company completes and submits form EIS1 to the Inland Revenue to the specialist section which deals with EIS. Once the Inland Revenue is satisfied that the claim can be accepted it issues a form EIS2 to the company. The EIS2 authorises the company to issue an EIS3 certificate to the EIS investors confirming that they are entitled to the relief. The investor completes a claim on the back of the form EIS3 and sends this to his own Inspector of Taxes who will then give effect to the income tax relief either by adjusting the investor's PAYE code, making a tax repayment or agreeing to offset the relief against outstanding tax liabilities, as appropriate.

The form EIS1 may be submitted by a Company to the Inland Revenue once it has completed four months trading. The form must, however, be submitted no later than two

years after the end of the tax year in which the shares were issued or, if the company's four months trading ended after the end of that tax year, no later than two years after the end of that period. The claim for tax reliefs must be made by an investor no later than five years after 31 January following the end of the tax year in which the shares are issued.

## **15. General**

- 15.1 There has been no significant change in the trading or financial position of the Company since 30 September 2004.
- 15.2 Seymour Pierce has given and not withdrawn its written consent to the issue of this document with the inclusion of its name in the form and context in which it appears.
- 15.3 The auditors and reporting accountants of the Company are RSM Robson Rhodes LLP.
- 15.4 RSM Robson Rhodes LLP has given and not withdrawn their written consent to the inclusion of references to them herein in the form and context in which they appear and to the inclusion of their report in this document and they accept responsibility for their report for the purposes of the POS Regulations.
- 15.5 Other than the current application for Admission, the Ordinary Shares have not been admitted to dealings on any investment exchange nor has any application for such admission been made nor are there intended to be any other arrangements for there to be dealings in the Ordinary Shares.
- 15.6 Save as disclosed in this document, no person (excluding professional advisers and trade suppliers) has (i) received directly or indirectly from the Company within the 12 months preceding the date of this document or (ii) entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission any of the following:
  - 15.6.1 fees totalling £10,000 or more; or
  - 15.6.2 securities in the Company where these have a value of £10,000 or more calculated by reference to the Placing Price; or
  - 15.6.3 any other benefit to a value of £10,000 or more on the date of Admission.
- 15.7 The Company's Nominated Adviser and Broker is Seymour Pierce, whose principal place of business is Bucklersbury House, 3 Queen Victoria Street, London EC4N 8EL.
- 15.8 The accounting reference date of the Company is 31 May.
- 15.9 The minimum amount which, in the opinion of the Directors, must be raised under the Placing to provide the sums required in respect of the matters specified in paragraph 21(a) of Part IV of Schedule 1 of the POS Regulations is £1 million, is made up as follows:
  - 15.9.1 the purchase price of any property purchased or to be purchased which is to be defrayed in whole or in part out of the proceeds of the Placing – £nil;
  - 15.9.2 any preliminary expenses payable by the Company and any commission payable to any person in consideration of his agreeing to subscribe for, or of his procuring or agreeing to procure subscription for, any Ordinary Shares – approximately £175,150 (excluding VAT);
  - 15.9.3 the repayment of any money borrowed by the Company in respect of any of the matters referred to in 15.9.1 and 15.9.2 above – £nil; and
  - 15.9.4 working capital – approximately £1 million.
- 15.10 The amount to be provided in respect of each of the matters mentioned in paragraph 15.9 above otherwise than out of the proceeds of the Placing is £nil.

- 15.11 Save as disclosed in this document, there are no patents or other intellectual property rights, licences or particular contracts which are or may be of fundamental importance to the Company's business.
- 15.12 Save as disclosed in this document, there have been no significant recent trends concerning the development of the Company's business since 13 May 2004, being the date of its incorporation.
- 15.13 The financial information relating to the Company set out in Part III of this document and otherwise in this document does not comprise statutory accounts as referred to in section 240 of the Act.
- 15.14 The gross proceeds of the Placing are expected to be £3.9 million. The total costs and expenses in relation to Admission and the Placing (including registration and London Stock Exchange fees, printing, advertising and distribution costs, legal, accounting, corporate finance and public relations fees and expenses) are payable by the Company and (assuming subscription in full) are estimated to amount to approximately £175,150, excluding value added tax.
- 15.15 It is expected that definitive share certificates will be despatched by first class post by 5 November 2004. In respect of uncertificated shares it is expected that Shareholders' CREST stock accounts will be credited on 29 October 2004. No temporary documents of title will be issued.
- 15.16 There have been no interruptions and there have been no significant changes to the business of the Company which have or have had a significant effect on the financial position of the Company since incorporation and there are no significant investments in progress by the Company.
- 15.17 Save as disclosed in this document, the Directors are unaware of any exceptional factors which have influenced the Company's activities.
- 15.18 The Directors are not aware of any arrangements under which future dividends are waived or agreed to be waived.
- 15.19 Monies received from applicants pursuant to the Placing will be held in accordance with the terms of the application procedures issued by Seymour Pierce until such time as the Placing becomes unconditional in all respects. If the Placing does not become unconditional in all respects by 30 November 2004 (or such later date as Seymour Pierce and the Company may agree), application monies will be returned to applicants as soon as practicable at their own risk and without interest prior to delivery of the Ordinary Shares. The period within which the Placing applications may be accepted pursuant to the Placing are set out in the Placing Agreement and in the placing letters sent to placees.

## **16. Availability of this document**

Copies of this document will be available free of charge at the offices of Seymour Pierce Limited, Bucklersbury House, 3 Queen Victoria Street, London EC4N 8EL during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this document and for a period of one month from the date of Admission.

Dated 25 October 2004

