



hollywood bowl group



Prospectus

September 2016

This document comprises a prospectus (the “**Prospectus**”) relating to Hollywood Bowl Group plc (the “**Company**”) prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (“**FCA**”) made under section 73A of the Financial Services and Markets Act 2000 as amended (“**FSMA**”). This Prospectus has been approved by the FCA in accordance with section 87A of FSMA and made available to the public as required by Rule 3.2 of the Prospectus Rules.

An application has been made to the FCA for all of the ordinary shares of 47 pence each in the capital of the Company (“**Ordinary Shares**”) to be admitted to the premium listing segment of the Official List maintained by the FCA (“**Official List**”) and to London Stock Exchange plc (“**London Stock Exchange**”) for all of the Ordinary Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities (together, “**Admission**”). Admission to trading on the London Stock Exchange’s main market for listed securities constitutes admission to trading on a regulated market. It is expected that Admission will become effective and that unconditional dealings in the Ordinary Shares will commence at 8.00 a.m. on 21 September 2016. Dealings on the London Stock Exchange before Admission will only be settled if Admission takes place. **All dealings in Ordinary Shares before the commencement of unconditional dealings will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned. No application has been or is currently intended to be made for the Ordinary Shares to be admitted to listing or trading on any other exchange.**

The Directors, whose names appear on page 36 of this Prospectus and the Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

Prospective investors should read the whole of this Prospectus. In particular, your attention is drawn to the “Risk Factors” section of this Prospectus which contains a description of certain important factors, risks and uncertainties that should be considered in connection with an investment in the Ordinary Shares. Prospective investors should be aware that an investment in the Ordinary Shares involves a degree of risk and that, if certain of the risks described in this Prospectus occur, investors may find their investment materially adversely affected. Accordingly, an investment in the Ordinary Shares is only suitable for investors who are particularly knowledgeable in investment matters and who are able to bear the loss of the whole or part of their investment.

Hollywood Bowl Group plc

(Incorporated under the Companies Act 2006 with registered number 10229630)

**Offer of 113,283,274 Ordinary Shares at an Offer Price
of 160 pence per Ordinary Share**

and

**admission to the premium listing segment of the Official List and
to trading on the main market of the London Stock Exchange**

Sole Sponsor, Financial Adviser, Bookrunner and Broker

Investec Bank plc

**Issued and fully paid ordinary share capital immediately following Admission
of 150,000,000 Ordinary Shares of 47 pence each**

The Selling Shareholders are offering 113,283,274 Ordinary Shares under the Offer. The Company will not receive any of the proceeds of the Offer. The net proceeds of the Offer will be paid to the Selling Shareholders.

This Prospectus does not constitute or form part of any offer to sell or issue, or any invitation or solicitation of any offer to invest in, any securities of the Company other than the Ordinary Shares. Prospective investors should only rely on the information contained in this Prospectus. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, no such information or representation may be relied upon for any purpose. In particular, the contents of the websites of members of the Group do not form part of this Prospectus and prospective investors should not rely on them. The Company will comply with its obligations to publish a supplementary prospectus pursuant to section 87G of FSMA and Rule 3.4 of the Prospectus Rules containing further updated information required by law or by any regulatory authority but, except as required by the Listing Rules, the Prospectus Rules, the Disclosure and Transparency Rules or any other applicable law, assumes

no further obligation to publish additional information. Without prejudice to the Company's legal or regulatory obligations to publish a supplementary prospectus, neither the delivery of this Prospectus nor Admission shall, under any circumstances, create any implication that there has been no change in the affairs of the Group since the date of this Prospectus or that the information is correct as of any time subsequent to the date of this Prospectus.

Investec has been appointed as sole sponsor, financial adviser, bookrunner and broker to the Company. Investec is authorised by the Prudential Regulation Authority ("**PRA**") and regulated by the PRA and the FCA and is acting exclusively for the Company and no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the Offer or any transaction or arrangement referred to in this Prospectus. Investec and its affiliates may have engaged in transactions with and provided various investment banking, financial advisory and other services for, the Company for which they would have received customary fees.

Apart from the responsibilities and liabilities, if any, that may be imposed on Investec by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, Investec accepts no responsibility whatsoever for and makes no representation or warranty, express or implied, as to the contents of, this Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Offer and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future. Investec accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement. Investec has given and not withdrawn its consent to the issue of this Prospectus with the inclusion of the references to its name in the form and context to which they are included.

Notice to Overseas Investors

This Prospectus does not constitute an offer of, or the solicitation of an offer to buy or to subscribe for, Ordinary Shares to any person in any jurisdiction to whom or in which jurisdiction such offer or solicitation is unlawful and, in particular, is not for distribution in Australia, Canada, the Republic of South Africa, New Zealand, Japan or the United States. The Ordinary Shares have not been and will not be registered under the US Securities Act of 1933 ("**Securities Act**") or any US state securities laws or under applicable securities laws in Australia, Canada, the Republic of South Africa, New Zealand or Japan. The Ordinary Shares may not be offered, sold, pledged or otherwise transferred, directly or indirectly, within the US (as defined in Regulation S under the Securities Act ("**Regulation S**")) unless the Offer and sale of the Ordinary Shares has been registered under the Securities Act or pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act. The Ordinary Shares are being offered and sold only in "offshore transactions" outside the US, in reliance on Regulation S.

The distribution of this Prospectus and the offer and sale of Ordinary Shares in jurisdictions other than the United Kingdom may be restricted by law. No action has been or will be taken by the Company, the Directors or Investec to permit a public offer of Ordinary Shares or the possession or distribution of this Prospectus (or any other offering or publicity material or application form relating to the Ordinary Shares) in any jurisdiction, other than in the UK. Persons into whose possession this Prospectus comes are required by the Company, the Directors and Investec to inform themselves about and to observe any such restrictions. This Prospectus does not constitute or form part of an offer to sell, or the solicitation of an offer to buy, Ordinary Shares to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful.

The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any US federal or state securities commission or any US federal or state regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The date of this Prospectus is 16 September 2016.

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PART I

SUMMARY

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

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

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

Section A – Introduction and warnings		
A.1	Introduction and warnings	This summary should be read as an introduction to this prospectus (“ Prospectus ”) only. Any decision to invest in the ordinary shares of 47 pence each in the capital of Hollywood Bowl Group plc (the “ Company ”) (“ Ordinary Shares ”) should be based on consideration of the Prospectus as a whole. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member State, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Ordinary Shares.
A.2	Subsequent resale of securities or final placement of securities through financial intermediaries	Not applicable. No consent has been given by the Company or any person responsible for drawing up this Prospectus to the use of the Prospectus for subsequent resale or final placement of securities by financial intermediaries.

Section B – Issuer		
B.1	The legal and commercial name	Hollywood Bowl Group plc.
B.2	Domicile and legal form, applicable legislation and country of incorporation	The Company is a public limited company with registered number 10229630. It was incorporated on 13 June 2016 as a public limited company in England and Wales with the name Marilyn plc. On 14 June 2016 the Company was renamed Hollywood Bowl Group plc. The Company’s registered office is situated in England. The Company operates under the Companies Act 2006 (“ Companies Act ”) and is subject to the UK City Code on Takeovers and Mergers (“ Takeover Code ”). The Company and its consolidated subsidiaries and subsidiary undertakings from time to time are together referred to as the “ Group ” and “ Group Company ” means any one of them.
B.3	Current operations, principal activities and markets	<p>The Group is the UK’s largest ten-pin bowling operator, with a portfolio of 54 ten-pin bowling centres (each operated by a member of the Group), (together the “Centres” and each a “Centre”) across the UK under the Hollywood Bowl, AMF and Bowlplex brands. The Group specialises in operating large, high quality bowling centres, predominantly located in out of town multi-use leisure parks (typically co-located with cinema and casual dining sites) and large retail parks with all of the Centres being occupied by the Group on a leasehold basis. The Centres are designed to offer a complete family entertainment experience with each Centre offering at least 16 bowling lanes, on-site dining, licensed bars, and state-of-the-art family games arcades.</p> <p>Customer Offering:</p> <ul style="list-style-type: none"> – Bowling: Bowling is the Group’s core revenue stream (47 per cent. of total revenue in the financial period ended 30 September 2015 (“FY2015”)), as well as its fastest growing. Sales are a function of booking prices less VAT, with lane reservations being bought in advance or on an ad hoc basis, either through the Group’s customer contact centre, website or in person at the relevant Centre. Bowling revenue is driven by the number of visits, games played and the price per game.

	<ul style="list-style-type: none"> – Food and Beverage: Each Centre has a bar and a food offering, which ranges from a “standard menu” to the Group’s higher-end food offerings of Harry’s Diner and Hollywood Diner. Harry’s Diner and Hollywood Diner serve a higher quality menu offering with corresponding marginally higher prices. Hollywood Diner is a stylised Americana diner focusing on core US food and décor. – Amusements: Each Centre offers a range of amusement machines, ranging from traditional games such as air hockey and basketball hoops, to games with prizes (such as “grabbers” for toy prizes and “fruit machines”) and state-of-the-art video games. <p>Pragma Consulting Limited (“Pragma”) (June, 2016) estimates that the UK leisure market was worth an estimated £80.3 billion in 2015, of which ten-pin bowling had a market share of 0.3 per cent. Pragma considers that major multiples (being operators with five or more centres, which includes the Group) (“Major Multiples”) have an estimated market share of 71 per cent. and a compound annual growth rate (“CAGR”) of 4.7 per cent. in 2015 (for the period 2011-2015).</p> <p>Key strengths:</p> <p><i>A market leading ten-pin bowling operator with national scale</i></p> <p>The Group focuses on providing a competitively priced family leisure experience from its network of 54 Centres across the UK. As the largest UK operator of ten-pin bowling centres, the Group has developed bespoke systems and processes to ensure that the customer receives a consistent experience in each of its Centres and through its website and customer contact centre.</p> <p><i>Diversified revenue streams</i></p> <p>For FY2015, bowling represented approximately 47 per cent. of the Group’s total revenue with food and beverage (approximately 28 per cent.) and amusement machines (approximately 23 per cent.) accounting for the majority of the balance.</p> <p><i>Track record of market leading financial performance with excellent cash generation</i></p> <p>The Group has delivered a consistent track record of strong revenue and earnings before income, tax, depreciation and amortisation adjusted for exceptional items (“Adjusted EBITDA”) growth. For the financial years ended 30 September 2013 to 30 September 2015, revenue increased from £70.2 million to £86.0 million, a CAGR of 10.7 per cent., and gross profit margin increased from 81.4 per cent. to 82.6 per cent. Over the same period, Adjusted EBITDA increased from £11.0 million to £20.6 million, a CAGR of 37.0 per cent., and Adjusted EBITDA margin increased from 15.6 per cent. to 23.9 per cent. For FY2015, the Group had operating cashflow conversion (being cashflow from operations less maintenance capital expenditure and tax) of approximately 75 per cent.</p> <p><i>Multiple levers to drive further growth</i></p> <p>The Group’s management team, being Stephen Burns, Laurence Keen, Melanie Dickinson and Mathew Hart, (“Management”) has identified a number of opportunities to deliver incremental sales and margin:</p> <ul style="list-style-type: none"> – Increasing frequency of visit: bowling is a relatively low-frequency activity compared to other forms of leisure, such as the cinema. Pragma (June, 2016) estimates that 67 per cent. of consumers have not participated in ten-pin bowling in the past 12 months, which compares to only 32 per cent. for the equivalent attendance rate for cinemas. This differential in frequency of visit is in part due to ten-pin bowling having fewer calls to action (for example, new film releases) to instigate a visit as well as ten-pin bowling being less accessible, with only 47 per cent. of the UK population living within a 15 minute drive of a ten-pin bowling centre, compared to 69 per cent. of the population living within a 15 minute drive of a cinema (Pragma, June, 2016). The Group’s proposed site roll-out programme will make ten-pin bowling more accessible to new segments of the UK population. The Company’s directors (being Peter Boddy, Stephen Burns, Laurence Keen, Nick Backhouse, Claire Tiney and Bill Priestley, together, the “Directors”) believe that there is scope to increase the visit frequency by the continued refurbishment of the current estate, more effectively utilising the customer relationship management system (the “CRM System”) operated by the Group and customer database to encourage more regular visits and to promote other revenue streams. The Directors also believe that there is an opportunity to drive more frequent visits as more customers experience the positive service levels and high quality environments of the Group’s Centres. Initiatives such as customers being able to wear their own shoes are also designed to remove barriers to an increase in the frequency of customer visits; – Increasing headline price per game: over the period from 1 October 2012 until 31 March 2016 (the “Historical Period”), Management have increased prices for bowling by between 10 pence to 25 pence per game with the achieved price per game having grown more rapidly due to fewer discounts being made available; – Increasing spend per game: between FY2013 and FY2015, the average spend per game, across all Centres, rose from £7.13 to £8.12. The Directors believe that there are a number of opportunities to increase the spend per game by improving the customer
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		<p>experience and 'dwell time' in each Centre. Spend per game has also increased through the effective use of the Group's CRM System; customer database and other initiatives, such as the introduction of VIP lanes, currently in 20 Centres, which cost an additional £1 per person;</p> <ul style="list-style-type: none"> – Impressive financial returns from the refurbishment programme: Over the Historical Period, Management completed 14 full refurbishments, with a further 6 full refurbishments completed in the Post Reporting Period. Refurbishments and new Centres have included the development of new formats, such as a smaller, more boutique "urban" format, the introduction of new dining concepts such as Harry's Diner and Hollywood Diner and the implementation of a new scoring system and VIP lanes which cost an additional £1 per person. The Group has seen strong increases in volumes post refurbishment and refurbished Centres generated attractive returns from capital invested. To date, the Group has only refurbished approximately 37 per cent. of its existing estate; and – Impressive financial returns from new Centre openings: The Group opened four new Centres over the Historical Period in Rochester (February 2013), Maidstone (August 2013), Milton Keynes (October 2013) and Cheltenham (November 2014). The Group has also exchanged contracts on two new Centres which are due to open during the financial year ending 30 September 2017. <p>Strong customer understanding and engagement The Group has developed a sophisticated CRM System in order to better understand its customer base, and to target its communications more effectively.</p> <p>Core focus on team and culture The Directors believe that a continued and targeted focus on the customer through the team as well as attracting, retaining and developing top talent will be key to achieving a strong operational performance.</p> <p>Experienced and entrepreneurial management team Management have successfully implemented initiatives to drive customer and employee engagement, which has supported like-for-like sales growth of 8.1 per cent. and 9.1 per cent. in the financial period ended 30 September 2014 ("FY2014") and FY2015, respectively. Led by Stephen Burns, the Group's Chief Executive Officer, Management have many years of combined experience both in their respective individual areas of expertise and within the Group's business.</p>
B.4a	Recent trends	<p>As with the broader UK leisure market, growth in ten-pin bowling is predominantly driven by macroeconomic factors such as increases in gross domestic product, consumer confidence and consumer disposable income. In the period from 2013 to 2015, Pragma (June, 2016) estimates that ten-pin bowling was the fastest growing segment of the UK leisure sector, with 6.0 per cent. CAGR compared to an average of 3.0 per cent. across the wider UK leisure sector. This growth was largely driven by the Major Multiples (estimated market share of 71 per cent. and CAGR: 7.9 per cent. for the period 2013 to 2015) as they invested in reinvigorating their customer engagement through customer relationship management platforms, refocusing their bowling proposition towards family leisure, improving their ancillary product offering and driving operating improvements, with the Group delivering the greatest growth, with a CAGR of 10.7 per cent. over that period.</p> <p>Pragma (June, 2016) forecasts the Major Multiples segment of the UK ten-pin bowling market to grow by a CAGR of 4.3 per cent. per annum from 2015 to 2019, which is greater than the total UK leisure market growth forecast of 3.0 per cent. over the same period. This growth is expected to be underpinned by general improvements in the UK economy, the development of new centres, the continued refurbishment of existing centres and the continued improvement in the customer experience to increase participation in ten-pin bowling, visit frequency and spend per game. There is also scope for the Major Multiples to increase their share of the ten-pin bowling market as weaker operators become less competitive or exit the market. Pragma (June, 2016) estimates that the Group is leading the way in driving growth amongst the Major Multiples with its refurbishment and new site development programme and focused strategy of driving more repeat visits and higher spend per game.</p>
B.5	Description of Issuer's group	<p>The Group has undertaken a reorganisation of its corporate structure that has resulted in the Company becoming the holding company of the Group and Kanyeco Limited becoming the Company's direct wholly-owned subsidiary in preparation for the Offer (the "Reorganisation"). The principal operating subsidiaries are The Original Bowling Company Limited ("TOBC") and Bowlplex Limited ("Bowlplex") (which are indirect subsidiaries of the Company).</p>
B.6	Shareholders	<p>The interests of the Directors and the Senior Managers (being Melanie Dickinson and Mathew Hart) and (so far as is known to the Directors and the Senior Managers having made appropriate enquiries) of all persons connected with the Directors and the Senior Managers in the issued share capital of the Company are as follows:</p>

			<div>Number of Ordinary Shares immediately prior to Admission</div>	<div>Percentage of issued ordinary share capital immediately prior to Admission</div>	<div>Number of Ordinary Shares immediately following Admission</div>	<div>Percentage of issued ordinary share capital immediately following Admission</div>
Directors						
Peter Boddy			1,439,326	0.96%	863,596	0.58%
Stephen Burns			5,460,068	3.64%	3,276,041	2.18%
Laurence Keen			2,458,875	1.64%	1,475,325	0.98%
Bill Priestley			0	0%	31,250	0.02%
Nick Backhouse			0	0%	15,625	0.01%
Claire Tiney			0	0%	3,125	0.00%
Senior Managers						
Melanie Dickinson			1,612,937	1.08%	967,763	0.65%
Mathew Hart			2,568,549	1.71%	1,541,130	1.03%
As at the date of this Prospectus), the Directors were aware of the following persons who, in addition to the Directors and the Senior Managers set out above, directly or indirectly, were interested in three per cent., or more of the Company's share capital or voting rights:						
			<div>Number of Ordinary Shares immediately prior to Admission</div>	<div>Percentage of issued ordinary share capital immediately prior to Admission</div>	<div>Number of Ordinary Shares immediately following Admission</div>	<div>Percentage of issued ordinary share capital immediately following Admission</div>
Shareholders						
Electra Private Equity Partners 2006						
Scottish LP			88,176,746	58.78%	26,702,364	17.80%
Electra Investments Limited			45,351,952	30.23%	0	0%
(Noting that these shareholders are affiliated entities)						
The Ordinary Shares owned by the Company's major shareholders rank pari passu with other Ordinary Shares in all respects.						
At Admission, all of the Ordinary Shares will have the same voting rights.						
On 16 September 2016, the Company, the Principal Selling Shareholder (Electra Private Equity Partners 2006 Scottish LP) and Electra Partners LLP (the "Electra Shareholders") entered into a relationship agreement, the principal purpose of which is to ensure that the Company is capable of carrying on business independently of the Electra Shareholders at all times.						

B.7	Selected historical key financial information	The selected financial information set out below has been extracted without material adjustment from historical financial information of Kanyeco Limited and its subsidiaries (the "Operating Group") for the financial years ended 30 September 2013, 2014 and 2015 and in respect of the six month period ended 31 March 2016.						
		Consolidated Statement of Comprehensive Income						
			12 months to 30 September 2013 £'000	11 months to 4 September 2014 £'000	6 August to 30 September 2014 £'000	Unaudited Memorandum aggregated 12 months to 30 September 2014 £'000	12 months to 30 September 2015 £'000	6 months to 31 March 2016 £'000
		Revenue	70,151	73,849	4,876	78,725	86,044	54,968
		Cost of sales	(13,016)	(13,299)	(887)	(14,186)	(14,963)	(8,970)
		Gross profit	57,135	60,550	3,989	64,539	71,081	45,998
		Administrative expenses	(55,696)	(53,979)	(7,324)	(61,303)	(58,047)	(35,067)
		Operating profit/(loss)	1,439	6,571	(3,335)	3,236	13,034	10,931
		Underlying profit/(loss)	1,610	5,645	(430)	5,215	12,312	11,899
		Exceptional items	(171)	926	(2,905)	(1,979)	722	(968)
		Finance income	15	640	1	641	8	7
		Finance expenses	(5,050)	(5,144)	(534)	(5,678)	(8,143)	(4,610)
		Movement in derivative financial instruments	—	—	—	—	(134)	(32)
		Profit/(loss) before tax	(3,596)	2,067	(3,868)	(1,801)	4,765	6,296
		Tax (expense) /credit	998	(665)	(94)	(759)	(1,173)	(1,355)
		Profit/(loss) and total comprehensive income for the year	(2,598)	1,402	(3,962)	(2,560)	3,592	4,941
		Earnings/(loss) per share (Pence)	(651.94)	351.82	(4,661.18)		3,709.82	5,272.09

Consolidated Statement of Financial Position					
	<i>As at 30 September 2013 £'000</i>	<i>As at 4 September 2014 £'000</i>	<i>As at 30 September 2014 £'000</i>	<i>As at 30 September 2015 £'000</i>	<i>As at 31 March 2016 £'000</i>
ASSETS					
Current assets					
Cash and cash equivalents	10,981	17,166	3,979	14,696	15,853
Short term financial asset	–	–	–	–	1,998
Trade and other receivables	8,958	6,963	7,838	8,023	11,757
Inventories	701	682	646	703	1,209
	<u>20,640</u>	<u>24,811</u>	<u>12,463</u>	<u>23,422</u>	<u>30,817</u>
Non-current assets					
Property, plant and equipment	34,573	31,280	32,006	30,854	37,008
Intangible assets	11,966	11,785	66,473	66,186	79,331
	<u>46,539</u>	<u>43,065</u>	<u>98,479</u>	<u>97,040</u>	<u>116,339</u>
Total assets	<u>67,179</u>	<u>67,876</u>	<u>110,942</u>	<u>120,462</u>	<u>147,156</u>
LIABILITIES					
Current liabilities					
Trade and other payables	16,026	15,181	14,330	14,127	19,515
Borrowings	4,588	–	436	1,009	1,131
Corporation tax payable	–	1,035	1,035	637	2,568
	<u>20,614</u>	<u>16,216</u>	<u>15,801</u>	<u>15,773</u>	<u>23,214</u>
Non-current liabilities					
Other creditors	6,888	7,014	6,309	7,886	7,004
Borrowings	38,536	43,027	87,905	92,285	106,113
Deferred tax liabilities	1,139	843	2,029	1,765	2,206
Provisions	3,387	2,759	2,775	2,904	3,797
Derivative financial instruments	–	–	–	134	166
	<u>49,950</u>	<u>53,643</u>	<u>99,018</u>	<u>104,974</u>	<u>119,286</u>
Total liabilities	<u>70,564</u>	<u>69,859</u>	<u>114,819</u>	<u>120,747</u>	<u>142,500</u>
NET ASSETS/ (LIABILITIES)	<u>(3,385)</u>	<u>(1,983)</u>	<u>(3,877)</u>	<u>(285)</u>	<u>4,656</u>
Equity attributable to shareholders					
Share capital	25	25	1	16	16
Share premium	11,756	11,756	84	69	69
Retained earnings	<u>(15,166)</u>	<u>(13,764)</u>	<u>(3,962)</u>	<u>(370)</u>	<u>4,571</u>
Total equity	<u>(3,385)</u>	<u>(1,983)</u>	<u>(3,877)</u>	<u>(285)</u>	<u>4,656</u>

Consolidated Cash Flow Statement

	12 months to 30 September 2013 £'000	11 months to 4 September 2014 £'000	6 August to 30 September 2014 £'000	Unaudited Memorandum aggregated 12 months to 30 September 2014 £'000	12 months to 30 September 2015 £'000	6 months to 31 March 2016 £'000
Cash flows from operating activities						
Profit/(loss) before tax	(3,596)	2,067	(3,868)	(1,801)	4,765	6,296
Adjusted by:						
Depreciation and impairment	8,836	8,336	622	8,958	7,758	4,662
Amortisation of intangible assets	513	356	39	395	508	225
Net interest expense	5,035	4,504	533	5,037	8,135	4,603
Loss/(profit) on disposal of property, plant and equipment	202	376	–	376	17	(802)
Movement on derivative financial instrument	–	–	–	–	134	32
Operating profit/ (loss) before working capital changes	10,990	15,639	(2,674)	12,965	21,317	15,016
(Increase)/decrease in inventories	136	19	36	55	(57)	(84)
(Increase)/ decrease in trade and other receivables	(1,427)	2,002	(878)	1,124	(185)	2,992
Increase/(decrease) in payables and provisions	3,995	(898)	(1,036)	(1,934)	1,310	1,027
Cash inflow/(outflow) generated from operations	13,694	16,762	(4,552)	12,210	22,385	18,951
Interest received	15	24	1	25	8	7
Income tax paid – corporation tax	–	–	–	–	(1,835)	(809)
Interest paid	(303)	(107)	(36)	(143)	(2,304)	(1,000)
Net cash inflow/(outflow) from operating activities	13,406	16,679	(4,587)	12,092	18,254	17,149
Investing activities						
Acquisition of subsidiaries	–	–	(52,276)	(52,276)	–	(22,801)
Subsidiary cash acquired	–	–	17,166	–	–	970
Purchase of property, plant and equipment	(8,233)	(8,061)	(1,348)	(9,409)	(7,073)	(4,690)
Purchase of intangible assets	(256)	(175)	(11)	(186)	(221)	(192)
Sale of assets	559	2,642	–	2,642	450	2,208
Net cash used in investing activities	(7,930)	(5,594)	(36,469)	(59,229)	(6,844)	(24,505)
Cash flows from financing activities						
Issue of loan notes	–	–	50,155	50,155	70	10,000
Repayment of loan notes	–	–	(43,027)	(43,027)	–	–
Issue of share capital	–	–	85	85	–	–
Increase/(repayment) of bank loan	(3,600)	(4,900)	37,822	32,922	(750)	(750)
(Payment)/refund of financing costs	(10)	–	–	–	(13)	(737)
Net cash flows (used in)/ from financing activities	(3,610)	(4,900)	45,035	40,135	(693)	8,513
Net change in cash and cash equivalents for the period	1,866	6,185	3,979	(7,002)	10,717	1,157
Cash and cash equivalents at the beginning of the period	9,115	10,981	–	10,981	3,979	14,696
Cash and cash equivalents at the end of the period	10,981	17,166	3,979	3,979	14,696	15,853

Certain significant changes to the Group's financial condition and results of operations occurred during the financial years ended 30 September 2013, 2014 and 2015 and the six months ended 31 March 2016. These changes are set out below:

- Revenue increased by 9.3 per cent. to £86.0 million in the period ended 30 September 2015 from £78.7 million in the period ended 30 September 2014, driven primarily by: (i) the opening of a new Centre in Cheltenham in November 2014; (ii) organic growth in spend per game; (iii) the refurbishment of certain Centres; (iv) organic growth in games played, as well as some favourable weather conditions during school holidays. As at

		<p>30 September 2015, the Group operated a total of 44 Centres, compared to 43 Centres at 30 September 2014. For the financial year ended 30 September 2014, revenue increased by 12.2 per cent. to £78.7 million from £70.2 million in the financial year ended 30 September 2013, driven primarily by (i) the opening of a new Centre in Milton Keynes in October 2013, (ii) organic growth in spend per game, (iii) the refurbishment of certain Centres, and (iv) organic growth in games played, as well as some favourable weather conditions during school holidays. As at 30 September 2014, the Group operated a total of 43 Centres, being the same number of Centres as at 30 September 2013.</p> <ul style="list-style-type: none">Between FY2013 and FY2015, Adjusted EBITDA increased from £11.0 million to £20.6 million, a CAGR of 37.0 per cent., and Adjusted EBITDA margin increased from 15.6 per cent. to 23.9 per cent.Group revenue increased by 24.8 per cent. to £55.0 million in the six months ended 31 March 2016, from £43.8 million in the six months ended 31 March 2015, driven primarily by (i) the acquisition of Bowlplex in December 2015; (ii) organic growth in spend per game; (iii) like for like growth in non-bowling activities and (iv) like-for-like growth in the number of games. <p>Save as described above, there has been no significant change in the financial position or results of operations of the Group during the financial years ended 30 September 2013, 2014 and 2015 and the six months ended 31 March 2016, being the date to which the last combined audited financial information of the Group was prepared.</p>																																																																																																																																																																		
B.8	Key pro forma financial information	<p>The unaudited pro forma financial information set out below has been prepared to illustrate the impact of: (i) the offer of the Ordinary Shares (the “Offer”) being offered for sale by the shareholders of the Company (the “Selling Shareholders”); and (ii) the refinancing of existing debt facilities on the consolidated net assets of the Group as at 31 March 2016. This unaudited pro forma financial information has been prepared on the basis of, and should be read in conjunction with, the notes set out below and in accordance with the accounting policies to be adopted by the Group for the financial period ending 30 September 2016.</p> <p>The unaudited pro forma statement of net assets is based on the consolidated net assets of Kanyeco Limited at 31 March 2016 and has been prepared on the basis that the Offer and the refinancing was completed on 31 March 2016. Because of its nature, the unaudited pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results. It may not, therefore, give a true picture of the Group's financial position or results nor is it indicative of the results that may, or may not, be expected to be achieved in the future. The pro forma financial information has been prepared for illustrative purposes only in accordance with Annex II of the Prospectus Directive Regulation (regulation number 809/2004 of the European Commission).</p> <table><tr><th></th><th>Consolidated net assets of Kanyeco Limited at 31 March 2016 Note 1 £'000</th><th>Conversion of shareholder loans to equity Note 2 £'000</th><th>Refinancing of existing debt facilities Note 3 £'000</th><th>Adjustments Costs associated with the Offer and refinancing Note 4 £'000</th><th>Pro forma statement of the Group's net assets £'000</th></tr><tr><td>ASSETS</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Current assets</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Cash and cash equivalents</td><td>17,851</td><td>(2,010)</td><td>(8,500)</td><td>(2,000)</td><td>5,341</td></tr><tr><td>Trade and other receivables</td><td>11,757</td><td>–</td><td>–</td><td>–</td><td>11,757</td></tr><tr><td>Inventories</td><td>1,209</td><td>–</td><td>–</td><td>–</td><td>1,209</td></tr><tr><td></td><td><u>30,817</u></td><td><u>(2,010)</u></td><td><u>(8,500)</u></td><td><u>(2,000)</u></td><td><u>18,307</u></td></tr><tr><td>Non-current assets</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Property, plant and equipment</td><td>37,008</td><td>–</td><td>–</td><td>–</td><td>37,008</td></tr><tr><td>Intangible assets</td><td>79,331</td><td>–</td><td>–</td><td>–</td><td>79,331</td></tr><tr><td></td><td><u>116,339</u></td><td><u>–</u></td><td><u>–</u></td><td><u>–</u></td><td><u>116,339</u></td></tr><tr><td>Total assets</td><td><u>147,156</u></td><td><u>(2,010)</u></td><td><u>(8,500)</u></td><td><u>(2,000)</u></td><td><u>134,646</u></td></tr><tr><td>LIABILITIES</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Current liabilities</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Trade and other payables</td><td>19,515</td><td>–</td><td>–</td><td>–</td><td>19,515</td></tr><tr><td>Borrowings</td><td>1,131</td><td>–</td><td>69</td><td>–</td><td>1,200</td></tr><tr><td>Corporation tax payable</td><td>2,568</td><td>–</td><td>–</td><td>–</td><td>2,568</td></tr><tr><td></td><td><u>23,214</u></td><td><u>–</u></td><td><u>69</u></td><td><u>–</u></td><td><u>23,283</u></td></tr><tr><td>Non-current liabilities</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Other creditors</td><td>7,004</td><td>–</td><td>–</td><td>–</td><td>7,004</td></tr><tr><td>Borrowings</td><td>106,113</td><td>(70,773)</td><td>(6,540)</td><td>–</td><td>28,800</td></tr><tr><td>Deferred tax liabilities</td><td>2,206</td><td>–</td><td>–</td><td>–</td><td>2,206</td></tr><tr><td>Provisions</td><td>3,797</td><td>–</td><td>–</td><td>–</td><td>3,797</td></tr><tr><td>Derivative financial instruments</td><td>166</td><td>–</td><td>–</td><td>–</td><td>166</td></tr><tr><td></td><td><u>119,286</u></td><td><u>(70,773)</u></td><td><u>(6,471)</u></td><td><u>–</u></td><td><u>41,973</u></td></tr><tr><td>Total liabilities</td><td><u>142,500</u></td><td><u>(70,773)</u></td><td><u>(6,471)</u></td><td><u>–</u></td><td><u>65,256</u></td></tr><tr><td>NET ASSETS</td><td><u>4,656</u></td><td><u>68,763</u></td><td><u>(2,029)</u></td><td><u>(2,000)</u></td><td><u>69,390</u></td></tr></table>		Consolidated net assets of Kanyeco Limited at 31 March 2016 Note 1 £'000	Conversion of shareholder loans to equity Note 2 £'000	Refinancing of existing debt facilities Note 3 £'000	Adjustments Costs associated with the Offer and refinancing Note 4 £'000	Pro forma statement of the Group's net assets £'000	ASSETS						Current assets						Cash and cash equivalents	17,851	(2,010)	(8,500)	(2,000)	5,341	Trade and other receivables	11,757	–	–	–	11,757	Inventories	1,209	–	–	–	1,209		<u>30,817</u>	<u>(2,010)</u>	<u>(8,500)</u>	<u>(2,000)</u>	<u>18,307</u>	Non-current assets						Property, plant and equipment	37,008	–	–	–	37,008	Intangible assets	79,331	–	–	–	79,331		<u>116,339</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>116,339</u>	Total assets	<u>147,156</u>	<u>(2,010)</u>	<u>(8,500)</u>	<u>(2,000)</u>	<u>134,646</u>	LIABILITIES						Current liabilities						Trade and other payables	19,515	–	–	–	19,515	Borrowings	1,131	–	69	–	1,200	Corporation tax payable	2,568	–	–	–	2,568		<u>23,214</u>	<u>–</u>	<u>69</u>	<u>–</u>	<u>23,283</u>	Non-current liabilities						Other creditors	7,004	–	–	–	7,004	Borrowings	106,113	(70,773)	(6,540)	–	28,800	Deferred tax liabilities	2,206	–	–	–	2,206	Provisions	3,797	–	–	–	3,797	Derivative financial instruments	166	–	–	–	166		<u>119,286</u>	<u>(70,773)</u>	<u>(6,471)</u>	<u>–</u>	<u>41,973</u>	Total liabilities	<u>142,500</u>	<u>(70,773)</u>	<u>(6,471)</u>	<u>–</u>	<u>65,256</u>	NET ASSETS	<u>4,656</u>	<u>68,763</u>	<u>(2,029)</u>	<u>(2,000)</u>	<u>69,390</u>
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		<p><i>Notes</i></p> <ol style="list-style-type: none"> 1. The consolidated net assets of Kanyeco Limited at 31 March 2016 have been extracted, without material adjustment, from the historical financial information prepared for the Group for the Historical Period. 2. The adjustment in note 2 reflects the pre-Admission reorganisation undertaken by the Group as follows: <ol style="list-style-type: none"> (a) The conversion of £69.9 million of shareholder subordinated loan notes at 31 March 2016 into share capital of the Company net of £1.1 million of unamortised fees; and (b) The repayment of £2.0 million of loan notes issued by Blu Bidco Limited to Tracy Standish. 3. The adjustment in note 3 reflects the refinancing of the existing external debt facilities comprising £38.5 million in bank loans at 31 March 2016 net of £2.0 million of unamortised fees. The Company has entered into new debt facilities, the purpose of which is to repay existing debt facilities, to provide monies for general corporate purposes and to pay the costs and expenses associated with Admission. The new debt facilities comprise a term loan facility of £30 million, a revolving credit facility of £5 million and a capital expenditure facility of £5 million. 4. The adjustment in note 4 reflects the costs and expenses of Admission of £2 million (inclusive of VAT) which will be financed through the new debt facilities. 5. The pro forma statement of net assets does not constitute statutory accounts within the meaning of Section 394 of the Companies Act 2006. 6. No adjustment has been made for trading or changes in the Group's working capital since 31 March 2016. 7. No account has been taken of fair value and accounting basis adjustments arising on acquisition.
B.9	Profit forecast/ estimate	Not applicable. No profit forecasts or estimates are included in this Prospectus.
B.10	Audit report – qualifications	Not applicable. The report from KPMG on the historical financial information included in this Prospectus does not contain any qualifications by the Company's auditors.
B.11	Explanation in respect of insufficient working capital	Not applicable. The Company is of the opinion that, taking into account the banking facilities available to the Group, the working capital available to the Group is sufficient for its present requirements, that is, for at least 12 months from the date of this Prospectus.

Section C – Securities		
C.1	Type and class of the securities being offered and admitted to trading, including the security identification number	<p>The Selling Shareholders are selling 113,283,274 Ordinary Shares for an aggregate amount of approximately £174.9 million, net of aggregate commissions and amounts in respect of stamp duty or stamp duty reserve tax, payable by the Selling Shareholders in connection with the Offer.</p> <p>The Ordinary Shares being offered for sale by the Selling Shareholders pursuant to the Offer (the “Offer Shares”) to be sold under the Offer will represent approximately 75.5 per cent. of the issued ordinary share capital of the Company immediately following Admission. No new Ordinary Shares will be issued by the Company under the Offer.</p> <p>The Offer is made by way of an offer to certain institutional and professional investors in the United Kingdom and elsewhere outside the United States in reliance on Regulation S or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.</p> <p>When admitted to trading, the Ordinary Shares will be registered with ISIN number GB00BD0NVK62 and SEDOL number BD0NVK6 and will trade under the ticker BOWL.</p>
C.2	Currency of the securities issue	United Kingdom pounds sterling.
C.3	Shares issued/ value per share	On Admission, the nominal value of the issued ordinary share capital of the Company will be £70,500,000 divided into 150,000,000 Ordinary Shares of 47 pence each, all of which will be fully paid. In addition there will be one deferred share having a nominal value of £1,012,141.96 in issue (the “ IPO Deferred Share ”).
C.4	Rights attached to the securities	The rights attaching to the Ordinary Shares are uniform in all respects and they will form a single class for all purposes, including with respect to voting and for all dividends and other distributions declared, made or paid on the Ordinary Shares. The Ordinary Shares rank equally for voting purposes. On a show of hands each Shareholder has one vote and on a poll each Shareholder has one vote per Ordinary Share held. Each Ordinary Share ranks equally for any dividend declared. Each Ordinary Share ranks equally for any distribution made on a winding up of the Company.
C.5	Restrictions on free transferability of the securities	The Board of Directors (the “ Board ”) may decline to register any transfer of certificated Ordinary Shares if it is not fully paid up (provided that the refusal does not prevent dealings in the Ordinary Shares from taking place on an open and proper basis). There are no other restrictions on the free transferability of the Ordinary Shares.
C.6	Admission/ regulated markets where the securities are traded	Application has been made to the Financial Conduct Authority (“ FCA ”) for all of the Ordinary Shares to be admitted to the Official List of the FCA and to London Stock Exchange plc (“ London Stock Exchange ”) for all of the Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. Admission to trading on the London Stock Exchange's main market for listed securities (together with admission to listing,

		being “ Admission ”) constitutes admission to trading on a regulated market. It is expected that Admission will become effective and that unconditional dealings in the Ordinary Shares will commence, at 8.00 a.m. on 21 September 2016.
C.7	Dividend policy	The Board intends to adopt a progressive dividend policy whilst maintaining an appropriate level of dividend cover. This policy is intended to allow the Group to retain sufficient capital to fund on-going operating requirements and to invest in the Group's long term growth. Dividends are expected to be paid in an approximate one-third (interim dividend) and two-thirds (final dividend) split. The Board expects the Company's first dividend as a listed business to be a pro-rated dividend for the year ending 30 September 2016.

Section D – Risks		
D.1	Key information on the key risks specific to the Issuer or its industry	<p>Key risks specific to the Issuer</p> <ul style="list-style-type: none"> – The Group completed its acquisition of Bowlplex in December 2015, increasing the number of bowling sites in the Group's portfolio from 44 to 54. The merger of the business operated by TOBC (and its subsidiaries) (the “TOBC Business”) and the business operated by Bowlplex (and its subsidiaries) (the “Bowlplex Business”) may not perform in line with expectations nor may it achieve the desired level of synergy benefits on integration of the businesses. – The Group's performance is dependent on a limited number of key sites. The Group's 12 best-performing Centres accounted for approximately 41 per cent. of revenue in the period ended 30 September 2015. – To the extent that suitable opportunities arise and are identified, the Group may expand its business through the acquisition of companies, businesses, assets (including sites) and/or services from third parties. There can be no assurance that the Group will identify suitable acquisitions or opportunities, obtain any financing necessary to complete and support such acquisitions or otherwise acquire companies, businesses or assets on satisfactory terms. – The Group is subject to competition regulation in the UK, which could delay or prevent potential mergers or acquisitions or hinder its commercial activities in general. For example: the UK Competition and Markets Authority (“CMA”) required the Group to sell six Centres as part of the merger of the TOBC Business and the Bowlplex Business; and imposed restrictions on the Group acquiring further ten-pin bowling businesses in certain circumstances, including placing a restriction on re-acquiring control of, or interests in, the divested Centres without CMA consent. If future acquisitions are blocked due to competition concerns, or if the Group is subject to any investigation by, or sanctions from, the competition authorities in the UK under any current or future competition legislation, there could be a material adverse effect to the Group's business, financial condition and prospects. – Approximately 23 per cent. of the Group's revenue is generated from amusement and gaming machines. The Group is subject to certain licensing requirements in respect of such machines and there can be no guarantee that such licences will be renewed when required. If these licenses were revoked, suspended and/or not-renewed upon request, there would be an impact upon current operations and there could be an adverse effect on the Group's financial performance. – The Group's business currently operates from a portfolio of 54 properties comprised entirely of leasehold interests resulting in rental costs that represent a substantial portion of its cost of sales. Such leasehold interests are generally subject to periodic rent reviews. As a result, the Group is susceptible to changes in the property rental market, such as increases in market rents, which it may not be able to pass on to customers in the form of higher prices. Any such rental increases may negatively impact on the Group's margins and could have a material adverse effect on its business, results of operations and financial condition. – The Group's leasehold interest in the Bowlplex Centre in Brighton Marina is subject to a call option in favour of the landlord. In the event that the option is exercised, this would result in the termination of the Brighton Marina lease. In the event that no replacement lease is entered into as a result, or any such replacement lease granted to Bowlplex is on less favourable terms, this would have a material adverse effect on the Group's business and financial condition. This Centre generated EBITDA of approximately £780,000 in FY2015 prior to its acquisition by the Group as part of the Group's acquisition of Bowlplex. – The Group's leasehold interest in the Centre at Surrey Quays is subject to a surrender agreement with the landlord. An exercise of this right by the landlord could have a material adverse effect on the Group's business and financial condition as operations at this site would cease upon surrender of the lease which could adversely affect the Group's profitability. During FY2014 and FY2015 this Centre generated 3.9 per cent. and 3.6 per cent. (respectively) of the Group's Adjusted EBITDA.

		<p>Key risks specific to the Issuer's Industry</p> <ul style="list-style-type: none"> Indoor leisure activities such as ten-pin bowling are subject to seasonal demand variations. For example, demand for indoor activities can decrease substantially during periods of warm, dry weather or where there are unusual weather conditions such as heavy snow, icy conditions or high winds, which encourage people to stay at home. In addition, revenues at ten-pin bowling venues tend to be stronger during school and public holidays. In some cases, these factors may combine, for example, the dates on which certain public holidays fall in the UK, such as Easter. Although the budgetary process of the Group factors seasonal variations into account, a departure from normal seasonal and climate trends could have a material adverse effect on the Group's business, financial condition and prospects. In April 2016, the UK Government introduced the national living wage of £7.20 an hour for people aged 25 and over. Because a significant proportion (approximately 72 per cent.) of the Group's employees are paid either the national minimum wage or the national living wage, any further increase in the national minimum wage or the national living wage, or its scope, would increase the Group's operating and employment costs and, in turn, could have a material adverse effect on the Group's business, financial condition and prospects. Hourly-paid Group employees receive 'rolled-up' holiday pay. This means that, rather than being paid at the time that they take holiday, employees receive a holiday payment over and above their hourly-rate for hours worked. This additional payment represents the payment due to them in respect of their holiday entitlement. It is probable that this practice is not in accordance with UK legislative requirements on holiday pay, however provided that employees have actually received the correct amount of holiday pay there is unlikely to be any financial consequence. Additionally, along with many other UK businesses, the Group may have potential historic, unpaid holiday pay liability and the risk of increased costs in the future arising from the way in which it has historically calculated holiday pay vis-à-vis overtime and commission.
D.3	Key information on the key risks specific to the Ordinary Shares	<ul style="list-style-type: none"> The Group may not be able to, or may choose not to, pay dividends in the future. The payment of future dividends will depend on, among other factors, the Group's future profits, financial position, distributable reserves, working capital requirements, finance costs, general economic conditions and other factors that the Directors deem significant from time to time. Immediately following Admission, the Principal Selling Shareholder is expected to beneficially own or control approximately 17.8 per cent. of the Ordinary Shares. On 16 September 2016, the Company and the Principal Selling Shareholder entered into a relationship agreement, which, conditional upon Admission, will regulate aspects of the ongoing relationship between the Company and the Principal Selling Shareholder. Prior to Admission, there has been no public trading market for the Ordinary Shares and a market for the Ordinary Shares may not develop after Admission. The Offer Price may not be indicative of the market price for the Ordinary Shares following Admission. Following Admission, the trading price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including those referred to in this section, as well as stock market fluctuations and general economic conditions that may adversely affect the market price of the Ordinary Shares, regardless of the Company's actual performance or conditions in its key markets.

Section E – Offer		
E.1	Total net proceeds and estimate of total expenses of the issue/offer, including estimated expenses charged to investors	<p>Pursuant to the Offer, the Selling Shareholders intend to sell, in aggregate, 113,283,274 Offer Shares, at the Offer Price of 160 pence per Offer Share. Through the sale of Offer Shares by the Selling Shareholders, the Company expects the Selling Shareholders to receive net proceeds from the Offer of approximately £174.9 million (after deducting commissions and amounts in respect of stamp duty or SDRT payable by the Selling Shareholders). The Company will not receive any proceeds from the sale of Ordinary Shares being sold by the Selling Shareholders.</p>

E.2a	Reasons for the offer, use of proceeds and estimated net amount of proceeds	<p>The Offer will provide the Selling Shareholders with a partial realisation of their investment in the Company. The Directors believe that the Offer and Admission will:</p> <ul style="list-style-type: none"> – enable the Selling Shareholders to potentially monetise their holdings, also allowing for an ongoing liquid market for their Ordinary Shares; – diversify the Company's shareholder base; – enhance the Group's public profile and status with customers, investors, landlords, developers and business partners; – assist in the recruitment, incentivisation and retention of key management and employees; and – provide the Company with access to the capital markets if necessary in the future. <p>The Company will not raise any proceeds from the Offer.</p>
E.3	Terms and conditions of the offer	<p>The Offer comprises an offer of 113,283,274 Ordinary Shares to be sold by the Selling Shareholders. The Offer comprises an offer to certain institutional and professional investors in the United Kingdom and elsewhere outside the United States in reliance on Regulation S under the Securities Act.</p> <p>Pursuant to the Offer, all Offer Shares will be sold at the Offer Price, which has been determined by the Company and the Selling Shareholders in consultation with Investec Bank plc ("Investec"). A number of factors have been considered in deciding the Offer Price and the basis of allocation under the Offer, including the level and nature of demand for Ordinary Shares and the objective of encouraging the development of an orderly after market in the Ordinary Shares.</p> <p>It is expected that Admission will take place and unconditional dealings in the Ordinary Shares will commence on the London Stock Exchange at 8.00 a.m. (London time) on 21 September 2016. Settlement of dealings from that date will be on a two-day rolling basis.</p> <p>The Offer Shares are being allocated, subject to certain conditions, by Investec pursuant to the terms of a sponsor and placing agreement dated 16 September 2016 entered into between the Company, the Directors, the Selling Shareholders and Investec (the "Placing Agreement"). The Offer is subject to the satisfaction of conditions contained in the Placing Agreement which are customary for transactions of this type, including Admission becoming effective by no later than 8.00 a.m. on 21 September 2016 or such later time and/or date as Investec may notify to the Company (not being later than 10 October 2016) and on the Placing Agreement not having been terminated prior to Admission.</p> <p>None of the Ordinary Shares may be offered for subscription, sale or purchase or be delivered, or be subscribed, sold or delivered and this Prospectus and any other offering material in relation to the Ordinary Shares may not be circulated, in any jurisdiction (including, without limitation, the US) where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration.</p>
E.4	Interests material to the offer, including conflicting interests	<p>Other than as disclosed in section B.6. of this Part I there are no other interests, including conflicting interests, that are material to the Offer.</p>
E.5	Name of offerors/Lock-up agreements	<p>Pursuant to the terms of a lock-in deed entered into on 16 September 2016, each of the Management Selling Shareholders have agreed that for a 12 month period following Admission, subject to certain customary exceptions, he or she will not offer, sell or contract to sell, or otherwise dispose of, any Ordinary Shares (or any interest therein or in respect thereof) that he or she may hold, or enter into any transaction with the same economic effect as any of the foregoing. For the 12 month period thereafter, they have each agreed not to dispose of any Ordinary Shares (or any interest therein or in respect thereof) other than through Investec (for so long as Investec is engaged as broker to the Company) with a view to maintaining an orderly market in the Company's securities.</p> <p>Pursuant to the terms of a lock-in deed entered into on 16 September 2016, the Principal Selling Shareholder has agreed that for a six-month period following Admission, subject to certain customary exceptions, it will not offer, sell or contract to sell, or otherwise dispose of, any Ordinary Shares (or any interest therein or in respect thereof) that it may hold, or enter into any transaction with the same economic effect as any of the foregoing. For the six-month period thereafter, it has agreed not to dispose of any Ordinary Shares (or any interest therein or in respect thereof) other than through Investec (for so long as Investec is engaged as broker to the Company) with a view to maintaining an orderly market in the Company's securities.</p>
E.6	Dilution	<p>No new Ordinary Shares are being issued as part of the Offer. Therefore, there will be no dilution pursuant to the Offer.</p>

E.7	Estimated expenses charged to investors by the Company	Not applicable. No commissions or expenses will be charged to any investors by the Company or the Selling Shareholders in respect of the Offer.
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PART II

RISK FACTORS

Any investment in Ordinary Shares would be subject to a number of risks. Prior to investing in the Ordinary Shares, prospective investors should consider carefully the factors and risks associated with any investment in the Ordinary Shares, the Group's business and the industry in which it operates, together with all other information contained in this Prospectus including, in particular, the risk factors described below. Additional risks and uncertainties that are not currently known to the Group, or that it currently deems immaterial, may also have an adverse effect on the Group's business, financial condition and prospects. If this occurs the price of the Ordinary Shares may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information in this Prospectus and their personal circumstances.

Prospective investors should note that the risks relating to the Group, its industry and the Ordinary Shares summarised in Part I: "Summary Information" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in Part I: "Summary" but also, among other things, the risks and uncertainties described below.

The following is not an exhaustive list or explanation of all risks that prospective investors may face when making an investment in the Ordinary Shares and should be used as guidance only. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the Group's business, financial position or prospects.

RISKS RELATING TO THE GROUP

Economic conditions beyond the Group's control could have a material adverse effect on the Group

The Group's business is influenced by general economic trends. Discretionary consumer spending, which is the principal economic driver for visits to the Group's Centres, may be adversely affected by general economic conditions. Customer volumes at the Centres, and the amount that customers spend at the Centres when they visit, may decrease if relative disposable income decreases, unemployment increases or the spending habits of potential customers change to reflect any increased uncertainty or apprehension regarding economic conditions, including as a result of the referendum vote on 23 June 2016 in favour of the United Kingdom leaving the European Union. A significant deterioration or sustained decline in economic conditions could reduce spending at the Centres and the number of admissions and, if economic conditions worsen, there can be no assurance that this will not have a material adverse effect on the Group's business, financial condition and results of operations.

Integration of the TOBC Business and the Bowlplex Business may be unsuccessful

The Group completed its acquisition of Bowlplex in December 2015, increasing the number of bowling sites in the Group's portfolio from 44 to 54. Merging businesses can place significant demands on management, employees, systems and resources and can expose the Group to new or unidentified liabilities. The merger of the TOBC Business and the Bowlplex Business may not perform in line with expectations nor may it achieve the desired level of synergy benefits on integration of the businesses. Whilst the upfront integration costs have largely been met already, there will be refurbishment costs to convert 10 Bowlplex Centres to the Hollywood Bowl brand as part of the refurbishment programme. Failure to successfully integrate the Bowlplex Business with the TOBC Business could have a material adverse effect on the Group's business, financial condition and prospects.

The Group is dependent on certain key sites

The Group's performance is dependent on a number of key sites. The Group's 12 best-performing Centres accounted for approximately 41 per cent. of total revenue in FY2015. Although the Group carries business interruption insurance at a level which the Directors consider to be customary and reasonable in the context

of the Group's business, if any event were to occur which resulted in any of these sites being required to cease operating or provide a reduced offering, this could have a material adverse effect on the Group's business, financial condition and prospects.

Future results of operations may fluctuate significantly and its recent results of operations may not be a good indication of its future performance

The Group's revenue and results of operations could vary significantly from period to period as a result of various factors, many of which are outside of its control. Comparing the Group's revenue and results of operations on a period-to-period basis may not be meaningful and past results should not be relied on as an indication of its future performance.

The Group may not be able to predict accurately its future revenue or results of operations on an annual or longer-term basis. It bases its current and future expense levels on its operating plans and sales forecasts and its operating costs are expected to be relatively fixed in the short-term. As a result, the Group may not be able to reduce its costs sufficiently to compensate for an unexpected shortfall in revenue and even a small shortfall in revenue in a quarter could harm its financial results for that quarter and cause its financial results to fall short of market expectations.

The Group may fail to identify strategic developments in the future

The Group may fail to identify and/or capitalise upon strategic opportunities and developments in the future. A failure to reshape or expand its business in line with customer requirements, or an expansion into new business areas which expose the Group to additional business risks that are different from those experienced to date, could have a material adverse effect on the Group's business, financial condition and prospects.

The Group will be subject to uncertainties relating to future expansion plans

The Group's strategy includes expanding operations through the development and acquisition of new sites. This is subject to various risks and uncertainties.

The availability of attractive locations for new openings and the opportunities for the acquisition of existing bowling centres are subject to factors that are beyond the Group's control. These include local conditions (such as availability of space or increase in demand for real estate, demographic changes and changes in planning laws), access to suitable contractors and competition. Even if the Group identifies and secures suitable opportunities, there are a number of associated risks, including construction overruns, difficulties experienced by developers with whom bowling centre businesses typically partner in financing the project, unanticipated expenses relating to planning or other laws, long lead times and delays and/or non-completion or abandonment of a project. Before or during such construction, developers could suffer difficulties such as a lack of available financing, which could result in delays, changes to plan, non-completion or abandonment of the project. Any of the foregoing could lead to delays in achieving revenues from such a project or site and/or increase costs significantly.

Moreover, the market potential of new bowling centres cannot be precisely determined, and newly opened bowling centres may not perform as expected. The Group may select the wrong location for the opening of one or more new bowling centres, which could result in lower than expected returns. In addition, if the construction of one or more bowling centres is deficient, it could adversely affect the Group's reputation and brands.

New bowling centre developments are governed by local Government planning policies. Any failure to gain any required planning permissions, including as a result of planning policies to protect greenfield sites, to support urban regeneration, to encourage the use of public transport, or otherwise, may impact the ability of the Group to continue to expand its portfolio of sites, limit the construction of additional capacity and give rise to rent increases in respect of sites in such locations.

Any of the foregoing could restrict the ability of the Group to fulfil its expansion strategy successfully, which could have a material adverse effect on its business and results of operations.

The Group is exposed to changing consumer preferences and technology

Demand for the Group's products and services may change in response to general trends in consumer preferences. This could be impacted by adverse changes in the general perception of bowling, the development of alternative forms of leisure activities and changes in technology, each of which may impact consumer habits. Any significant changes in consumer preferences or any failure by the Group to anticipate and react to such changes could result in reduced demand for the Group's products and services and weaken its competitive position.

The Group may not realise the expected benefits from planned operational or revenue enhancing capital expenditure initiatives and site improvements and refurbishments

In order to improve the efficiency of operations, the Group has implemented and continues to implement certain operational improvement initiatives, including information technology initiatives and energy saving initiatives. Furthermore, with a view to enhancing revenue and customer footfall, the Group has invested and plans to continue to invest in revenue enhancing capital expenditure, including the development and acquisition of new sites, and the refurbishment of certain existing Centres within its estate. The Group cannot give any assurance that the level of expected cost savings, increased customer footfall or revenue increases will be realised or that the operating performance will improve as a result of past, current and planned operational improvement, revenue enhancing capital expenditure initiatives or the refurbishment of certain existing Centres within its estate. The Group cannot give any assurance that any landlord contributions may be received, or that they may be of the level of landlord contributions received previously. The Group may also be subject to significant cost increases beyond its control, such as increases in statutory minimum wage requirements, rent reviews, energy prices or the cost of goods sold, which may cancel out or even exceed any benefits from operational improvements and capital expenditure initiatives.

The Group may not successfully identify and implement acquisition opportunities

To the extent that suitable opportunities arise and are identified, the Group may expand its business through the acquisition of companies, businesses, assets (including sites) and/or services from third parties. There can be no assurance that the Group will identify suitable acquisitions or opportunities, obtain any financing necessary to complete and support such acquisitions or otherwise acquire companies, businesses or assets on satisfactory terms.

In addition, there can be no certainty that any business acquired by the Group will prove to be profitable. The acquisition and integration of independent businesses is a complex, costly and time-consuming process involving a number of possible problems and risks which could have a material adverse effect on the results of the Group's business, its financial condition and prospects. This includes possible material adverse effects on the Group's operating results, diversion of management's attention, failure to retain personnel, failure to maintain customer service levels, or disruption to relationships with customers and other third parties and any acquisition may involve assuming unknown claims and liabilities. Other risks include potential difficulties in imposing adequate financial and operating controls on the acquired businesses and their management; potential difficulties in preparing and consolidating financial statements of acquired businesses in a timely manner; the general assimilation of acquired operations, technologies, systems, services, products and/or employees; and the risk that amortisation expenses or acquisition-related impairments may be incurred as a result of the cash expenditure related to such acquisitions.

In addition to any difficulties in integrating an acquired business into the Group, the Group may also experience difficulties in effectively managing an acquired business going forward and handling future growth. This will depend upon a number of factors, including the size of the acquired business or businesses, the quality of the acquired management and the nature and geographical locations of their operations.

If the Group is unable to effectively manage risks associated with acquisitions, the benefits anticipated as a result of such transactions may not be realised, which may have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's growth may be hindered by the application of competition regulations

The Group is subject to competition regulation in the UK, which could delay or prevent potential mergers or acquisitions or hinder its commercial activities in general. For example: the UK Competition and Markets Authority (the "CMA") required the Group to sell six Centres as part of the merger of the TOBC Business

and the Bowlplex Business; and imposed restrictions on the Group acquiring further ten-pin bowling businesses in certain circumstances, including placing a restriction on re-acquiring control of, or interests in, the divested Centres without CMA consent. If future acquisitions are blocked due to competition concerns, or if the Group is subject to any investigation by, or sanctions from, the competition authorities in the UK under any current or future competition legislation, there could be a material adverse effect to the Group's business, financial condition and prospects.

The Group derives a substantial proportion of its revenue from amusement and gaming machines

Approximately 23 per cent. of the Group's revenue in FY2015 was generated from amusement and gaming machines. The Group is subject to certain licensing requirements in respect of such machines (described in paragraph 12 of Part VII of this Prospectus (*Information on the Group and Business Overview*)) and there can be no guarantee that such licences will be renewed when required. If these licenses were revoked, suspended and/or not-renewed upon request, there would be an impact upon current operations and there could be an adverse effect on the Group's financial performance. The continued appeal of such activities is also dependent, in part, on the providers of such amusement and gaming machines continuing to offer innovations in the software, design and functions of the amusement and gaming machines in order to make them sufficiently attractive to consumers. Wider trends in social behaviour and leisure pursuits and increased concern about gaming generally may also impact the popularity of amusement and gaming machines. The loss of these licences or a reduction in the popular appeal of amusement and gaming machines among target consumers could have a material adverse effect on the Group's business, financial condition and prospects.

Revenues from food and beverage sales form an important part of the gross profits of the Group

Sales of food and beverages (both non-alcoholic and alcoholic) form an important part of the gross profits of the Group. The Group's food and beverage sales generally fluctuate in line with customer numbers and there is no assurance that attendance can be maintained at the current level or increased. Moreover, food and beverage spend per head may decrease due to changes in consumer preferences, decreased disposable income or other economic and cultural factors, such as the perceived disparity between the price at which food and beverage items are sold at the Group's Centres as compared to external vendors, which are often located in close proximity. In addition, the Government may, as a result of public concerns over diet and health issues including concern about the consequences of consuming alcohol; concerns over drinking and driving; and an overall trend towards a lower calorie lifestyle, implement restrictions (such as on portion size) or taxation on the marketing, advertising, sale or consumption of the food and drink (such as the proposed sugar levy on soft drinks) that are sold at the Group's Centres. Such restrictions, if implemented, could lead to a decline in food and beverage sales, which could have a material adverse effect on the business and results of operations of the Group.

Furthermore, the Group is subject to licensing requirements at each of its venues where alcohol is served (described in paragraph 12 of Part VII of this Prospectus (*Information on the Group and Business Overview*)). Alcohol represents a large proportion of the Group's drinks trade and the loss of these licences or an erosion in the level of consumption of alcoholic beverages could have a material adverse effect on the Group's business, financial condition and prospects.

The Group is reliant on key suppliers

The Group relies on key suppliers for certain requirements of the Group's business. In the event that a key supplier ceased to trade or was otherwise unable to continue to supply the Group it is possible that an adequate alternative source of supply may not be identified in the short term, or might only be available on terms less favourable than those offered by the previous supplier, which could have a material adverse effect on the operation of the Group's business, financial condition and prospects.

The Group is subject to risks relating to leases

The Group's business currently operates from a portfolio of 54 properties comprised entirely of leasehold interests, resulting in rental costs that represent a substantial portion of its cost of sales. Such leasehold interests are generally subject to periodic rent reviews. As a result, the Group is susceptible to changes in the property rental market, such as increases in market rents, which it may not be able to pass on to customers in the form of higher prices. Any such rental increases may negatively impact on the Group's margins and could have a material adverse effect on its business, results of operations and financial

condition. In addition, it may not be possible to terminate a lease on an underperforming site before the initial term expires, even if operations cease on such site, which could limit the ability of the Group to expand in other locations and which could adversely affect its profitability.

Furthermore, as a consequence of its tenancy of these leasehold properties, the Group has a relatively high fixed cost element to its business which means that financial performance is relatively sensitive to reductions in revenue.

Negative publicity relating to one of the Group's Centres or brands could reduce revenues at some or all of the Group's Centres

The Directors believe that the Group is able to derive significant value from its brands through customer awareness and retention, as well as through marketing and promotional campaigns. However, the Group may, from time to time, receive negative publicity relating to: alcohol consumption or quality; food quality; customer service; health inspection scores; employee conduct; food contamination or other matters at one or more of its sites. Adverse publicity may negatively affect the Group, regardless of whether the allegations are valid, whether they are limited to just a single location or whether the Group is at fault. The negative impact of adverse publicity relating to one of the Group's Centres may extend beyond the site involved to affect some or all of the other sites with the same brand, or the Group's other sites (for example, an incident involving a Centre could have a material adverse effect on another Centre due to their association with one another). The Group invests in the maintenance and promotion of its brand image and, although the Directors are confident that the Group's businesses will continue to enjoy a favourable brand image, there can be no assurance that the Group's brands will continue to be viewed in a favourable light. The occurrence of such an event could have a material adverse effect on the Group's business, financial condition and prospects.

The business of the Group is subject to significant competitive pressures

The Group's Centres are subject to competition in the geographic areas in which they operate. Competitors may be national, regional or independent operators. Competition among bowling companies arises in the following areas:

- *Acquiring and developing locations for new Centres* – The Group competes with other bowling operators and other businesses in their efforts to locate and acquire attractive sites for their operations. Competitors have built, or may be planning to build, bowling sites in certain areas where the Group's Centres operate, which could result in excess capacity and increased competition. Competition for new and desirable locations is strong and the Group will not be able to prevent competitors from opening bowling sites which in turn may reduce attendance levels at the Group's Centres.
- *Attracting customers* – The competition for customers is dependent upon factors such as the location (including the size and demographics of the catchment area) pricing, bowling lane availability, the quality and attractiveness of amusement and gaming machines, customer service quality and the quality of the bowling sites, and food and beverage offerings.

The Group may also face increased competition from others in the leisure market with greater financial resources or which undertake an aggressive pricing policy.

To this end, there can be no assurance that the Group will be able to compete successfully in the market in which it operates. If the Group is unable to compete effectively with its competitors, that could have a material adverse effect on the Group's business, financial condition and prospects.

The Group relies on key personnel and on its ability to attract and retain employees

The Group benefits from a senior management team with many years of experience in the leisure industry, however, current and future performance of the Group depends to a significant degree upon the continued contributions of the senior management team and other key personnel in respect of the Group's business. In addition, the Group's future success depends in part on its ability to continue to recruit, train, motivate and retain employees. The loss or unavailability of any member of the senior management team or a key employee, or the failure of the Group to attract, retain and appropriately manage new employees, could have a material adverse effect on the Group's business, financial condition and prospects.

Brighton Marina, Landlord Option

The Group's leasehold interest in the Bowlplex Centre in Brighton Marina is subject to a call option in favour of the landlord (the "**Option**").

There are two pre-conditions to the exercise of the Option: (1) the passing of a resolution by the local planning authority permitting the redevelopment of the landlord's property (or a substantial part of it) which is required to include either: (i) a redevelopment of all or part of the Centre; or (ii) a redevelopment that otherwise materially affects the Group's rights as tenant (as at 15 September 2016, being the latest practicable date prior to the publication of this Prospectus, the Group had not received any written notice of such planning applications being made); and (2) where the proposals for redevelopment include the construction of a new bowling alley, the landlord must first offer Bowlplex (but not otherwise) a right of pre-emption in relation to the occupation of the new bowling alley. There is no obligation on the landlord to include a bowling alley in any new redeveloped scheme.

In the event that the Option is exercised, this would result in the termination of the Brighton Marina lease. If no replacement lease is entered into as a result, or any such replacement lease granted to Bowlplex is on less favourable terms, this could have a material adverse effect on the Group's business and financial condition. For FY2015 this Centre generated EBITDA of approximately £780,000 (prior to its acquisition of this Centre as part of the Group's acquisition of Bowlplex).

Surrey Quays, Agreement for Surrender

The Group's leasehold interest in the Hollywood Bowl Centre at Surrey Quays is subject to a surrender agreement with the landlord (the "**Surrender Agreement**").

The Surrender Agreement provides for a right for the landlord to serve notice on the tenant to determine the lease by giving not less than 6 months' written notice at any point up to and until 1 January 2019 following which the Surrender Agreement will terminate. Upon service of such notice, the landlord is required to make a notice payment with a further premium payable by the landlord upon completion of the surrender. The EBITDA forecast for this Centre for FY2016 is approximately £820,000 and the term of this lease ends on 24 March 2023.

As operations at this site would cease upon surrender of the lease, an exercise of this right by the landlord could have a material adverse effect on the Group's business and financial condition. For FY2014 and FY2015 this Centre generated approximately 3.9 per cent. and 3.6 per cent. (respectively) of the Group's Adjusted EBITDA.

The Group may be forced to close Centres temporarily due to unforeseen circumstances

The Group may be forced to temporarily close Centres due to any number of unforeseen circumstances, including as a result of fire, flood, technical difficulties, loss of power, a health and safety incident, a terrorist incident or natural disaster. Any prolonged closure could have a material adverse effect on the Group's business, financial condition and prospects. Any losses may be in excess of, or outside the scope of, the Group's insurance.

The Group is subject to various Government regulations, and failure to comply with existing or future Government regulations could damage the Group's reputation, subject it to regulatory actions, materially reduce its revenues or otherwise adversely affect its business

The operation of bowling sites is subject to various EU, national and local laws, rules and regulations, including with respect to the environment, food and drink retailing, gaming, sanitation and labour and immigration laws (including, among others, minimum wage requirements, overtime and work authorisation requirements).

The Group's Centres also sell food and drink, the sale of which involves legal, reputational and other risks. For example, the Group may need to withdraw food products if they become contaminated or, as a reseller of food, the Group may be liable if the consumption of any of the products the Group sells causes illness or injury. Claims of illness, whether or not traced to the Group's businesses, that relate to food quality or handling, could also adversely affect admissions to the Group's Centres. In addition, any negative publicity relating to these and other health-related matters might affect consumers' perceptions of the Group's Centres

and restaurants, or bowling centres in general, and reduce admissions materially, and cause damage to the reputation of, and loss of consumer confidence in, the Group.

If the Group's Centres are found to be in breach of laws, rules and regulations applicable to them, the Centres could face regulatory fines, be required to pay damages to private litigants, have their licences revoked and/or face closure for a period of time. Furthermore, the cost of addressing or remedying any such non-compliance could be substantial. Moreover, adverse publicity could damage the reputation of the Group which could negatively impact its revenue. New laws, regulations or amendments to existing laws or regulations could also require significant unanticipated expenditure or impose restrictions on the use of locations, or impact on overall demand for the Group's products and services. Any of the foregoing could have a material adverse effect on the business, results of operations and/or financial condition of the Group.

The Group may not be able to protect its intellectual property adequately, which may harm the value of its brands and could have a material adverse effect on its business, financial condition and prospects

The Group depends on its brands and the Directors believe that they are important to its business. The success of the Group's business depends, in part, on its continued ability to use its existing trademarks in order to increase brand awareness. Although the Group has registered its key brands for trademark protection in the United Kingdom, that may be inadequate to prevent imitation of the Group's brands and concepts by others (whether in the United Kingdom or elsewhere) or to prevent others from claiming violations of their trademarks and proprietary rights by the Group. If the Group's efforts to protect its intellectual property prove to be inadequate, the value of the Group's brands could be harmed, which could have a material adverse effect the Group's business, financial condition and prospects.

Failure to comply with data protection legislation or a security breach or system failure in the Group's technical or information technology infrastructure could have a material adverse effect on the Group's business, financial condition and prospects

Despite the security measures the Group has in place to comply with applicable laws, regulations and standards, its facilities and systems, and those of its third party providers, may be vulnerable to security breaches, acts of cyber terrorism or sabotage, vandalism or theft, computer viruses, misplaced or lost data, programming and human errors or other similar events. A breach of data protection legislation involving the misappropriation, loss or other unauthorised disclosure of sensitive or confidential employee or staff information, including the use of such information for direct marketing purposes, could result in regulatory action, compensation claims and adverse publicity. In addition, compliance with evolving privacy and security laws, requirements and regulations may result in cost increases due to necessary systems changes, new limitations or constraints on the Group's business models and the development of new administrative processes. Any of the foregoing could have a material adverse effect on the Group's business, financial condition and prospects.

The Group may be unable to obtain additional financing on acceptable terms

The capital requirements of the Group depend on many factors, including its ability to maintain and expand its customer base, securing and developing new revenues, and potential acquisitions. In the future (being a date not earlier than a date which is 12 months from the date of this Prospectus), the Group may require additional funds and may attempt to raise additional funds through equity or debt financing or from other sources to fund its growth strategy. Any additional equity financing may be dilutive to holders of Ordinary Shares and any debt financing, if available, may require restrictions to be placed on the Group's future financing and operating activities. The Group may be unable to obtain additional financing on acceptable terms if market and economic conditions, the financial condition or operating performance of the Group or investor sentiment are unfavourable. In turn, the inability of the Group to raise further funds may hinder its ability to operate, refinance or grow in the future although, taking into account the bank facilities available to the Group, the Company is of the opinion that the working capital available to the Group is sufficient for at least 12 months from the date of this Prospectus. This paragraph is not intended to qualify the Working Capital Statement set out in *Part XV (Additional Information)* of this Prospectus.

The Group is subject to litigation risk

Whilst the Group has taken and intends to continue to take, such precautions as it regards appropriate to avoid or minimise the likelihood of any legal proceedings or claims, or any resulting financial loss to the Group, the Directors cannot preclude the possibility of litigation being brought against the Group.

There can also be no assurance that the other parties in any litigation proceedings will not be able to devote substantially greater financial resources than the Group to any litigation proceedings or that the Group will prevail in any such litigation. Any litigation, whether or not determined in the Group's favour or settled by the Group, may be costly and may divert the efforts and attention of the Group's management and other personnel from normal business operations.

The Group's insurance may not be adequate to cover all losses

Whilst the Group maintains insurance that it considers adequate in terms of scope, there are limitations (including as a result of customary deductibles and exclusions) on the total coverage for all aspects of the insurance policies, including for professional indemnity claims. As such, the Group's insurance may not be adequate to cover all losses. The Group will be responsible for any claims over and above the coverage limits and for any claims which are not covered by the Group's insurance policies.

Although the Group has historically been able to obtain insurance coverage that it believes is appropriate, it is possible that insurance costs may increase substantially in the future or that the availability of insurance coverage for certain risks may be withdrawn completely or increase significantly in cost. In these circumstances, the Group may be unwilling or unable to obtain commercial insurance either at acceptable prices or at all and, as such, may have to forego or limit its purchase of relevant commercial insurance.

The Group will incur additional costs as a listed company

As a listed company, the Company will incur significant legal, accounting and other expenses, including the costs of recruiting and retaining non-executive directors, costs resulting from public company reporting obligations and the rules and regulations regarding corporate governance practices, including the admission and listing requirements of the London Stock Exchange and the Financial Conduct Authority. The Company's management and other employees will need to devote a substantial amount of time to ensure that the Company complies with all of these requirements. The reporting requirements, rules and regulations will increase the Company's legal and financial compliance costs and make some activities more time-consuming and costly. These rules and regulations will make it more difficult and more expensive for the Company to obtain director and officer liability insurance and the Company may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These factors could also make it more difficult for the Company to attract and retain qualified persons to serve on the Board, particularly to serve on any board committees, or as executive officers.

Any change in the tax status of any member of the Group or in tax legislation could affect the Company's ability to provide returns to shareholders

Any change in the tax status of any member of the Group or in tax legislation could affect the Company's ability to provide returns to shareholders. Statements in this Prospectus in relation to tax and concerning the taxation of investors in Ordinary Shares are based on current tax law and practice which is subject to change. The taxation of an investment in the Company depends on the specific circumstances of the relevant investor. The nature and amount of tax which members of the Group expect to pay and the reliefs expected to be available to any member of the Group are each dependent upon a number of assumptions, any one of which may change and which would, if so changed, affect the nature and amount of tax payable and reliefs available.

The Group's policies, procedures and practices used to identify, monitor and control a variety of risks may not be effective

The Group's policies, procedures and practices used to identify, monitor and control a variety of risks may not be effective.

The Group's risk management procedures and practices are also subject to human error, technological failure and fraud. There can be no assurance that the Group will continue to set risk management parameters accurately, that its testing and quality control practices will be effective in preventing technical software or

hardware failure or that its employees will accurately and appropriately apply the Group's risk management procedures. Any failures in this regard could have a material adverse effect on the Group's business, financial condition and prospects.

Additional risks may arise for the Group as a result of civil unrest, terrorism or other events beyond their control

Bowling centres may be affected by civil unrest or terrorist acts which could cause the public to avoid them. This could be the case as a result of incidents in the locations in which the Group operates or in other areas that increase general unease in the locations in which they operate. Road closures or reduced availability of public transport, whether as a result of such events or more generally, could also adversely impact sales. Any of the foregoing could have a material adverse effect on the results of operations and financial condition of the Group.

RISKS RELATING TO INDUSTRY

Demand for the activities of the Group can be subject to changes in public tastes and preferences

The popularity of ten-pin bowling and its general social image among target consumers may have a substantial impact on the level of consumer spending on it. Factors that may influence the popularity of these activities include trends in social behaviour and leisure pursuits. The Group is dependent on the public's continued interest in ten-pin bowling for generation of revenues and cash flow. A reduction in the popular appeal of ten-pin bowling among the Group's target consumers could have a material adverse effect on the Group's business, financial condition and prospects.

Demand for indoor leisure activities can be seasonal and subject to fluctuations in demand

Indoor leisure activities such as ten-pin bowling are subject to seasonal demand variations. For example, demand for indoor activities can decrease substantially during periods of warm, dry weather or where there are unusual weather conditions such as heavy snow, icy conditions or high winds which encourage people to stay at home. In addition, revenues at ten-pin bowling venues tend to be stronger during school and public holidays. In some cases, these factors may combine, for example, the dates on which certain public holidays fall in the UK such as Easter. Although the budgetary process of the Group factors seasonal variations into account, a departure from normal seasonal and climate trends could have a material adverse effect on the Group's business, financial condition and prospects.

The Group operates in the leisure sector and its business may be significantly adversely affected by economic conditions and other factors in the UK affecting levels of disposable income and consumer confidence

The Group currently operates exclusively in the UK, which exposes it to adverse developments related to competition, changes in consumer preference, general deterioration in economic conditions or demographic changes in the UK market. Adverse developments in macroeconomic conditions, which result in the lower availability of credit, higher interest rates and tax rates, increased unemployment, higher consumer debt levels, lower consumer confidence, lower wage and salary levels, inflation or the public perception that any of these conditions may occur, could adversely impact revenues of the Group. Macroeconomic conditions and uncertainties may also impact the Group's suppliers in ways that would adversely affect the Group's business, including supplier closures or increases in costs of equipment or services. Lower levels of future economic growth or any deterioration in the UK economy could have a material adverse effect on the Group's business, financial condition and prospects, including as a result of the referendum vote on 23 June 2016 in favour of the United Kingdom leaving the European Union.

Increases in the UK national minimum wage could affect the Group's business

In April 2016, the UK Government introduced the national living wage of £7.20 an hour for people aged 25 and over. Because a significant proportion of the Group's employees are paid either the national minimum wage or the national living wage, any further increase in the national minimum wage or the national living wage, or its scope, would increase the Group's operating and employment costs and, in turn, could have a material adverse effect on the Group's business, financial condition and prospects.

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

As at 31 March 2016, the Group employed approximately 11 per cent. of its staff under zero hour employment contracts, which do not entitle an employee to guaranteed working hours and do not oblige the employer to provide work to the employee. The use of zero hour employment contracts has received negative publicity in the press and the Government is reviewing the regulatory framework. Any future changes to zero hour contracts may result in the loss of operational flexibility and increased costs for the Group, which could in turn have a material adverse effect on the Group's operating results, financial condition and prospects.

An increase in energy costs may negatively affect the profitability of the Group's business

The Group's Centres are relatively large commercial users of gas and electricity and are subject to fluctuations in energy costs. Prices in the UK energy market remain subject to volatility and, if rises were to occur (including as a result of a depreciation of Pounds Sterling), this could result in a reduction of margins and profits from the Group's operating premises, which in turn could have a material adverse effect on the Group's business, financial condition and prospects.

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

Business activities are affected by a number of fiscal-related matters

These matters include duty on alcoholic beverages, VAT and other business taxes. Changes in legislation which affect all or any of these could have a material adverse effect on the Group's business, financial condition and prospects.

Changes to laws and regulations

The Group's business is affected by various UK statutes, regulations and laws as well as an increasing number of other directly applicable laws and regulations that originate outside of the UK.

Accordingly, the Group must comply with laws applicable to businesses generally, including, but not limited to, laws affecting health and safety, the environment, taxation, protection of customer and employee data, landlord and tenant, consumer safety, labour, employment practices (including pensions) and competition. It is possible that additional laws and regulations may be enacted covering such issues. The requirement to comply with and adapt to such new or revised laws or regulations, or new or changed interpretations or enforcement of existing laws or regulations, could have a material adverse effect on the Group's business, financial condition and prospects.

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

Hourly-paid Group employees receive 'rolled-up' holiday pay. This means that, rather than being paid at the time that they take holiday, employees receive a holiday payment over and above their hourly-rate for hours worked. It is probable that this practice is not in accordance with UK legislative requirements on holiday pay, however provided that employees have actually received the correct amount of holiday pay there is unlikely to be any financial consequence. The Group has received legal advice on this issue and the Directors intend to continue to monitor the potential impact on the Group's employment arrangements. A series of recent European and domestic legal judgments suggest that the minimum four weeks' statutory annual leave granted to workers must, in certain circumstances, take account of non-guaranteed compulsory overtime and commission payments. The correct treatment of overtime and commission payments for holiday pay purposes in the UK is not yet clear. Along with many other UK businesses, however, the Group may have potential historic, unpaid holiday pay liability and the risk of increased costs in the future. The Government has implemented regulations designed to limit the impact of these decisions by limiting claims for holiday pay to two years' arrears of holiday pay for claims brought after 1 July 2015. The Group has proactively addressed potential risk by implementing a new methodology for calculating holiday pay in July 2016.

RISKS RELATING TO THE OFFER AND THE SHARES

The Group's ability to pay dividends in the future is not certain

The Group may not be able to, or may choose not to, pay dividends in the future. The payment of future dividends will depend on, among other factors, the Group's future profits, financial position, distributable reserves, working capital requirements, finance costs, general economic conditions and other factors that the Directors deem significant from time to time. The Group may choose not to pay dividends if the Directors believe that this could cause any member of the Group to be less than adequately capitalised or if for any other reason the Directors conclude it would not be in the best interests of the Group. Accordingly, there can be no assurance that the Group will pay dividends or, if it does choose to pay dividends, as to the amount of such dividends.

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

Immediately following Admission, the Principal Selling Shareholder is expected to beneficially own or control approximately 17.8 per cent. of the Ordinary Shares. On 16 September 2016, the Company and the Principal Selling Shareholder entered into the Relationship Agreement, which, conditional upon Admission, will regulate aspects of the ongoing relationship between the Company and the Principal Selling Shareholder. The Directors believe that the terms of the Relationship Agreement will enable the Group to carry on as an independent business, however the interests of the Principal Selling Shareholder may not necessarily be aligned with those of other Shareholders following Admission. In particular, the Principal Selling Shareholder may hold interests in, or may make acquisitions of or investments in, other businesses that may be, or may become, competitors of the Group. Under the terms of the Relationship Agreement, the Selling Shareholder will have a right to appoint a non-executive director to the Board. If, at any time following Admission, the Principal Selling Shareholder holds less than 10 per cent. of the Ordinary Shares, the Relationship Agreement will terminate with immediate effect.

The market price of the Ordinary Shares could be negatively affected by sales of substantial numbers of such shares in the public markets, including following the expiry of the lock-up periods, or the perception that these sales could occur

Following Admission, the Principal Selling Shareholder is expected to beneficially own or control approximately 17.8 per cent. of the Ordinary Shares. The Directors, the Principal Selling Shareholder and the Management Selling Shareholders are subject to certain lock-up restrictions on the sale and/or transfer, as applicable, of their respective holdings in the Company's issued share capital for a period post Admission. The sale of a substantial number of Ordinary Shares by the Directors, the Principal Selling Shareholders or the Management Selling Shareholders in the public market after the lock-up restrictions expire (or are waived by Investec), or the perception that these sales may occur, may depress the market price of the Ordinary Shares and could impair the Company's ability to raise capital through the issue of additional equity securities.

Absence of prior trading market

Prior to Admission, there has been no public trading market for the Ordinary Shares and a market for the Ordinary Shares may not develop after Admission. The Offer Price may not be indicative of the market price for the Ordinary Shares following Admission. Following Admission, the trading price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including those referred to in this Part II, as well as stock market fluctuations and general economic conditions that may adversely affect the market price of the Ordinary Shares, regardless of the Company's actual performance or conditions in its key markets.

If securities or industry analysts do not publish research or reports about the Group's business, or if they downgrade their recommendations, the market price of the Ordinary Shares and their trading volume could decline

The trading market for the Ordinary Shares may be influenced by the research and reports that industry or securities analysts publish about the Group or its business. If any of the analysts that cover the Group downgrade the Group or the Ordinary Shares, the market price of the Ordinary Shares may decline. If analysts cease coverage of the Group or fail to regularly publish reports on it, this could adversely affect the Group's profile in the financial markets, which in turn could cause the market price of the Ordinary Shares and their trading volume to decline.

The market price of the Ordinary Shares may fluctuate significantly

Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them. In addition, the market price of the Ordinary Shares may prove to be highly volatile. The market price of the Ordinary Shares may fluctuate significantly in response to a number of factors, some of which are beyond the Group's control, including: variations in operating results in the Company's reporting periods; changes in financial estimates by securities analysts; poor stock market conditions affecting companies engaged in the leisure sector; acquisitions, joint ventures or other capital commitments; additions or departures of key personnel; any shortfall in revenues or net profit or any increase in losses from levels expected by securities analysts; and future issues or sales of Ordinary Shares. Any or all of these events could result in a material decline in the price of the Ordinary Shares and/or impair the Company's ability to raise capital through future issues of equity securities.

Suitability of the Ordinary Shares as an investment

The Ordinary Shares may not be a suitable investment for all recipients of this Prospectus. Before making a final decision, Shareholders and other prospective investors are advised to consult an appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000 if such Shareholder or other prospective investor is resident in the UK or, if not, from another appropriately authorised independent financial adviser who specialises in advising on acquisitions of shares and other securities.

The value of the Ordinary Shares and the income received from them can go down as well as up and Shareholders may receive less than their original investment.

In the event of a winding up of the Company, the Ordinary Shares will rank behind any liabilities of the Company and therefore any return for Shareholders will depend on the Company's assets being sufficient to meet the prior entitlements of creditors.

Further issuances of Ordinary Shares may be dilutive

The Company may decide to offer additional shares in the future for capital raising or other purposes. Shareholders who do not take up or who are not eligible to take up such an offer will find their proportionate ownership and voting interests in the Company reduced. An additional offering could also have a material adverse effect on the market price of the Ordinary Shares as a whole.

A liquid market for the Ordinary Shares may fail to develop

Admission should not be taken as implying that there will be a liquid market for the Ordinary Shares. Although the Company has applied for Admission, there can be no assurance that an active trading market for the Ordinary Shares will develop or, if developed, will be sustained. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected.

Overseas shareholders may be subject to exchange rate risk

The Ordinary Shares and any dividends to be paid in respect of them will be denominated in Pounds Sterling. An investment in Ordinary Shares by an investor whose principal currency is not Pounds Sterling exposes the investor to foreign currency exchange rate risk. Any appreciation of Pounds Sterling in relation to such foreign currency will reduce the value of the investment in the Ordinary Shares or any dividends in foreign currency terms.

The ability of Overseas Shareholders to bring actions or enforce judgments against the Group or its directors or officers may be limited

The ability of an Overseas Shareholder to bring an action against the Group may be limited under law. The rights of Shareholders are governed by English law and the Articles. These rights differ from the rights of shareholders in typical US corporations and some other non-UK corporations. An Overseas Shareholder may not be able to enforce a judgement against some or all of the Group's directors and/or executive officers. In addition, English or other courts may not impose civil liability on the Group's directors, and/or the other executive officers in any original action based solely on foreign securities laws brought against the Group or the Group's directors and/or the other executive officers in a court of competent jurisdiction in England.

Pre-emption rights may not be available to US and other Overseas Shareholders

In the case of certain increases in the issued share capital of the Company, existing holders of Ordinary Shares are generally entitled to pre-emption rights to subscribe for such shares, unless such rights are waived by a resolution at a meeting of the Shareholders, or in certain other circumstances as stated in the Company's Articles. US and certain other Overseas Shareholders are customarily excluded from exercising any such pre-emption rights they may have unless a registration statement under the Securities Act or other applicable laws is effective with respect to those rights or an exemption from the registration requirements or similar requirements in other jurisdictions thereunder is available.

The Company has no current intention to file any such registration statement, and cannot assure prospective investors that any exemption from any such registration requirements would be available to enable US or other Overseas Shareholders to exercise such pre-emption rights or, if available, that it will utilise any such exemption, which could lead to US or other Overseas Shareholders having their shareholdings in the Company diluted in the event that the Company issues additional equity securities.

PART III

IMPORTANT INFORMATION

GENERAL

The information below is for general guidance only and it is the responsibility of any person or persons in possession of this Prospectus to inform themselves of and to observe, all applicable laws and regulations of any relevant jurisdiction.

Prospective investors should only rely on the information contained in this Prospectus. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, no such information or representation may be relied upon for any purpose. In particular, the contents of the websites of members of the Group do not form part of this Prospectus and prospective investors should not rely on them. The Company will comply with its obligations to publish a supplementary prospectus pursuant to 87G of FSMA and Rule 3.4 of the Prospectus Rules containing further updated information required by law or by any regulatory authority but, except as required by the Listing Rules, the Prospectus Rules, the Disclosure and Transparency Rules or any other applicable law, the Company assumes no further obligation to publish additional information. Without prejudice to the Company's legal or regulatory obligations to publish a supplementary prospectus, neither the delivery of this Prospectus or Admission shall, under any circumstances, create any implication that there has been no change in the affairs of the Group since the date of this Prospectus or that the information is correct as of any time subsequent to the date of this Prospectus.

Prior to making any decision as to whether to invest in the Ordinary Shares, prospective investors should read this Prospectus in its entirety. In making an investment decision, each prospective investor must rely on his, her, or its own examination, analysis and enquiry of the Company, the Ordinary Shares and the terms of the Offer, including the merits and risks associated with such an investment. Investors who purchase Ordinary Shares in the Offer will be deemed to have acknowledged that: (i) they have not relied on any of Investec or any person affiliated to Investec in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; (ii) they have relied only on the information contained within in this Prospectus; and (iii) no person has been authorised to give any information or to make any representation concerning the Group or the Ordinary Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or Investec.

None of the Company, the Directors, Investec or any of their respective affiliates, officers, employees, or representatives makes or will make any representation to any prospective investor in the Ordinary Shares under the laws applicable to any such prospective investor. The contents of this Prospectus should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, financial or tax adviser for legal, financial or tax advice in relation to an investment in the Ordinary Shares.

FORWARD LOOKING STATEMENTS

This Prospectus contains statements that are or may be deemed to be, "forward looking statements". All statements other than statements of historical facts included in this Prospectus may be forward looking statements, including statements that relate to the Group's future prospects, developments and strategies.

Forward looking statements are identified by their use of terms and phrases such as "believe", "targets", "expects", "aim", "anticipate", "projects", "would", "could", "envisage", "estimate", "intend", "may", "plan", "will", "shall" or the negative of any of those or variations or comparable expressions, including references to assumptions. The forward looking statements in this Prospectus are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results, performance and achievements to differ materially from any results, performance or achievements expressed or implied by such forward looking statements. Factors that may cause actual results to differ materially from those expressed or implied by such forward looking statements include, but are not limited to, those described in the risk factors as set out in Part II (*Risk Factors*) of this Prospectus. These forward looking statements are based on numerous assumptions regarding the present and future business strategies of such entity and the environment in which each will operate in the future. All subsequent oral or written forward looking

statements attributed to the Company or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above.

Each forward looking statement speaks only as at the date of this Prospectus. Except as required by law, regulatory requirement, the Prospectus Rules, the Listing Rules and the Disclosure and Transparency Rules, neither the Company nor any other party intends to update or revise these forward looking statements, whether as a result of new information, future events or otherwise.

You are advised to read this Prospectus and, in particular, Part I (*Summary*), Part II (*Risk Factors*), Part VII (*Information on the Group and Business Overview*) and Part IX (*Operating and Financial Review*) for a further discussion of the factors that could affect the Group's future performance and the industries and markets in which it operates. In light of these risks, uncertainties and assumptions, the events described in the forward looking statements in this Prospectus may or may not occur. Investors should note that the contents of these paragraphs relating to forward looking statements are not intended to qualify the statements made as to sufficiency of working capital in this Prospectus.

PRESENTATION OF FINANCIAL INFORMATION

The Company and the Operating Group publish their financial statements in pounds sterling. The abbreviation "£'000" represents thousands of pounds sterling and references to "pence" and "p" represent pence in the UK.

The financial information presented in a number of tables in this Prospectus has been rounded to the nearest whole number or the nearest decimal place. Therefore, the sum of the numbers in a table may not conform exactly to the total figure given for that table. In addition, certain percentages presented in the tables in this Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Certain non-IFRS measures such as EBITDA and Adjusted EBITDA have been included in the financial information, as the Directors believe that these provide important alternative measures with which to assess the Group's performance. You should not consider EBITDA or Adjusted EBITDA as an alternative for revenue or operating profit, which are IFRS measures. Additionally, the Company's calculation of EBITDA or Adjusted EBITDA may be different from the calculation used by other companies and therefore comparability may be limited.

In this Prospectus, any reference to "pro forma" financial information is to information which has been extracted without material adjustment from the unaudited pro forma financial information contained in Part XII: (*Unaudited Pro Forma Financial Information*). The unaudited pro forma statement of consolidated net assets is based on the audited consolidated net assets of the Group as of 31 March 2016 as set out in Section B of Part XI: (*Historical Financial Information*). The unaudited pro forma statement of consolidated net assets includes certain adjustments in respect of the Offer, the Reorganisation and the refinancing of existing debt facilities which might have affected the financial information presented had they occurred on 31 March 2016. However, the unaudited pro forma statement of consolidated net assets is not necessarily indicative of what the financial position of the Group would have been had the Offer and the Reorganisation occurred on 31 March 2016.

The unaudited pro forma financial information is for illustrative purposes only and in accordance with Annex II of the Prospectus Rules and should be read in conjunction with the notes set out in Part XII (*Unaudited Pro Forma Financial Information*). Because of its nature, the unaudited pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position as of 31 March 2016. Future results of operations may differ materially from those presented in the unaudited pro forma information due to various factors.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The financial statements of the Company are prepared in accordance with IFRS as endorsed and adopted by the European Union and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as endorsed and adopted by the European Union.

The Operating Group's consolidated historical financial information included in Section B of Part XI (*Historical Financial Information*) has been prepared in accordance with the requirements of the Prospectus Directive and the Listing Rules and in accordance with IFRS as adopted by the EU. The significant accounting policies are set out within note 2 of the Operating Group's consolidated historical financial information in Section B of Part XI (*Historical Financial Information*).

DISTRIBUTION OF THIS PROSPECTUS

This Prospectus does not constitute and may not be used for the purposes of, an offer to sell or issue or the solicitation of an offer to buy or subscribe for any Ordinary Shares to or from any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The distribution of this Prospectus and the offer and sale of the Ordinary Shares in certain jurisdictions may be restricted by law and regulation. Other than in the United Kingdom, no action has been taken or will be taken by the Company or Investec that would permit a public offering of the Ordinary Shares, or possession or distribution of this Prospectus (or any other offering or publicity materials or application form(s) relating to the Ordinary Shares) in any jurisdiction where action for that purpose may be required or doing so is restricted by law. Accordingly, neither this Prospectus, nor any advertisement, nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required to inform themselves about and to observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions.

Prospective investors must inform themselves as to:

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

ADVICE

Nothing contained in this Prospectus is intended to constitute investment, legal, tax, accounting or other professional advice. This Prospectus is for information only and nothing in this Prospectus is intended to endorse or recommend a particular course of action. Prospective investors must rely upon their own professional advisers, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein. Statements made in this Prospectus are based on the law and practice currently in force in England and Wales and are subject to change.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

In relation to each Member State, an offer to the public of any Ordinary Shares may not be made in that Member State, except that an offer to the public in that Member State of any Ordinary Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Member State:

- (a) to any legal entity which is a "qualified investor" as defined under the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than "qualified investors" as defined in the Prospectus Directive) per Member State, subject to obtaining the prior consent of Investec; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of any Ordinary Shares shall result in a requirement for the Company or Investec to publish a prospectus pursuant to Article 3 of the Prospectus Directive or a supplemental prospectus pursuant to Article 16 of the Prospectus Directive and each person who initially acquires any Ordinary Shares

or to whom any offer is made will be deemed to have represented, warranted and agreed to and with Investec and the Company that it is a “qualified investor” within the meaning of the law in that Member State implementing Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an ‘offer to the public’ in relation to any Ordinary Shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the Offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase any Ordinary Shares, as the same may be varied for that Member State by any measure implementing the Prospectus Directive in that Member State.

In the case of any Ordinary Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Ordinary Shares acquired by it pursuant to the Offer have not been acquired on a non discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Ordinary Shares to the public other than their offer or resale in a relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Company and Investec has been obtained to each such proposed offer or resale.

CERTAIN NON-UNITED KINGDOM RECIPIENTS

This document is not for distribution into Australia, Canada, the Republic of South Africa, New Zealand, Japan or the United States. The issue of the Ordinary Shares has not been and will not be, registered under the applicable securities laws of Australia, Canada, the Republic of South Africa, New Zealand, Japan or the United States and, subject to certain exceptions, the Ordinary Shares may not be offered or sold directly or indirectly within Australia, Canada, the Republic of South Africa, New Zealand, Japan or the United States or to, or for the account or benefit of, any persons within Australia, Canada, the Republic of South Africa, New Zealand, Japan or the United States.

No securities commission or similar authority in Canada has in any way passed on the merits of the securities offered hereunder and any representation to the contrary is an offence.

No document in relation to the issue of the Ordinary Shares has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission.

No registration statement has been, or will be, filed with the Japanese Ministry of Finance in relation to the issue of the Ordinary Shares.

The Ordinary Shares have not been and will not be registered under the Securities Act or any US state securities laws. The Ordinary Shares may not be offered, sold, pledged or otherwise transferred, directly or indirectly, within the US (as defined in Regulation S under the Securities Act) unless the Offer and sale of the Ordinary Shares has been registered under the Securities Act or pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act. The Ordinary Shares are being offered and sold only in “offshore transactions” outside the US in reliance on Regulation S.

The Ordinary Shares have not been approved or disapproved by the SEC, any US state securities commission or any other US regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Ordinary Shares or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the US.

NO INCORPORATION OF WEBSITE INFORMATION

The contents of the Group’s website or any website directly or indirectly linked to this website have not been verified and do not form any part of the Prospectus and prospective investors should not rely on such information.

MARKET AND ECONOMIC DATA

This Prospectus contains information regarding the Group’s business and the market in which it operates and competes, which the Company has obtained from third-party sources. All information from a third-party

is sourced where it appears. Where information has been sourced from a third-party it has been accurately reproduced and so far as the Company is aware and is able to ascertain from the information published by that third-party, no facts have been omitted which would render the reproduced information inaccurate or misleading as at the date of this Prospectus. Such information has not been audited or independently verified by the Company or any other third-party and may be updated by such third-party.

REFERENCES TO DEFINED TERMS

Capitalised terms used in this Prospectus are defined in Part XVI (*Definitions*).

LONDON TIME

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

REORGANISATION

Except where the context otherwise requires, all of the information in this Prospectus is presented as if the Reorganisation had already taken place as at the date of this Prospectus such that, among other things, the Company is the parent company of the Operating Group. All steps associated with the Reorganisation will be completed prior to, or with effect from, Admission. See paragraph 3 of Part XV (*Additional Information*) for further information on the Reorganisation.

PART IV

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Prospectus	16 September 2016
Admission and commencement of unconditional dealings in Ordinary Shares on the London Stock Exchange	8.00 a.m. on 21 September 2016
CREST accounts credited with uncertificated Ordinary Shares	8.00 a.m. on 21 September 2016
Despatch of definitive share certificates (where applicable)	by 3 October 2016

Notes:

- (a) The times and dates in the table above except the date of publication of this Prospectus, are indicative only and are subject to change.
- (b) No temporary documents of title will be issued.

PART V

OFFER STATISTICS

Offer Price (per share)	160 pence
Number of Ordinary Shares in issue immediately prior to and on Admission	150,000,000
Number of Ordinary Shares to be sold by the Selling Shareholders pursuant to the Offer	113,283,274
Percentage of the Company's issued ordinary share capital immediately following Admission being sold pursuant to the Offer	75.5 per cent.
Estimated net proceeds of the Offer receivable by the Selling Shareholders ^(a)	£174.9 million
Expected market capitalisation of the Company at the Offer Price following Admission ^(b)	£240.0 million
Ticker symbol	BOWL
ISIN	GB00BD0NVK62
SEDOL Code	BD0NVK6

Notes:

- (a) Estimated net proceeds receivable by the Selling Shareholders are stated after deduction of commissions and amounts in respect of stamp duty or SDRT payable by the Selling Shareholders in connection with the Offer. The Company will not receive any proceeds from the sale of Ordinary Shares being sold by the Selling Shareholders.
- (b) The market capitalisation of the Company at any given time will depend on the market price of the Ordinary Shares at that time. There can be no assurance that the market price of an Ordinary Share will equal or exceed the Offer Price.

PART VI

DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Peter Boddy (Chairman) Stephen Burns (Chief Executive Officer) Laurence Keen (Chief Financial Officer) Bill Priestley (Non-executive director) Nick Backhouse (Senior Independent Director) Claire Tiney (Non-executive director)
Company Secretary	Laurence Keen
Registered Office and Business Address	Focus 31 West Wing Cleveland Road Hemel Hempstead Industrial Estate Hemel Hempstead Hertfordshire HP2 7BW
Sponsor, Financial Adviser, Bookrunner and Broker	Investec Bank plc 2 Gresham Street London EC2V 7QP
Legal Advisers to the Company	CMS Cameron McKenna LLP Cannon Place 78 Cannon Street London EC4N 6AF
Legal Advisers to Investec	Mayer Brown International LLP 201 Bishopsgate London EC2M 3AF
Auditor	KPMG LLP 58 Clarendon Road Watford WD17 1DE
Reporting Accountants	KPMG LLP Arlington Business Park Theale Reading RG7 4SD
Registrar	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

PART VII

INFORMATION ON THE GROUP AND BUSINESS OVERVIEW

1. BUSINESS OVERVIEW

1.1 Introduction

The Group is the UK's largest ten-pin bowling operator, with a portfolio of 54 Centres operating across the UK under the Hollywood Bowl, AMF and Bowlplex brands. The Group specialises in operating large, high quality bowling centres, predominantly located in out of town multi-use leisure parks (typically co-located with cinema and casual dining sites) and large retail parks with all of the Centres being occupied by the Group on a leasehold basis. The Centres are designed to offer a complete family entertainment experience with each Centre offering at least 16 bowling lanes, on-site dining, licensed bars, and state-of-the-art family games arcades.

According to research from Pragma (the retail & consumer market strategy consultants), the UK leisure market was estimated to be worth £80.3 billion in 2015, of which ten-pin bowling had a market share of 0.3 per cent. In the period from 2013 to 2015, Pragma (June, 2016) estimates that ten-pin bowling was the fastest growing segment of the leisure sector, with 6.0 per cent. CAGR compared to an average of 3.0 per cent. across the wider leisure sector.

For FY2015, bowling represented approximately 47 per cent. of the Group's total revenue with food and beverage (approximately 28 per cent.) and amusement machines (approximately 23 per cent.) revenues accounting for the majority of the balance. The Group is led by a strong and entrepreneurial management team, with significant experience in the UK leisure sector and a proven track record of success.

The Group has delivered strong results across the whole of its estate since its formation in 2010. The Directors believe that this success is due, in part, to: the quality of the property portfolio and the desirability of Centre locations; engagement and insight from over 5 million contacts on the Group's customer database; and the growth opportunities within the key revenue streams of bowling, food and beverage and amusement machines.

The Group is headquartered in Hemel Hempstead, where it has a 50 seat customer contact centre to manage customer calls and bookings. In addition, the Group operates a scoring, motors and spares division out of its Centre in Tolworth, providing technical support and repairs for its entire estate.

In FY2015, the Group employed, on average, 1,386 employees mainly in its Centres. As at 31 March 2016 (following the acquisition of Bowlplex in December 2015), the Group employed approximately 1,123 full time equivalents (the majority of the Group's employees being employed on a part time basis) and approximately 1,948 employees.

The Directors believe that the Group's key drivers for growth are:

- a continued focus on delivering the best customer experience in each Centre;
- an increased frequency of visits by existing customers, as evidenced over the past financial period;
- attracting new customers;
- a continued development of its food and non-bowling entertainment offering;
- an increased spend per customer visit;
- the continuation of the Group's Centre refurbishment programme; and
- strategic increases in its property portfolio, be it through the acquisition of existing ten-pin bowling businesses or the development of new Centres.

To help drive this growth, the Group has already implemented a number of initiatives to improve customer experience across its portfolio, including: refurbishing a number of its Centres; introducing more efficient and accessible lane booking systems; and adding new Centres to its portfolio.

2. HISTORY OF THE GROUP

The TOBC Business was formed in 2010 following the merger of the leading bowling centres in the AMF portfolio (18 Centres) with the Hollywood Bowl portfolio (24 Centres), which, at the time, was a part of the Mitchells & Butlers group (the operators of pubs, bars and restaurants). Following the re-organisation and merger of the Hollywood Bowl and AMF portfolios, and the appointment of Stephen Burns to TOBC's board of directors in October 2011, the management team pursued a clearly defined strategy to develop the existing estate by: acquiring new Centres in attractive locations (satisfying key criteria such as population size and proximity, demographic profile, and the presence of other leisure operations); investing in technology; and focusing on customer service. Management have also driven innovation and development of the Group's offering in response to customer feedback, pursued the roll-out of new Centres, and introduced a smaller, more boutique "urban" format.

In 2014, Laurence Keen was appointed as Finance Director and the TOBC Business continued to build internal capabilities that readily supported both large and small scale acquisitions, including: a scalable IT platform; a consistent, well-defined customer proposition; a clear set of corporate values; strength and depth throughout senior management at the Hemel Hempstead head office; and an improving talent pipeline at a local level. The Directors believe that these foundations placed the Group in the best position to expand further with the acquisition of the Bowlplex brand and group of companies in December 2015, with 11 Bowlplex Centres being added to the Group's portfolio as a result of that acquisition.

10 out of 11 of the Bowlplex Centres are in prime locations and complement the Group's Hollywood Bowl Centres. However, the Bowlplex Centres had historically not received sufficient investment and were losing their appeal in the key family demographic. The Group plans to transform the customer experience and financial performance of the Bowlplex Centres by introducing its own operational model to those Centres.

During the Historical Period, the Group has:

- increased the number of Centres in its portfolio from 42 to 54 by:
 - opening four new Centres (Rochester in February 2013, Hollywood Bowl Maidstone in August 2013, Milton Keynes in October 2013 and Cheltenham in November 2014);
 - closing two Centres (AMF Maidstone in August 2013 and Havant in February 2014); and
 - acquiring 16 Centres by virtue of the Group's acquisition of Bowlplex and selling one TOBC Centre and five Bowlplex Centres pursuant to undertakings to the CMA in 2015; and
- completed 14 full Centre refurbishments, with a further six full refurbishments completed in the Post Reporting Period.

Since its inception, the Group has invested significant management, operational and financial resources in developing its business processes, infrastructure and customer offering.

3. MARKET OVERVIEW

The Group operates within the ten-pin bowling market, being part of the broader UK leisure market, and offers a competitively priced family leisure experience. The Group's Centres are largely co-located with cinemas and restaurants which the Directors believe will assist in driving footfall. Pragma (June, 2016) estimates that the UK ten-pin bowling market generated sales of approximately £303 million in 2015 and that the Group has a share of approximately 33 per cent. of this market.

Market structure

Pragma (June, 2016) identifies four types of operators within the UK ten-pin bowling market, namely:

- the major multiples (having an estimated market share of 71 per cent.), which operate five or more centres (which includes the Group) (the "**Major Multiples**");
- the other multiples (having an estimated market share of 5 per cent.), which operate fewer than five centres (the "**Other Multiples**");
- the urban bowling operators (having an estimated market share of 7 per cent.), which operate smaller sites with a focus on the "urban" market with an emphasis on food and beverage sales and which cater to professionals ("**Urban Bowling**"); and

- the independent operators (having an estimated market share of 17 per cent.), operators of single centres, which are typically smaller and situated in tertiary locations (the “**Independent Operators**”).

Market size and growth

As set out above, the UK leisure market was worth an estimated £80.3 billion in 2015, of which ten-pin bowling had a market share of 0.3 per cent. (Pragma, June, 2016). As with the broader UK leisure market, growth in ten-pin bowling is predominantly driven by macroeconomic factors such as: increases in GDP; consumer confidence; and consumer disposable income. In the period from 2013 to 2015, Pragma (June, 2016) estimates that ten-pin bowling was the fastest growing segment of the UK leisure sector, with 6.0 per cent. growth compared to an average growth of 3.0 per cent. across the wider UK leisure sector. This growth was largely driven by the Major Multiples (CAGR: 7.9 per cent. for the period 2013 to 2015) as they invested in reinvigorating their customer engagement through customer relationship management platforms, refocusing their bowling proposition towards family leisure, improving their ancillary product offering and driving operating improvements, with the Group delivering the greatest growth, with a CAGR of 10.7 per cent. over that period.

Pragma (June, 2016) forecasts the Major Multiples segment of the UK ten-pin bowling market to grow by a CAGR of 4.3 per cent. per annum from 2015 to 2019, which is greater than the total UK leisure market growth forecast of 3.0 per cent. over the same period. This growth is expected to be underpinned by general improvements in the UK economy, the development of new centres, the continued refurbishment of existing centres and the continued improvement in the customer experience to increase participation in ten-pin bowling, visit frequency and spend per game. There is also scope for the Major Multiples to increase their share of the ten-pin bowling market as weaker operators, particularly the Independent Operators and Other Multiples become less competitive or exit the market. Pragma (June, 2016) estimates that the Group is leading the way in driving growth amongst the Major Multiples with its refurbishment and new site development programme and focused strategy of driving more repeat visits and a higher spend per game.

Pragma (June, 2016) estimates that the UK population is currently underserved by the ten-pin bowling market, especially when considered against cinemas, on the basis that improved customer propositions, such as the Group’s, have the potential to drive increased consumer participation. Pragma’s (June, 2016) analysis indicates that there is significant potential for centre roll-out in the UK given the extent of unserved or under-served regions. The Group has identified at least 20 potential sites in the medium-term. This assessment incorporates factors such as: catchment size and demography; competitor presence; and centre type and availability.

Competitive positioning

The second largest competitor in the UK ten-pin bowling market is Indoor Bowling Equity Limited (IBEL) which trades as Tenpin (“**Tenpin**”), and operates 36 centres across the UK. Tenpin has traditionally focused on the young adult and value conscious family markets. Its peak prices are generally higher than those of the Group (and by up to 30 per cent. at off-peak times), although it offers a broader range of promotional offers, reducing the average achieved spend per game. Tenpin also offers a broader range of ancillary services, including children’s soft play areas and karaoke.

Other Major Multiple operators include:

- MFA Bowl (31 centres), which has an offering which could be described as a “value” offering in tertiary locations;
- Big Apple (8 centres) which targets a similar segment to the Group under the “Superbowl” and “Strikes” brands whilst also offering a mix of ancillary services including children’s soft play areas, laser quest and other amusements; and
- Namco (9 centres), which has a much wider product offering with ten-pin bowling being a small part of a broader portfolio of amusements (including dodgem cars, arcade games and pool) in much larger venues.

Hollywood Bowl (as a brand) has a high net promoter score and high levels of recognition. Pragma (June, 2016) believes location to be the most significant factor for consumers in selecting which ten-pin bowling centre to visit. Brand and financial strength is however important in competing for new sites to support growth, as well as competing against centres within the same catchment area. Price and the quality

of the broader offering are also key considerations for consumers in comparing ten-pin bowling against alternative leisure propositions, such as the cinema or dining out.

The Directors believe that the Group has a strong competitive position due to the quality of the Centre locations and the Group's product offering and disciplined pricing strategy.

Pragma (June, 2016) estimates that approximately 71 per cent. of consumers view ten-pin bowling as either 'very good' or 'good' value for money. The Group offers the lowest peak prices amongst the Major Multiples and Urban Bowling operators, except for MFA, which has a more "value" focused offering. The Directors believe this provides scope to achieve further revenue growth from price increases and a more targeted use of promotions.

4. KEY STRENGTHS

4.1 *A market leading ten-pin bowling operator with national scale*

The Group focuses on providing a competitively priced family leisure experience from its network of 54 Centres across the UK. As the largest UK operator of ten-pin bowling centres, the Group has developed bespoke systems and processes in order to achieve a consistent experience for the customer in each of its Centres as well as through its website and customer contact centre. The Group achieves high levels of customer satisfaction, increasing repeat visit rates as well as increasing spend per game from a growing customer base. Over the Historical Period, the Group saw 8.8 per cent. CAGR in spend per game.

Of the Group's Centres, 39 (72 per cent.) are located on leisure or retail parks which the Directors believe helps drive footfall due to the proximity to well populated areas, other available leisure activities and car park availability.

4.2 *Diversified revenue streams*

The Group's diversified revenue streams and customer offerings provide a competitive and comprehensive leisure experience, as well as providing opportunities to capture incremental sales and margin. For FY2015, revenues generated by bowling represented approximately 47 per cent. of the Group's total revenue with revenues attributable to food and beverage (approximately 28 per cent.), and amusement machines (approximately 23 per cent.) accounting for the majority of the balance. Management have identified the opportunity to invest further in improving the Group's ancillary offerings to drive customer satisfaction and engagement, as well as supporting higher revenue and margins.

4.3 **Track record of consistent and strong financial performance**

The Group has delivered a consistent track record of strong revenue and Adjusted EBITDA growth. Between FY2013 and FY2015, revenue increased from £70.2 million to £86.0 million, which represented a CAGR of 10.7 per cent. Over the same period, Adjusted EBITDA increased from £11.0 million to £20.6 million, a CAGR of 37.0 per cent., and Adjusted EBITDA margin increased from 15.6 per cent. to 23.9 per cent. For FY2015, the Group had Operating Cashflow Conversion of approximately 75 per cent. An overview of the Operating Cashflow Conversion of the Group for the Historical Period is set out below:

	<i>FY2013</i>	<i>FY2014</i>	<i>FY2015</i>	<i>For six months ended 31 March 2016</i>
Capex				
Maintenance Capex ^(a)	3.7	4.2	4.4	2.9
Expansionary Capex ^(b)	6.0	2.9	3.7	1.3
Total Gross Capex	9.7	7.0	8.1	4.2
Cash flow				
Adjusted EBITDA	11.0	14.6	20.6	16.8
Change in working capital	2.7	(0.8)	1.1	3.9
Maintenance capex	(3.7)	(4.2)	(4.4)	(2.9)
Tax paid			(1.8)	(0.8)
Operating cash flow (pre expansionary capex + interest)	10.0	9.7	15.4	17.0
Operating Cashflow Conversion	90.9%	66.1%	74.8%	101.0%

(a) Maintenance capex = maintenance expenditure + net amusement expenditure.

(b) Expansionary capex = refurbishment expenditure + new Centre expenditure (excludes landlord contributions).

Revenue growth has been driven by: an increase in the number of Centres; organic growth in spend per game; and the refurbishment of 16 Centres in the Historical Period.

4.4 **Multiple levers to drive further growth**

Management have identified a number of opportunities to deliver incremental sales and margin.

4.4.1 *Increasing frequency of visits*

Bowling is a relatively low-frequency activity compared to other forms of leisure, such as the cinema. Pragma (June, 2016) estimates that 67 per cent. of consumers have not participated in ten-pin bowling in the past 12 months, which compares to only 32 per cent. for the equivalent attendance rate for cinemas. In addition, Pragma (June, 2016) estimates that only 16 per cent. of the population have participated in ten-pin bowling more often than every five months while, for the cinema, the equivalent estimate is approximately 52 per cent.

This differential in frequency of visit is, in part, due to ten-pin bowling having fewer calls to action (for example, new film releases) to instigate a visit, as well as ten-pin bowling being less accessible, with only 47 per cent. of the UK population living within a 15 minute drive of a ten-pin bowling centre, compared to 69 per cent. of the population living within a 15 minute drive of a cinema (Pragma, June, 2016). The Group's proposed site roll-out programme will make ten-pin bowling more accessible to new segments of the UK population.

The Directors believe that there is scope to increase the frequency of visits by the continued refurbishment of the current estate and more effectively utilising the CRM System and customer database to encourage more regular visits and to promote other revenue streams.

The Directors also believe that there is an opportunity to drive more frequent visits as more customers experience the positive service levels and high quality environments of the Group's Centres. Initiatives such as customers being able to wear their own shoes are also designed

to remove barriers to an increase in new customers, admissions and the frequency of customer visits. The branded bowling industry average frequency of visit per contact is circa. 1.1 times per year. The Group has outperformed against this average, increasing its own average from 1.21 times in October 2014 to 1.31 times by December 2015 (Pragma, June 2016).

4.4.2 *Increasing achieved price per game*

Over the Historical Period, Management have: increased headline prices for bowling by between 10 pence to 25 pence per game across the Group's portfolio, with the achieved price per game having grown more rapidly due to fewer discounts being made available; reduced discounting during peak trading periods; and increased the sale of packages. The Directors believe that it is important for the Group's offering to remain competitively priced although, as the business continues to enhance its product offering, the Directors believe that the achieved price per bowling game can be increased, along with an increase in spending by customers on food, drinks and amusements. The Group's prices are currently among the lowest of the Major Multiples (Pragma, June, 2016) and the Directors believe this provides scope to increase prices and more effectively target promotions without impacting the Group's relative price competitiveness.

4.4.3 *Increasing spend per game*

Between FY2013 and FY2015, the average spend per game, across all Centres, rose from £7.13 to £8.12. The Group also saw the number of games played increase from approximately 9.6 million in FY2013 to approximately 10.4 million in FY2015.

The Directors believe that there are a number of opportunities to increase the spend per game by improving the customer experience and 'dwell time' in each Centre. For example, the introduction of the Hollywood Diner with a more appealing food offering has increased the food and beverage spend of customers on site, who may have otherwise eaten elsewhere after bowling. By maintaining a high quality amusement offering, with more complex and engaging games that appeal to a wider range of ages, as well as shortening call out times for repairs, management have driven an increase in the average spend per game on amusements of 16.9 per cent. between FY2013 and FY2015.

Spend per game has also increased through the effective use of the Group's CRM System and customer database to offer targeted communications and promotions. The customer contact centre has also been effective in up-selling customers when they book, and employees are incentivised to do so. See paragraph 4.5 of this Part VII for further information.

Other initiatives, such as the introduction of VIP lanes, currently in 20 Centres, which cost an additional £1 per person, have also driven incremental increases in spend per game. The Group plans to expand this offering into other Centres over the coming years.

Pragma (June, 2016) estimates that the Group achieves higher revenue and EBITDA per Centre compared to other Major Multiples operators as a result of the higher quality of the Group's offering.

4.4.4 *Impressive financial returns from the refurbishment programme*

Over the Historical Period, the Group completed 14 full Centre refurbishments, with a further six full refurbishments completed in the Post Reporting Period. Refurbishments have included the introduction of new bowling environments, a new customer friendly scoring system, new dining concepts such as Harry's Diner and the Hollywood Diner as well as the introduction of VIP lanes which cost an additional £1 per person. The refurbishments are designed to improve the customer experience, increase visit frequency and generate higher revenues per game. The Group has seen strong increases in volumes post refurbishment and refurbished Centres have generated attractive returns from capital invested. To date, the Group has only refurbished approximately 37 per cent. of its existing estate. For the Refurbished Centres since the start of FY2014 the average payback period was 2.3 years with annual returns on investment averaging 44 per cent.

Management closely monitor the performance of the Group's Centres to assess the effectiveness of the features of each refurbishment in order to improve upon Centre design.

4.4.5 *Impressive financial returns from new Centre openings*

Over the Historical Period, Management have expanded the Group's estate, both organically and via acquisition. During that time, the Group opened four new Centres in Rochester (February 2013), Maidstone (August 2013), Milton Keynes (October 2013) and Cheltenham (November 2014). The new Centres adopted recent iterations of Centre design and are located on a mixture of retail and leisure parks and urban locations. The Group has also exchanged contracts on two Centres which are due to open during the financial year ending 30 September 2017.

Management have been able to secure landlord contributions for each of these Centres as the Directors believe that landlords see the Hollywood Bowl brand as an effective driver of footfall and increased 'dwell time' on leisure parks. The Group has estimated an average Payback Period of 3.5 years, before landlord contributions and an average annual return on investment of 28 per cent. When including landlord contributions, these Centres have an average Payback Period of 0.7 years and an average annual return on investment of over 100 per cent.

4.5 **Strong customer understanding and engagement**

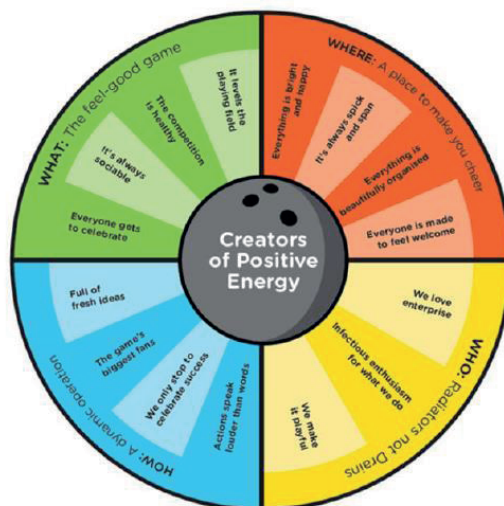
The Group has developed a sophisticated CRM System in order to better understand its customer base and to target its communications more effectively. The CRM System has improved Management's capabilities to drive marketing initiatives and to support decisions around delivering and enhancing a high quality customer experience. This has included developing proprietary systems which enable the Group to tie scores back to individual customers and the Group has started to incorporate this data into its digital marketing campaigns. The Directors believe that this focus on understanding the customer and delivering targeted marketing is a core strength of the Group's business and has enabled the Group to respond to consumer insight in order to increase the frequency of visits.

Management also undertake regular customer research in order to identify opportunities to improve upon customer experience, which is considered key to increasing visits and spend per game. For example, Management introduced a "wear your own shoes" initiative in response to customer feedback that being required to use bowling shoes was a key inhibitor to visiting the Centres more frequently. This initiative has been popular with customers and positively differentiates the Group from its competitors.

4.6 **Core focus on team and culture**

The Directors believe that a continued and targeted focus on the customer, in addition to attracting, retaining and developing top talent, will be key to achieving a strong operational performance on an ongoing basis.

The Group has a "strategy wheel" (see below), that outlines the behaviours and attitudes which are encouraged, rewarded and recognised amongst employees, which helps create a culture of inclusiveness and positivity amongst the workforce.



The Group's recruitment and training programmes have won four industry awards since FY2013:

- Employer Brand – 2014 – Recruitment Business Awards;
- Most Effective Employer Brand Development – 2015 – S1jobs.com Awards;
- Most Effective Employer Brand Development – 2014 – In-House Recruitment Awards for Excellence; and
- Most Effective Employer Brand Development Winner – 2015 – Recruiter Awards For Excellence.

4.7 **Experienced and entrepreneurial management team**

Led by Stephen Burns, the Group's Chief Executive Officer, Management have many years of combined experience both in their individual respective areas of expertise and within the Group's business. The current management team has been responsible for developing and implementing the strategy which has seen the successful roll out of a refurbishment and new Centre development programme, which has generated attractive returns on capital. This strategy has also included the successful acquisition of 11 Centres from Bowlplex in 2015. Management have also successfully implemented initiatives to drive customer and employee engagement, which has supported strong like-for-like sales growth of 8.1 per cent. in FY2014 and 9.1 per cent. in FY2015.

The Directors believe that a combination of these strategic initiatives has underpinned an increase in sales of £15.9 million to £86.0 million in the period from FY2013 to FY2015 and an increase in Adjusted EBITDA of £9.6 million to £20.6 million over the same period.

5. **BUSINESS DESCRIPTION**

5.1 **Customer offering**

The Group focuses on offering a high quality bowling experience, with an emphasis on family friendly entertainment. This is reflected in the Group's approach to Centre design, the food and beverage offering, staff training, customer engagement, technology, and customer marketing initiatives.

5.2 **Bowling**

Bowling is the Group's core revenue stream (accounting for 47 per cent. of revenue in FY2015), as well as its fastest growing. Sales are a function of booking prices less VAT with lane reservations being bought in advance or on an ad hoc basis, either through the Group's customer contact centre, website or in person at the relevant Centre. Bowling revenue is driven by the number of visits, games played as well as the price per game. In order to drive repeat business, Management have focused on ensuring that customers receive a high quality experience in every aspect of their visit. This high quality experience is then supported by the use of a proprietary CRM System to offer targeted promotions to the Group's 1.3 million contactable email addresses.

The Group closely monitors bookings on an hourly basis with the resulting data used to help manage staff numbers and services at the Centres. This data is combined with information such as local weather, local or national events and school holidays to ensure that the levels of promotional activity are appropriate. The Group does not regularly discount its pricing, but will target specific customers at specific times of the year depending on how frequently they visit and how busy their local Centre is likely to be based upon the pattern of bookings.

The Group currently operates Centres under three brands:

- Hollywood Bowl (34 Centres): this is the Group's core brand, typically situated in prime locations on leisure parks and targeting the family market;
- AMF (12 Centres): family focused entertainment Centres with the majority in non-prime locations;
- Bowlplex (8 Centres): acquired 11 centres in December 2015, of which three have already been refurbished and re-branded to Hollywood Bowl with the balance to be refurbished and re-branded over time to Hollywood Bowl (and one to AMF). These Centres are typically situated on leisure parks and target the family market.

During the Historical Period, spend per game has been driven by price increases of between 10 pence and 25 pence per game across the Group's portfolio, as well as a more effective use of promotional packages. The Group has also introduced VIP lanes; these lanes cost £1 more per person and offer a separate area with more up-market décor, dedicated bowling balls, pins and VIP service. VIP lanes are currently in 20 of the Group's 54 Centres and the Group intends to roll these VIP lanes out to further Centres.

A new scoring system was launched during the Historical Period and continues to be rolled out across the Group's Centres. The specifications of this system were conceptualised and designed by the Group and developed by an external software partner. This system replaces the legacy systems offered by the US bowling equipment manufacturers. As well as being more cost effective to install and maintain, a key advantage of the new scoring systems is that it is much more user friendly for the customer. Not only does this create a more enjoyable customer experience, which in turn is more likely to encourage a higher frequency of visits, but it also facilitates a quicker turnaround time for each lane which supports improved yield management for each Centre. The scoring system is operated via a small tablet device at the bowling lane and, if a customer books on-line, their names can be pre-loaded onto the system. The Group is also able to email customers their bowling scores following their visit, which provides a natural opportunity for the Group to quickly re-engage with each customer in a positive way. This personalised email has an average open rate of 80 per cent. and is used by the Group to encourage customers to 'beat their score' and plan a follow up visit.

In November 2011, the Group introduced a 25 seat customer contact centre in Hemel Hempstead which, over the Historical Period, has grown to a 50 seat centre. This has enabled a higher and more consistent standard of customer service to be provided both over the phone and to customers in the Centres. Staff are trained to manage demand around peak periods as well as to up-sell to customers. In January 2015, individual selling targets were introduced into the customer contact centre which has improved upon the bowling and non-bowling spend per game, as well as the level of up-selling achieved by staff.

Management view the customer contact centre as being key to improving the customer experience on the basis that it is the first point of contact many customers have with the Group. The customer contact centre is also an opportunity to provide customers with a personalised service and to manage any queries they may have. By removing the pressure on staff within the Centres to respond to telephone calls as well as dealing with customers on-site at the Centres, the customer contact centre allows an improved customer experience both on the telephone and in the Centres.

The introduction of the customer contact centre as well as a new device responsive, 'mobile-friendly' website in October 2014 has increased the number of advanced bookings (bookings made prior to arriving at the Centre). Revenue for advanced bookings accounted for over 55 per cent. of total revenue in FY2015. The Directors also believe that these channels are important in increasing customer choice for booking options with 60 per cent. of online visitors now accessing real time availability on the website via mobile devices.

5.3 **Food and Beverage**

Each Centre has a bar and a food offering, which ranges from a “standard menu” to the Group’s higher end food offerings of Harry’s Diner and Hollywood Diner. Harry’s Diner and Hollywood Diner serve a higher quality menu offering with corresponding marginally higher prices. Hollywood Diner is positioned as a stylised Americana diner concept focusing on core US food and decor.

The Group reviews the prices of local key competitors on its key products to ensure that they remain value for money.

Harry’s Diner was introduced in 2011 and is currently in 16 Centres. Hollywood Diner was introduced in June 2015 and is currently in 11 Centres. The Directors’ current intention is to include a Hollywood Diner in all new and refurbished Centres seeing the extension of an improved F&B offering as key to enhancing the customer experience and encouraging increased ‘dwell time’ and spend per game. F&B comprised 28 per cent. of revenue in FY2015.

Since 2014, the Group has employed a specialist who is focused on developing the food and beverage menus, improving the associated service standards within the Centres and negotiating supply agreements.

5.4 **Amusements**

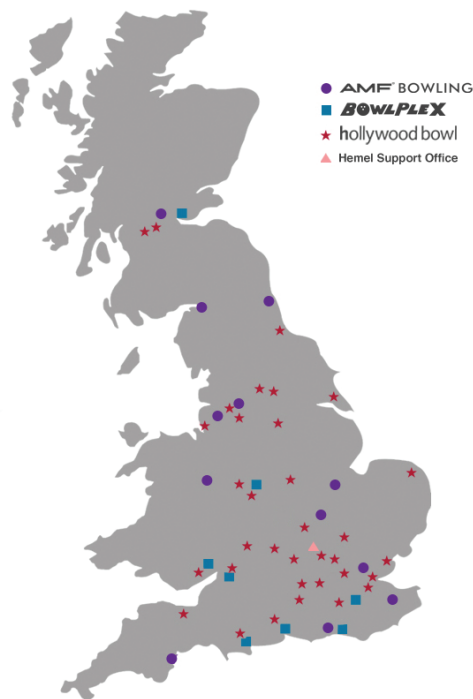
Each Centre offers a range of amusement machines, ranging from traditional games such as air hockey and basketball hoops, to games with prizes (such as “grabbers” for toy prizes) and state-of-the-art video games.

The Group has a long standing relationship with its amusement supplier (the leading distributor of arcade machines). The Directors believe that, as a result of the Group’s market leading position, it is seen by this supplier as a partner of high strategic value. Furthermore, the Directors believe that access to the best and most up to date games is a genuine source of competitive advantage, which has in turn underpinned an increased spend per game on amusements.

The Group has been able to drive growth from amusements by focusing on reducing machine “downtime” as well as continuing to introduce new and appealing game concepts (for instance, themed with blockbuster film releases). Amusements are operated under a revenue sharing agreement (further details of which are provided in paragraph 4.2 of Part IX (*Operating and Financial Review*), which facilitates the Group offering an up-to-date and well-maintained portfolio of games across the estate. In FY2015, amusements contributed 23 per cent. of revenue. A number of the amusement machines used by the Group require licences and/or permits, although only 2.4 per cent. of revenue in FY2015 was derived from this category of amusement machines.

5.5 **Locations**

As at the date of this Prospectus, the Group operates 54 Centres with a total of 1,319 bowling lanes across the UK.



All of the Centres are leasehold properties with all but three of the leases (expiring in September 2016, May 2063 and July 2118 (the latter two being long leasehold interests of 99 (being part of Branksome, Poole Road) and 125 years respectively)), expiring between June 2018 and June 2038. Rent reviews are typically undertaken every five years, with some being undertaken on an annual basis. There have been 22 rent reviews completed during the Historical Period, resulting in six rent increases, all of which were pursuant to the terms of the relevant lease. Three of the Centres include rent free periods which reduce the expenditure on rent over the term of the lease.

As noted above, the Group has only one loss-making Centre and, although the Directors consider that it performs well on a revenue basis, it is burdened by significant rental costs. Management are reviewing their options to renegotiate the lease for this Centre on improved terms. In addition, the Group occupies two Centres (at Brighton Marina (Bowlplex) and Surrey Quays (Hollywood Bowl)) where the lease arrangements include landlord only rights to surrender and/or call for the determination of the lease in certain circumstances (further details of these landlord rights are set out in Part II (*Risk Factors*) of this Prospectus).

5.6 **Maintenance**

All of the Centres undergo regular maintenance activity to cover smaller refurbishments, for example, customer toilets, electrical systems and lane improvement. Management have actively increased Centre maintenance spend in order to improve the level of standards across the portfolio to ensure the quality and consistency of customer experience, as well as focusing on a few larger maintenance projects such as LED lighting and air conditioning.

The Directors believe that the Group's facilities meet its present needs and that the Centres are well maintained. At present, the Group's scoring, motors and spares division, based out of its Tolworth Centre, is responsible for the maintenance of all of the Centres and for providing technical support as required.

The Group's amusement supplier is responsible for maintaining the majority of the amusements machines in situ as well as providing machine security, software updates, regular cash collection and insurance. In October 2014, the Group's arrangements with its amusement supplier were updated to include a reduction in their call out response time from four hours to two hours. The Directors believe that this has been a factor in the increase in amusement spend per game since FY2014.

The cleaning and security services at the Group's Centres are provided by third parties.

5.7 Refurbishment

The Group's refurbishment programme is determined by Management along with the Operations Directors. This process includes determining layout, design of the bar and diner and external signage, as well as an overall expenditure budget. The process is managed by the Group's Property Manager who, along with the relevant Centre Manager and Regional Support Manager, takes responsibility for delivery of the refurbishment on budget and on time.

During the Historical Period, 14 Centres have undergone full refurbishment, with a further six full refurbishments completed in the Post Reporting Period. Centre refurbishments are intended to transform the customer experience by creating a more modern and engaging environment, as well as generating higher revenues per visit. Typically, a refurbishment will include renewing the outside signage, installation of the Group's proprietary scoring system, refreshing the bowling environment, refurbishing the bar and diner, and a full Centre redecoration (including the replacement of carpets).

The Group has seen strong increases in volumes post refurbishment. The refurbished Centres generated revenue growth, on average, of 8.9 per cent. CAGR between FY2013 and FY2015, compared with 8.0 per cent. for non-refurbished Centres.

Refurbishments at the following Centres were completed during the Historical Period and in the Post Reporting Period:

<i>FY2013</i>	<i>FY2014</i>	<i>FY2015</i>	<i>6 months to 31 March 2016</i>	<i>Post Reporting Period</i>
Cardiff*	Leicester	Crawley	Leeds	Tower Park, Poole
Finchley	Sheffield	Stevenage	Surrey Quays**	Oxford
	Surrey Quays*	Stockton		Basingstoke
	High Wycombe	Basildon		Birmingham
	Springfield Quay	Eastleigh		Manchester
		Cardiff**		Bolton
		Hull		

* Trial refurbishment on part of Centre

** Full Centre refurbishment following trial period

Contributions are sometimes received from landlords towards refurbishing Centres and/or in exchange for extensions to the relevant lease and payback estimates are made as part of the Group's refurbishment appraisal process for large scale refurbishments. Management have set a payback hurdle rate of 33 per cent. in year 1 and, once a refurbishment project has been completed, trading is closely monitored. For the Refurbished Centres since the start of FY2014 the average payback period was 2.3 years with annual returns on investment averaging 44 per cent.

Refurbishment is generally planned with the intention that while sections of a Centre may be closed whilst work is undertaken during off-peak periods, no Centre will be entirely closed at any given time.

5.8 New Openings

A key part of the Group's strategy is to grow its portfolio through selective new openings and acquisitions.

In identifying key locations in which to develop or acquire new Centres, the Group follows strict criteria, which take into account: population size, demographic profile, proximity to other leisure operators, restaurants and other footfall drivers, park tenant mix (where relevant), as well as the presence of any local bowling operator(s) (as applicable). In evaluating whether it is viable to build a new Centre in a particular location, Management generally seek to identify catchment populations with a minimum number of people within a specific drive time of the proposed Centre. In addition, Management have decided, in specific circumstances, that smaller, more boutique Centres are viable in city centre locations or where there is a large working population. The Group has also exchanged contracts on two new sites which are part of retail shopping centres located in city centres and is in advanced stages of negotiation with the relevant landlords on four further potential sites. The Group uses a third party leisure property company to source new potential centres and third party contractors for the development and fit out of any new centres.

Management have identified over 20 sites across the UK with the potential for the construction of a new centre and Management intend to expand the Group's portfolio by approximately two new centres per year.

Capital expenditure on Centre refurbishment and new openings are part of Management's strategy of growing the wider bowling sector, improving the perception of bowling as a leisure activity and increasing the proportion of customer time and money spent bowling as against other leisure activities. Contributions are sometimes received from landlords towards the development of new Centres as the Directors believe that landlords see the Hollywood Bowl brand as an effective driver of footfall and increased 'dwell time' on leisure parks. The Group has estimated an average Payback Period of 3.5 years, before landlord contributions and an average annual return on investment of 28 per cent. When including landlord contributions, these Centres have an average Payback Period of 0.7 years and an average annual return on investment of over 100 per cent. The Group has worked with CACI to analyse whether new Centres will be successful or not based on varying demographics. The analysis concluded indicates that, in order for a Centre to have the best chance of success, it should be within 16 minutes' drive time of a population of at least 200,000 people. Any investment decision would also take into account any new openings by other leisure operators as well as the proximity of any competing bowling centres.

5.9 Closures and Disposals

In February 2014, the Group closed its Havant Centre as a result of a planned redevelopment programme by the landlord and received an incentive to exit the Centre prior to the expiry of the lease. Net of severance costs and fees, the disposal proceeds received by the Group totalled approximately £0.5 million.

As noted above, the Group acquired Bowlplex in December 2015, an acquisition that was subject to approval from the CMA. The transaction was permitted subject to the provision of undertakings from TOBC to dispose of one TOBC operated Centre and five Bowlplex operated Centres, accompanied by a commitment from TOBC (and its affiliates) not to control or invest in the sites divested as part of the CMA process for a period of 10 years from December 2015. That acquisition therefore resulted in an additional 10 Centres (on a net basis) being acquired on the basis that, as part of those arrangements, TOBC disposed of its Bristol (Avonmeads) Centre.

5.10 Customers

The Group's customers come from a wide range of income brackets and age groups. Whilst having a broad appeal; ten-pin bowling is most valued by consumers aged under 45 and those with children younger than 15 years of age. Financially stable, working families with parents aged between 25 to 44 years make up a significant proportion of the Group's customer base which, in turn, supports the Group's family entertainment positioning.

5.11 Seasonality

As an indoor based leisure business, sales are broadly stable throughout the year, although sales tend to peak during school holiday periods, with the busiest trading weeks of the year being school half term weeks (February and October), Easter week, the August summer holidays and the two week period around Christmas. The Group also benefits from group bookings during the Christmas period for corporate parties. Notwithstanding this seasonality, in FY2015, no single month accounted for more than 10 per cent. of annual sales.

Typically, sales are positively impacted by periods of wet weather and adversely affected during periods of warm and sunny weather, particularly during the peak periods outlined above. Advance bookings are also more significant during sustained periods of wet weather and in winter, as customers are more willing to commit to participating in an indoor activity.

As a result of this impact of weather on sales, the business generally benefits from the UK climate. Due to the different dates on which it falls from year to year, the Easter break is generally the key trading window that is most likely to be impacted by the weather, in either a positive or negative manner.

6. MARKETING

6.1 Pricing

Management focuses on pricing the Group's offering to provide value to its customers. The Group is competitively priced compared to the other branded ten-pin bowling operators and focuses on providing relatively consistent pricing across peak and off-peak periods, rather than pursuing a heavily discount-led pricing strategy. Management recognise that there are opportunities to raise pricing on the bowling offering as well as F&B, but their current strategy is to focus on an improvement in the customer experience though, for example, a Centre refurbishment, in order to underpin and/or provide an 'outward facing' justification for price increases.

The Group operates three main pricing bands (not including the Bowlplex Centres), with Centre pricing being determined by Management according to the local area and market. Smaller, urban, more corporate-customer focused Centres tend to sit within the higher banding, while the larger, more family focussed, out-of-town Centres are typically lower priced. Junior prices are typically £1 lower than adult prices and VIP lanes are £1 extra per person. The recently acquired Bowlplex Centres are at the top of the price range for the Group's estate; the Directors intend to review these prices with Management when these Centres are refurbished.

A summary of the Group's pricing is set out below:

<i>Group Brand</i>	<i>Price (Junior)</i>	<i>No. of Centres</i>	<i>Price (Adult)</i>	<i>No. of Centres</i>
TOBC	£4.59	20	£5.59	18
TOBC	£4.79	9	£5.79	10
TOBC	£4.99	8	£5.99	8
Bowlplex	£5.49	11	£6.49	11

6.2 Use of CRM

In September 2010, the Group invested in developing a sophisticated CRM System to enable and improve upon customer targeting. The system has improved Management's ability to drive marketing and to support decision-making around delivering and enhancing a high quality customer experience.

This has included developing the proprietary scoring system which enables the Group to tie scores back to individual customers and these results have started to be incorporated into digital marketing campaigns. In addition, Management track email open-rates and the impact of email promotions in order to refine the effectiveness of the Group's email marketing. The Directors believe that this focus on understanding the customer and providing targeted marketing is a core strength of the Group's business, and has also allowed the Group to respond to consumer trends in order to increase the level and frequency of visits.

7. TECHNOLOGY AND INFORMATION SYSTEMS

7.1 Information systems

The Group utilises a number of modern IT systems across its core business functions, including, its multi-channel booking and reservation management, bowling scoring, CRM, Epos, finance, reporting, HR and payroll systems. These systems and associated hosting and networks are managed by an internal IT function with additional monitoring and support provided by specialist leisure and hospitality software partners Zonal Retail Data Systems and Fourth Hospitality (amongst others).

The web-based reservation and CRM system is based on Microsoft Dynamics 2015 and has been developed in conjunction with an external partner, with the Group retaining rights to the source code of the bowling scoring system. The Directors believe that this system has been a key enabler of growth and prioritised the integration of the Bowlplex Centres onto this system at the start of 2016. The proprietary scoring system will continue to be deployed in the Centres as part of refurbishments and new Centre openings. The Directors believe that the technology platform the Group operates offers the appropriate scalability and flexibility to support future growth.

8. EMPLOYEES

In FY2015, the Group employed, on average, 1,386 employees mainly in its Centres. As at 31 March 2016 (following the acquisition of Bowlplex in December 2015), the Group employed approximately 1,123 full time equivalents and approximately 1,948 employees. A significant proportion of the Group's employees are employed on a part-time basis, which is typical for operators in the UK leisure industry.

The Directors believe that attracting, motivating and retaining employees of the right calibre is vital to the continued success of the Group and, whilst the Directors believe that the Group has little difficulty in attracting sufficient employees of the right calibre for its business, the Group runs several training schemes which are aimed at improving levels of customer service and have a positive impact on the performance and retention of employees.

The Group operates a number of bonus schemes for both central management and Centre employees in order to support a culture of strong performance and a focus on customer satisfaction and financial metrics throughout the organisation. For example, Centre managers receive a bonus for hitting their EBITDA budget which, in turn, entitles them to share in a proportion of any amount achieved over budgeted management profit (i.e. EBITDA pre property costs), subject also to meeting customer engagement and satisfaction targets.

9. GROWTH STRATEGY

9.1 *Driving like-for-like growth*

The Group's strategy is to drive like-for-like growth by attracting new customers, increasing the frequency of visits and raising the spend per game. This strategy is supported by a focus on improving the customer experience through investments in, amongst others, technology, staff training, marketing, and refurbishments.

9.2 *Refurbishment programme*

The Group intends to undertake between seven to ten refurbishments per year over the medium term in order to generate improved sales and profitability at existing Centres. It is expected that future refurbished Centres will benefit from the introduction of new dining concepts such as Hollywood Diner and an upgraded bar offering as well as investment in the bowling experience including the introduction of VIP lanes, all of which will support higher prices and a higher spend per game as well as drive game volumes and visit frequency.

The Group's Centres have generated attractive returns from capital invested, with the Refurbished Centres since the start of FY2014 generating an average return on investment of 44 per cent.

9.3 *Conversion of the Bowlplex estate*

At the 11 Centres acquired as a result of the acquisition of Bowlplex Limited in December 2015, the Group intends to offer staff new training and apply the business processes, marketing initiatives, IT and human resources systems that form part of the TOBC Business in order to raise the operations at the Bowlplex Centres to the standard of the Group's remaining estate. In addition to these changes and the refurbishments mentioned in paragraph 9.2 above, the Group intends to refurbish an average of three Bowlplex Centres per year to bring them in line with the higher standards seen across the remainder of the Group's estate. Of the 11 Bowlplex Centres acquired, three have been refurbished and re-branded, with another seven to be similarly refurbished and re-branded, as Hollywood Bowl Centres and one will be re-branded as an AMF Centre. The Directors believe that there is significant potential to improve the revenue and profitability of the Bowlplex Centres, the average revenue per Bowlplex Centre for FY2015 was £1.55 million compared to the average revenue per Hollywood Bowl Centre for the same period being £2.25 million.

9.4 *Development of new Centres and acquisitions*

The Directors believe that there are substantial opportunities to achieve attractive returns from the opening of new Centres. The current medium term strategy is to seek to open, on average, two new Centres per year, although this is dependent on the availability of suitable Centres and rental prices.

The Directors also believe that, from time to time, there will be opportunities to achieve further growth through the acquisition of existing bowling sites from other operators and improving their operations

by, for example, converting them into Hollywood Bowl Centres, similar to the current strategy being pursued with regard to the 11 Centres acquired as a result of the acquisition of Bowlplex.

10. INTELLECTUAL PROPERTY

The Group relies on intellectual property laws to protect certain aspects of its business. In particular, the Group has trademark registrations necessary to operate its business, including trademarks for “Hollywood Bowl”, “Hollywood Diner”, “AMF” and “Bowlplex”, which are registered in the UK and Europe.

11. INSURANCE

The Group maintains insurance of such type and in such amount as the Directors believe is commercially reasonable and available to operators in the bowling, F&B and amusement industries. The Group’s activities mean that it is exposed to potential liability including in relation to personal injury of customers and employees, as well as property damage and business interruption (as set out in further detail in Part II (*Risk Factors*) of this Prospectus). The Group maintains insurance policies in respect of property damage, business interruption, combined liability and public liability save where it is the responsibility of the landlord under the relevant lease.

12. REGULATORY MATTERS

The Group is subject to laws and regulations that affect its operations including in relation to: (i) the sale of alcohol, serving of hot food and drinks and the provision of regulated entertainment; and (ii) making gaming machines available for use. The regulation of these services is predominantly governed by the Licensing Act 2003 and the Gaming Act 1968. The carrying out of a licensable activity without a licence is an offence and accordingly each Centre at which any such licensable activity is carried out is required to have a premises licence covering the relevant activities. The Group uses a third party professional adviser to monitor and manage its license and permit applications and renewals for each of the Centres and holds premises licences for each Centre covering at least: (i) the sale of alcohol; (ii) the playing of recorded music; (iii) the provision of late night refreshment; and (iv) permits allowing the use of Category C and D gaming machines.

The recent passing of the Deregulation Act 2015 provides for the removal or reduction of burdens on, among others, businesses and individuals, including:

- since 1 April 2015, the removal of the requirement to renew a personal licence such they will continue unless surrendered, suspended, revoked or declared forfeit by the courts. This is likely to reduce the administrative burden for the Group of having to renew each of the personal licences for its 54 Centres and also reduces the risks of operating its business under an expired licence; and
- since 26 May 2015, the removal of the requirement to report loss or theft of a premises licence or a personal licence to the police before a replacement copy may be applied for from the relevant licensing authority. Therefore, in the event that any of its premises licence or personal licence has been lost or stolen, the Group may now apply directly to its licensing authority for a replacement and reduce the time period for which it may be operating without the requisite licence.

In each case these amendments lessen the burden of licensed activities rather than present any potential exposure with respect to the Group’s current activities.

The Group is also subject to data protection and health and safety regulations in the ordinary course of its business.

13. CORPORATE SOCIAL RESPONSIBILITY

A key element of the Group’s culture is the promotion of corporate social responsibility within its business, which the Directors believe supports the continued generation of sustainable value and enhances the Group’s ability to deliver on its strategic objectives.

The Group maintains a sustainability policy focused on enhancing the wellbeing of its employees, customers and the communities it operates in and through initiatives focused on minimising its environmental impact.

The Directors believe that the diversity of its employees combined with high levels of employee wellbeing and job satisfaction are integral to delivering a high quality customer experience and the Group is committed to providing an inclusive and supportive environment with opportunities to develop rewarding careers through its multiple talent programmes.

The Directors consider bowling to be an activity through which all customers can enjoy healthy competition and which provides an inclusive, interactive experience enabling families to spend quality time together whilst improving their wellbeing.

The Group is committed to ensuring access and delivering an inclusive, fun-filled experience for customers of all abilities with concessionary rates available for a number of user groups. The Directors recognise that poor diets are an important health challenge in the UK and are committed to improving the levels of information available on the sourcing of the Group's food products and nutritional values on menus. As an employer with multiple locations around the UK, the Group seeks to support the communities where it has operations by supporting local charities through fundraising, awareness and access.

The Group is also committed to continuing to reduce its carbon footprint and to developing excellent standards in its recycling efforts, for example, investing in new LED lighting with more efficient usage controls, recycling 60 per cent. of its cooking oils and on average, 63 per cent. of other waste from its Centres.

By embracing policies and behaviours governing social responsibility, the Group retains focus on managing material non-financial risks in its business.

14. CURRENT TRADING AND PROSPECTS

The Group's strong financial performance has continued through the second half of the current financial year, with trading in line with the Board's expectations.

Since 31 March 2016, the Group has refurbished six of its existing Centres, including the refurbishment and re-branding of three Bowlplex Centres. The initial returns on these first three Bowlplex re-brandings are delivering above Board expectations.

Furthermore, the Group has exchanged contracts with Intu Properties plc and Hammerson plc on two new sites which are part of retail shopping centres located in city centres and are due to open in the next financial year. Furthermore, the Group continues to have a strong pipeline of new sites.

The Group is also in advanced stages of negotiation with relevant landlords on four further potential new sites and with the landlord of the Group's existing Centre in Liverpool (the Group's only loss making Centre) with a view to amending the terms of the current lease.

The Board continues to implement the Group's strategy, as set out in this Part VII (*Information on the Group and Business Overview*) and remains confident about the future prospects of the Group.

15. DIVIDENDS AND DIVIDEND POLICY

The Board intends to adopt a progressive dividend policy whilst maintaining an appropriate level of dividend cover. This policy is intended to allow the Group to retain sufficient capital to fund on-going operating requirements and to invest in the Group's long term growth. Dividends are expected to be paid in an approximate one-third (interim dividend) and two-thirds (final dividend) split. The Board expects the Company's first dividend as a listed business to be a pro-rated dividend for the year ending 30 September 2016.

PART VIII

DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

1. Directors and Senior Management of the Group

1.1 The Board of Directors

1.1.1 The Board comprises the following people:

<i>Name</i>	<i>Age</i>	<i>Position</i>
Peter Ashley Boddy	51	<i>Non-Executive Chairman</i>
Stephen Burns	40	<i>Chief Executive Officer</i>
Laurence Brian Keen	40	<i>Chief Financial Officer</i>
Bill Priestley	48	<i>Non-Executive Director</i>
Nick Backhouse	53	<i>Senior Independent Director</i>
Claire Tiney	55	<i>Non-Executive Director</i>

1.1.2 The business address of each of the Directors is Focus 31 West Wing, Cleveland Road Hemel Hempstead Industrial Estate, Hemel Hempstead, Hertfordshire, HP2 7BW.

1.1.3 Brief biographical details of each of the Directors are set out below:

Peter Boddy

Peter joined the Group as Non-Executive Chairman in 2014. He also currently holds chairmanships in three other companies: Xercise4Less (the low-cost gym chain); Novus Leisure Ltd (operator of late night bars and clubs); and The Harley Medical Group, all of which are backed by private equity. Prior to this, Peter held the positions of CEO or Managing Director in a number of successful private equity backed companies including Fitness First UK, Megabowl Group Ltd and Maxinutrition Ltd. Peter has a degree in Economics from De Montfort University and an MBA from Warwick Business School.

Stephen Burns

Stephen joined the Group as Business Development Director in 2011, being promoted to managing director in 2012 and becoming Chief Executive Officer in 2014. Previously, Stephen worked within the Health and Fitness industry, holding various roles within Cannons Health and Fitness Limited from 1999, becoming Sales and Client Retention Director from 2007 upon the successful acquisition of Cannons Health and Fitness Ltd by Nuffield Health and then becoming Regional Director in 2009. In 2011 Stephen was appointed to the operating board of MWB Business Exchange, a public company specialising in serviced offices, meeting and conference rooms and virtual offices, looking after the CEC and outer London brands.

Laurence Keen

Laurence joined the Group as Finance Director and Company Secretary in 2014. Laurence has a first class degree in Business, Mathematics and Statistics from the London School of Economics and Political Science. He is a qualified ICAEW Chartered Accountant and has also been a Fellow since 2012 (having qualified in 2000). His previous role was UK Development Director for Paddy Power from 2012. He has also held senior retail and finance roles for Debenhams PLC, Pizza Hut (UK) Ltd and Tesco PLC.

Bill Priestley

Bill is the Chief Investment Partner at Electra Partners, an independent private equity fund manager specialising in buy-outs and co-investments, where he leads the investment team and sits on the Investment Committee. Bill joined Electra Partners in 2014 after having previously held the roles of Co-Chief Executive Officer and Managing Director at LGV Capital, a mid-market private equity house owned by Legal & General PLC, where he worked for over 10 years. Bill has also worked at N M Rothschild & Sons and Barclays and currently serves on the boards of Innovia Group and TGI Fridays. Bill has a degree in Law from Cambridge University.

Nick Backhouse

Nick was formerly Deputy Chief Executive Officer of the David Lloyd Leisure Group and a non-executive director of All3Media Ltd. He has also been Group Finance Director of National Car Parks, Chief Financial Officer for each of the Laurel Pub company and Freeserve plc and was, prior to that, a board director of Baring Brothers. Nick currently acts as non-executive director to Marston's PLC where he serves as Chairman of the Audit Committee, the Senior Independent Non-executive Director of the Guardian Media Group plc and a Director and Trustee of Chichester Festival Theatre. Nick joined the Group on 14 June 2016 as Senior Independent Non-Executive Director and will chair the Audit Committee. He is a Fellow of the Institute of Chartered Accountants and has an MA in Economics from Cambridge University.

Claire Tiney

Claire has over twenty years' board level experience encompassing executive and non-executive roles in blue-chip retailing, property development and the services sector, across the UK and Western Europe. Claire runs her own business as an HR Consultant, executive coach and facilitator, having spent 15 years as an executive director in a number of retail businesses including Homeserve plc, Mothercare plc and WH Smith Group plc. Most recently she was HR Director at McArthurGlen Group, the developer and owner of designer outlet villages throughout Europe. She was previously a non-executive director of Family Mosaic and is currently a non-executive director of Grey 4 Gold and of Topps Tiles plc. Claire joined the Group on 14 June 2016 as a Non-Executive Director and will chair the Remuneration Committee. She has an MBA from Stirling University.

1.2 Senior Management

1.2.1 The Senior Management comprises the following people:

<i>Name</i>	<i>Age</i>	<i>Position</i>
Melanie Dickinson	41	<i>Talent Director</i>
Mathew Hart	46	<i>Commercial Director</i>

1.2.2 The business address of each of the Senior Managers is Focus 31 West Wing, Cleveland Road Hemel Hempstead Industrial Estate, Hemel Hempstead, Hertfordshire, HP2 7BW.

1.2.3 Brief biographical details of each of the Senior Managers are set out below.

Melanie Dickinson

Melanie was appointed as talent director of TOBC in October 2012. She has 15 years of HR experience across the leisure and hospitality sectors. Starting her career in retail operations before moving into HR, Melanie has held HR roles at Pizza Express, Holmes Place Health Clubs and Pizza Hut UK; as well as obtaining a post graduate diploma in Personnel and Development. Most recently, she headed the People function at Zizzi Restaurants, part of the Gondola group.

Mathew Hart

Mathew joined TOBC as commercial director in January 2015. He has 23 years of commercial, marketing, e-commerce and general management experience across the travel, leisure and healthcare sectors. He has held executive positions at Holiday Autos (managing director), Lastminute.com (group marketing director), Cannons Health Clubs (group marketing and commercial director), Nuffield Health (group marketing director) and Encore Tickets (group marketing director).

1.3 Company Secretary

Laurence Keen, who is the Chief Financial Officer, has been appointed as the Company Secretary. Although the UK Corporate Governance Code does not provide that the same person should not perform the role of executive director and Company Secretary, the Directors consider that given the nature of the Company Secretary's role, in particular the need to ensure good information flows within the Board and its committees and between senior management and the Non-Executive Directors; and for advising the Board through the Chairman on all governance related matters, it would be in the Company's interests for an independent person to fulfil that role. The Directors therefore intend to

appoint an independent person to the position of Company Secretary to replace Laurence Keen, as soon as reasonably practicable after Admission.

2. Corporate Governance

2.1 UK Corporate Governance Code

2.1.1 The Board is committed to the highest standards of corporate governance and intends that the Company should comply with all requirements of the UK Corporate Governance Code that are applicable to it as a “smaller company” (defined in the UK Corporate Governance Code as being a company below the FTSE 350, and which the Company will be on Admission). The Board considers that the Company is compliant with all aspects of the UK Corporate Governance Code that are applicable to it as a “smaller company” other than the requirement set out in code provision A.3.1 of the UK Corporate Governance Code which requires that the Chairman should, on appointment, meet the independence criteria set out in code provision B.1.1. This is because the Chairman will, at Admission, be a holder of Ordinary Shares and was, prior to completion of the Reorganisation, a holder of shares in Kanyeco Limited. Nevertheless, the Board considers that the fact of that holding of shares (including the relative size of it) does not influence the Chairman’s independence of character and judgement within the meaning of code provision B.1.1 and it does not influence him or the Board in the proper discharge of their duties and the operation of the business of the Group.

2.1.2 The UK Corporate Governance Code recommends that, other than in the case of a UK listed company that is a “smaller company” at least half the board of directors of a UK listed company, excluding the chairman, should comprise non-executive directors determined by the board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the director’s judgement. The UK Corporate Governance Code recommends that a “smaller company” should have at least two independent non-executive directors. The Board is currently comprised of two executive directors and two non-executive directors (excluding the Chairman and Bill Priestley, who is the nominee director of the Principal Selling Shareholder) and the Board therefore considers that the Company is compliant with the UK Corporate Governance Code (as it applies to the Company) in this regard. Excluding the Chairman, the Board considers each of the Non-Executive Directors (other than Bill Priestley) to be independent for the purposes of the UK Governance Code, notwithstanding any interests in shares of the Company they may acquire pursuant to the Offer. It should be noted that were the Company to move into the FTSE 350 in the future, then in order to ensure its continued compliance with the UK Corporate Governance Code, the Company would need to ensure that at least half of its board of directors comprised independent non-executive directors.

2.1.3 The UK Corporate Governance Code recommends that the board of directors of a company with a premium listing on the Official List should appoint one of the non-executive directors to be the senior independent director to provide a sounding board for the chairman and to serve as an intermediary for the other directors when necessary. The senior independent director should be available to shareholders if they have concerns which contact through the normal channels of the chief executive officer has failed to resolve or for which such contact is inappropriate. Nick Backhouse has been appointed as the senior independent director of the Company.

2.1.4 As envisaged by the UK Corporate Governance Code, the Board has established three committees: an audit committee, a nomination committee and a remuneration committee. If the need should arise, the Board may set up additional committees as appropriate.

2.2 Audit committee

Nick Backhouse (*chairman*), Claire Tiney and Bill Priestley

2.2.1 The UK Corporate Governance Code recommends that an audit committee should comprise at least three members (or in the case of a “smaller company”, two members) who are independent non-executive directors and that at least one member should have recent and relevant financial experience. The Audit Committee will be chaired by Nick Backhouse and its other members will be Claire Tiney and Bill Priestley. The Directors consider that Nick

Backhouse has recent and relevant financial experience in accordance with the requirements of the UK Corporate Governance Code. The Board therefore considers that the Company is compliant with the UK Corporate Governance Code in this regard.

- 2.2.2 The Audit Committee's role is to assist the Board with the discharge of its responsibilities in relation to internal and external audits and controls, including reviewing the Group's annual financial statements, considering the scope of the annual audit and the extent of the non audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the internal control systems in place within the Group. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board. The Audit Committee will give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the Listing Rules.
- 2.2.3 The Audit Committee will normally meet not fewer than three times a year. Further meetings may be called as required. The internal and external auditors have the right to attend meetings. Outside of the formal meeting programme, the Audit Committee chairman will maintain a dialogue with key individuals involved in the Company's governance, including the Chairman, the Chief Executive Officer, the Chief Financial Officer, the external audit lead partner and the head of internal audit.
- 2.2.4 The Audit Committee will be responsible for:
 - 2.2.4.1 assisting the Board in discharging its responsibilities and in making all relevant disclosures in relation to the financial affairs of the Company;
 - 2.2.4.2 reviewing accounting policies and financial reporting and regulatory compliance;
 - 2.2.4.3 reviewing the Company's system of internal control; and
 - 2.2.4.4 monitoring the Company's processes for internal audit, risk management and external audit.
- 2.2.5 From Admission, the Audit Committee chairman will be available at annual general meetings of the Company to respond to questions from Shareholders on the activities of the Audit Committee.
- 2.2.6 The Audit Committee has taken appropriate steps to ensure that the Auditors are independent of the Company and obtained written confirmation from the Auditors that they comply with guidelines on independence issued by the relevant accountancy and auditing bodies.

2.3 **Nomination committee**

Peter Boddy (*chairman*), Claire Tiney and Nick Backhouse

- 2.3.1 The UK Corporate Governance Code recommends that a majority of the members of a nomination committee should be independent non-executive directors. The Nomination Committee is chaired by Peter Boddy and its other members will be Claire Tiney and Nick Backhouse. The Board therefore considers that the Company is compliant with the UK Corporate Governance Code in this regard. The Nomination Committee will meet once annually and also as and when required.
- 2.3.2 The Nomination Committee will be responsible for assisting the Board in the formal selection and appointment of directors. It will consider potential candidates and will recommend appointments of new directors to the Board and will also be responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors or committee members as the need may arise. The appointments will be based on merit and against objective criteria, including the time available to and the commitment which will be required of, the potential director. It will also be responsible for carrying out an annual performance evaluation of the Board, its committees and individual Directors.
- 2.3.3 The Nomination Committee is responsible for evaluating the balance of skills, knowledge and experience and the size, structure and composition of the Board and committees of the Board, retirements and appointments of additional and replacement directors and committee

members and will make appropriate recommendations to the Board on such matters.

- 2.3.4 In addition, the Nomination Committee will make recommendations to the Board as regards succession planning for both Executive Directors and Non-Executive Directors. The Nomination Committee will take into account the challenges and opportunities facing the Group and what skills and expertise will therefore be needed on the Board in the future.

2.4 **Remuneration committee**

Claire Tiney (*chairwoman*), Nick Backhouse and Bill Priestley.

- 2.4.1 The UK Corporate Governance Code recommends that, in the case of a UK listed company that is a “smaller company”, the remuneration committee should comprise at least two non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment. The Remuneration Committee is chaired by Claire Tiney and its other members are Nick Backhouse and Bill Priestley. The Board therefore considers that the Company is compliant with the UK Corporate Governance Code in this regard. The Remuneration Committee will meet at least once a year.
- 2.4.2 The Remuneration Committee recommends what policy the Company should adopt on executive remuneration, determines the levels of remuneration for each of the Executive Directors and recommends and monitors the remuneration of members of Senior Management. The Remuneration Committee will also generate an annual remuneration report to be approved by the shareholders of the Company at the annual general meeting.
- 2.4.3 The Remuneration Committee will be responsible for determining and agreeing with the Board the broad policy for the remuneration of the Chairman, the Chief Executive and such other members of the executive management as it is designed to consider. The Remuneration Committee, within the terms of the agreed policy, will determine the total individual remuneration package of each Executive Director. In addition, the Remuneration Committee will ensure that provisions regarding disclosure of remuneration are fulfilled. The Remuneration Committee will make recommendations to the Board on the remuneration arrangements for the Executive Directors and the Chairman. The Remuneration Committee will oversee the remuneration policy of the Group.
- 2.4.4 No Director will be involved in decisions as to his or her own remuneration.

3. **Takeover Code**

The Takeover Code is issued and administered by the Takeover Panel. The Company will, following Admission, be subject to the Takeover Code. For more information about the Takeover Code, see paragraph 21 of Part XV (*Additional Information*).

PART IX

OPERATING AND FINANCIAL REVIEW

1. Overview

The Group is the UK's largest ten-pin bowling operator, with a portfolio of 54 bowling Centres operating across the UK under the Hollywood Bowl, AMF and Bowlplex brands. The Group specialises in operating large, high quality bowling centres, predominantly located in out of town multi-use leisure parks (typically co-located with cinema and casual dining sites/operators) and large retail parks. The Group's bowling Centres are designed to offer a complete family entertainment experience with each Centre also offering on-site dining, licensed bars, and state-of-the-art family games arcades. These ancillary offerings of food and beverage and amusements also provide an opportunity for the Group to increase spend per game within its Centres.

Since 2010, the Operating Group's business has delivered strong results across the whole of its estate, success, due in part, to the quality of the property portfolio and the location of Centres, engagement and insight from over 5 million contacts on the Group's customer database and the growth opportunities within the key revenue streams of bowling, food and beverage and amusement machines.

The Group is headquartered in Hemel Hempstead, where it also has a 50 seat customer contact centre to manage customer calls and bookings. In addition, the Group operates a scoring, motors and spares division, out of its Tolworth Centre, providing technical support and repairs for the entire estate.

In FY2015, the Operating Group employed on average 1,386 employees, mainly in its Centres. As at 31 March 2016, the majority of the Operating Group's employees were employed on a part time basis representing approximately 1,123 full time equivalents.

For FY2015, the Operating Group generated revenue of £86.0 million, and the Operating Group's Adjusted EBITDA of £20.6 million, representing a CAGR of 10.7 per cent. and 37.0 per cent., respectively, since 30 September 2013. In the six months ended 31 March 2016, the Operating Group generated revenue of £55.0 million and Adjusted EBITDA of £16.8 million. The Group's Centres have generated attractive returns from capital invested, with the Refurbished Centres since the start of FY2014 generating average returns of investment of 44 per cent.

2. Significant factors affecting the Group's results of operation

This section discusses key factors that the Directors believe have had a material effect on the Operating Group's results of operations and financial condition during the periods under review, as well as those that are reasonably likely to have a material effect on its results of operation and financial condition in the future.

2.1 Centre refurbishments and new Centre openings

New Centre openings and refurbishments have been a significant driver of the Operating Group's revenue and EBITDA growth during the Historical Period, and its roll out and refurbishment strategy is expected to continue to have a significant effect on its results of operation. The Operating Group opened four new Centres and fully refurbished 14 existing Centres during the Historical Period, with a further 6 existing Centres fully refurbished in the Post Reporting Period.

Centre refurbishments are intended to transform the customer experience by creating a more modern and engaging environment as well as to generate higher revenues per visit. Typically, a refurbishment will include renewing the outside signage, installation of the Group's proprietary scoring system, refreshing the bowling environment, refurbishing the bar and diner, and a full Centre redecoration (including replacement of carpets), for an average investment of approximately £350,000 per Centre. During the Historical Period, the refurbished Centres demonstrated: a game volume uplift of up to 6.7 per cent.; which was an average of 3.9 per cent. versus the rest of the estate; and an average increase in spend per game of 7.0 per cent. versus the rest of the estate, during the first 12 months following a refurbishment. The Group targets a return on investment of 33 per cent. on refurbishment spend and has seen an average return on investment of 44 per cent. from the Refurbished Centres since the start of FY2014. To date, the Group has refurbished only 37 per cent. of its existing estate.

The Operating Group has opened four new Centres and acquired 11 Centres as part of the Bowlplex acquisition during the Historical Period. The 11 Bowlplex Centres will be included in the Group's future refurbishment programme, with three refurbishments and re-brandings having already taken place and with two to three further Centres being refurbished each year.

Initial trading of the Operating Group's new Centres has been positive, with each Centre reaching maturity during its first year of operation. During the Historical Period, each of the Operating Group's new Centres has achieved positive EBITDA within the first month of opening. Fit outs take approximately 16 to 20 weeks to be completed from vacant possession being granted and the average cost for the fit out of a new Centre is approximately £2.1 million. Leisure and retail park landlords see the advantage of including the Group as a tenant within their schemes as the Group is a strong driver of footfall as well as contributing to an overall 'dwell time' within the parks. In this regard, the landlords for each of the new Centres have contributed to the total cost of each new Centre developed by the Operating Group. For these four new Centres, the average return on capital, excluding the landlord contribution, was approximately 28 per cent. with an average Payback Period of 3.5 years. Including landlord contributions, the average return on capital from these four Centres was over 100 per cent. with an average Payback Period of 0.7 years.

The Directors believe that from time to time, there will also be opportunities to achieve further growth through the acquisition of existing bowling centres from other operators and improving their operations and potentially converting them into Hollywood Bowl Centres, similar to the current strategy being pursued with regard to the 11 Bowlplex Centres acquired in December 2015.

2.2 ***Yield management strategy***

Bowling revenue is the largest income driver of the Operating Group, representing 47 per cent. of revenue in FY2015 and is the core driver of the other ancillary revenues. Due to the fixed cost nature of the machine and lane maintenance, the Operating Group treats bowling revenues as 100 per cent. gross profit. The Operating Group's average bowling spend per game is affected by the price of a game of bowling which is set on a Centre by Centre basis and broadly falls in three price bands based on: local demographic profile; quality of the offering; and local cinema pricing.

During the Historical Period, the Operating Group has achieved increases in its bowling spend per game through management of its pricing structure, availability of promotions and overall yield management. Spend per game has been driven by improving the quality of the customer experience, allowing the Operating Group to increase the bowling price by between 10 pence and 25 pence per game at these Centres as well as applying inflation-related increases to prices across the remainder of the Group's estate. Growth in spend per game has also been driven by the more effective use of promotional packages and the introduction of VIP lanes (which cost £1 more per person). VIP lanes are currently in 20 of the Group's 54 Centres.

Over time, the Operating Group has replaced universal discounted bowling offers with targeted offers which seek to increase 'dwell time' and spend during off peak periods, supported by the use of the Group's sophisticated CRM System.

Between FY2013 and FY2015, the average spend per game and the number of games played increased across all Centres, as set out in further detail in the table below:

	<i>Financial year ended 30 September</i>			<i>Six months ended 31 March</i>	
	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2015</i>	<i>2016</i>
Average total spend per game	£7.13	£7.54	£8.12	£8.10	£8.81
<i>Growth</i>	<i>N/A*</i>	<i>5.8%</i>	<i>7.7%</i>	<i>8.4%</i>	<i>8.8%</i>
Number of games (m)	9.6	10.1	10.4	5.3	6.1
<i>Growth</i>	<i>N/A*</i>	<i>6.0%</i>	<i>2.6%</i>	<i>N/A*</i>	<i>15.4%</i>

* Information not included as part of the Historical Financial Information contained in this Prospectus.

The Operating Group has taken a conservative approach to rack rate pricing and the Operating Group is a competitively priced operator in the branded bowling market. Management have only increased

the prices of the TOBC Centres by an average of 6.6 per cent. during the Historical Period. Price increases vary on a Centre-by-Centre basis, with price increases typically being implemented following a refurbishment. Based on their experience to date, as well as external market research that has been commissioned by the Operating Group, the Directors believe that the demand for bowling is relatively insensitive in response to small increases in price, and that further increases can be implemented with a positive overall impact on yield. The Directors believe the average price per game will continue to increase in 2016 and 2017 as the full year effect of yield management initiatives take effect and selective future price increases are made.

Each Centre has a bar and a food offering, which ranges from a “standard menu” to the Group’s higher end offerings of Harry’s Diner and Hollywood Diner. Harry’s Diner and Hollywood Diner serve a higher quality menu offering with corresponding marginally higher prices. The Directors consider that the introduction of these concepts with higher quality food and beverage has increased the incidence of customers consuming food and beverage during their visits as well as increasing the average prices paid, raising the overall spend per game associated with food and beverage.

The Group’s amusement offering comprises a wide range of entertainment machines and sports tables, suitable for all ages. The Operating Group has a long-standing relationship with its amusement supplier and the Directors believe that, as a result of the Operating Group’s market leading position, it is seen by the amusement supplier as a partner of high strategic value. The Directors believe that access to the best and most up to date games is a genuine source of competitive advantage, which has underpinned increased spending per game on amusements.

2.3 **Operating Costs**

Given the Operating Group’s operationally geared model, the Operating Group’s management of its fixed and variable cost base is an important driver of the Operating Group’s Adjusted EBITDA margins. For FY2015, property costs were the highest cost to the business, at 26.2 per cent. of revenue. The Operating Group manages exposure to rent increases by negotiating fixed rental uplifts. Save for the long leasehold interests held in respect of the Washington Centre (expiring July 2118) and part of the Poole, Branksome Centre (expiring May 2063), all of the Group’s Centres have leases expiring between September 2016 and June 2038. The majority of the Group’s leases are either on a RPI uplifts or open market value, bowling occupation only reviews. The majority of the Group’s leases fall under the LTA, which provides security of tenure. The Operating Group’s leases had an average life of 14.3 years as at 31 March 2016, and as at the same date 35 leases had a remaining duration of more than 10 years. As a result, the Group has significant visibility over its future rent costs. The Directors believe that the property lease rentals for future Centres will be in line with current levels (other than the new urban Centres) that will need to pay higher rents to secure locations within the inner city shopping centres. This is, however, taken into account in the investment decision-making process and balanced with the expectation of being able to still deliver target returns. In FY2015, property costs dropped due to rates rebates which were not allocated to individual Centres.

The Operating Group manages staff costs through the employment of dynamic rota systems and real time sales forecasting tools, ensuring only the required staffing levels for the expected trade are in place, delivering a payroll to revenue percentage of 19.4 per cent. The Operating Group has invested in its central office functions to provide the required support to the Centres as part of the Group’s customer led ambitions.

The introduction of the customer contact centre as well as a new device responsive, ‘mobile-friendly’ website in October 2014 has increased the number of advanced bookings (bookings made prior to arriving at the Centre). Revenue for advanced bookings accounted for over 55 per cent. of total revenue in FY2015. A more effective use of the Group’s CRM System to determine promotions has also improved the ability of Management to anticipate demand and manage staffing levels.

The Operating Group has also closely managed other Centre expenses, such as utilities, repair and maintenance and marketing costs during the Historical Period and has used its increased scale to obtain better terms with service providers. In addition, new Centre openings and refurbishments have been completed to a high specification, which the Directors believe that results in stable maintenance costs and limited maintenance capital expenditure.

The Operating Group also outsources a number of functions where the Directors believe that such arrangements are more cost-effective than providing the functions in-house, including, for example: security and monitoring; cleaning services; payment processing services; website design and hosting; elements of IT infrastructure; fit-out design and construction, rent reviews and negotiations; and other professional services.

In FY2015, total corporate costs represented 8.7 per cent. of Operating Group revenue and the Directors believe the corporate costs will increase marginally from 30 September 2016 as a result of the Company becoming a listed company.

Depreciation of property, plant and equipment relates to depreciation of the Group's fixtures and fittings, and bowling equipment.

During the Historical Period, the Operating Group spent approximately £1.0 million per annum on maintenance costs which were expensed through the income statement, in addition to maintenance capital expenditure which was capitalised, which increased from £1.7 million in FY2013 to £2.7m in FY2015. The maintenance expense and capital expenditure are undertaken as part of a rolling cycle of maintenance to cover small improvements to the Centres, such as upgrades to customer toilets, electrical systems and lane improvements. The maintenance capital expenditure increased during the period due to Management's strategy of improving the overall standard of the Centres as expected by the Group's customers. Each Centre also has appropriate provision in its local maintenance budget, with the spend controlled by the Centre Manager. Average spend per Centre on maintenance capital expenditure increased from £41,000 in FY2013 to £61,000 in FY2015. Each Centre would typically receive a full refurbishment every 7 years, depending on the financial performance of the Centre and the potential returns on investment.

2.4 Weather impacts and seasonality

The Operating Group experiences a degree of seasonality, with peaks and troughs in trading periods that generally follow the school holiday season, rather than any particular weather season. The first half of the financial year is an important part of the trading calendar. Historically, sales and profit in the Operating Group's first half (October through to March) have been higher than sales and profit numbers achieved in the second half of the fiscal year, representing 55.4 per cent. of the Operating Group's EBITDA for FY2015. The Operating Group's business is typically cash positive throughout the year, however, and, in FY2015, no single month accounted for more than 10 per cent. of sales.

As an indoor leisure business, sales are positively impact by periods of wet weather and adversely affected during periods of warm and sunny weather, particularly during the peak periods outlined above. Advance bookings are more likely during sustained periods of wet weather and during the winter months as customers are more willing to commit to participating in an indoor leisure activity.

Sustained hot, sunny weather has a negative impact on sales, conversely, wet weather is positive for Operating Group revenues, meaning that the business generally benefits from the UK climate. The Easter break, due to it being on different dates from year to year, is generally the key trading window that is most likely to be impacted by the weather in the manner described above.

2.5 Macroeconomic conditions

As a leisure operator, the Operating Group relies on consumer discretionary spending and thus the Operating Group's revenue and results of operations are also influenced by macroeconomic conditions. Adverse developments in macroeconomic conditions which result in the lower availability of credit, higher interest rates and tax rates, increased unemployment, higher consumer debt levels, lower consumer confidence, lower wage and salary levels, inflation, or the public perception that any of these may occur, could impact the level of demand for bowling as well as overall spending per game. The Directors believe that the Operating Group has demonstrated credible resilience during periods of downturn, due to its focus on offering an attractive value for money proposition and its well-located property portfolio, as well as Management's focus on the Operating Group's operating costs and margins.

3. Operating Metrics

3.1 Key Performance Indicators

The Board monitors the Operating Group's performance by regularly reviewing the following metrics, as the Board considers these measures to give a greater understanding of the drivers of the Operating Group's performance. Some of the measures described below are not measures of financial performance under generally accepted accounting principles, including IFRS, and should not be considered in isolation or as an alternative to the IFRS financial statements. See "Presentation of Financial Information".

The table below represents the key performance indicators that the Directors believe significantly affects the Operating Group's results of operation and financial condition.

<i>£m unless otherwise stated</i>	<i>Financial year ended 30 September</i>			<i>Six months ended 31 March</i>	
	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2015</i>	<i>2016</i>
Revenue	70.2	78.7	86.0	43.8	55.0
Gross Profit %	81.4%	81.9%	82.6%	82.7%	83.7%
Adjusted EBITDA	11.0	14.6	20.6	11.0	16.8
Adjusted EBITDA margin %	15.6%	18.5%	23.9%	25.0%	30.6%
Revenue generating Capex	4.4	5.4	6.8	N/A*	3.9
Profit/(loss) before tax	(3.6)	(1.8)	4.8	2.9	6.3
Operating cash flow	13.7	12.2	22.4	11.5	19.0
Like-for-like sales growth	N/A*	8.1%	9.1%	5.9%	11.1%
Total average spend per game	£7.13	£7.54	£8.12	£8.10	£8.81

* Information not included as part of the Historical Financial Information contained in this Prospectus.

3.2 Current trading and prospects

The Group's strong financial performance has continued through the second half of the current financial year, with trading in line with the Board's expectations.

Since 31 March 2016, the Group has refurbished six of its existing Centres, including the refurbishment and re-branding of three Bowlplex Centres. The initial returns on these first three Bowlplex re-brandings are delivering above Board expectations.

Furthermore, the Group has exchanged contracts with Intu Properties plc and Hammerson plc on two new sites which are part of retail shopping centres located in city centres and are due to open in the next financial year. Furthermore, the Group continues to have a strong pipeline of new sites.

The Group is also in advanced stages of negotiation with relevant landlords on four further potential new sites and with the landlord of the Group's existing Centre in Liverpool (the Group's only loss making Centre) with a view to amending the terms of the current lease.

The Board continues to implement the Group's strategy, as set out in this Part VII (Information on the Group and Business Overview) and remains confident about the future prospects of the Group.

4. Description of key income statement items

4.1 Revenue

The Operating Group generates revenue through three main sources of income: bowling revenue (47.1 per cent. in FY2015), the sale of food and beverages (28.1 per cent.), and Amusement machines (22.6 per cent. in FY2015). In addition, in FY2015 Ancillary Revenues accounted for 0.3 per cent. of Operating Group sales and relate to ATM income, sales from Quasar (offered in three Centres) and other miscellaneous sales.

Revenue is recognised on a daily basis, with deferred income (primarily deposits for birthday and corporate parties) recorded on the day the activity takes place.

4.2 **Cost of sales**

Cost of sales comprise costs arising in connection with the generation of revenue from bar, diner and Amusements.

Bar cost of sales relate to the direct cost of drinks consumed and related disposable items. The diner cost of sales relate to the direct cost of food consumed and related disposable items. The Amusement cost of sales relate to the share of revenue attributable to the Amusement Supplier. Included within the cost of sales for the Amusement Supplier contract is the fixed monthly cost of maintenance for the machines and the capital cost (being one 48th of the total machine cost payable each month).

Given that the fixed cost base associated with bowling (being rent, property costs, maintenance and staff costs), also supports the other revenue streams, the Directors consider bowling to have 100 per cent. gross margin.

4.3 **Administrative expenses**

Administrative expenses comprise the costs of administering the Operating Group's operations, including employee costs, other fixed property costs, maintenance and supply costs, and other expenses.

The majority of the Operating Group's overhead base is represented by staff and property costs which typically increase in line with new Centre openings. Employee costs comprise wages and salaries and social security costs. The Operating Group operates a number of bonus schemes for Centre and head office employees. Bonuses are at the discretion of the Directors (where appropriate) and also require line manager approval. Centre managers have two elements to their bonus scheme: (i) the Centre performance bonus; and (ii) the outperformance bonus. The bonus structure incentivises managers to meet budget, with the opportunity to share in any outperformance. Other levels in the hierarchy of Centre staff have different variations of this bonus scheme. In order to qualify for a bonus, the Centre must meet customer engagement targets and the employee must still be employed by the Operating Group and in good standing at the time of payment. Elements of the bonus are paid quarterly as long as targets are being met. Head office employees are on various bonus schemes based on a percentage of salary. This is based on the achievement of personal objectives and Operating Group EBITDA targets, with each element carrying a 50 per cent. weighting. Customer contact centre staff also have the opportunity to earn a bonus based on individual customer service levels and performance targets.

Property costs are largely fixed costs and represent the most significant cost to the Operating Group. These costs include, rent, rates, service charges, insurance and telephone.

Maintenance and supply costs primarily relate to lane and equipment maintenance but also the Centres as a whole. Management operate a rolling programme of maintenance, and costs include contracted testing. These costs have remained broadly flat over the Historical Period. The Operating Group's suppliers typically have payment terms of 28-30 days from the end of the month in which the invoice is received. The Operating Group has national contracts for security, cleaning and main food supplies.

Other expenses include advertising, cleaning materials (cleaning contractors are included within staff costs), licences and subscriptions (which primarily relate to TV, music and music video rights and alcohol licences), finance charges (in respect of card transactions), professional fees (fees for rent reviews), training, and other expenses (intra-group call centre charges, computer costs and mystery shopper).

4.4 **Exceptional items**

Items that are material in size, unusual or infrequent in nature are disclosed separately as exceptional items. The separate reporting of exceptional items helps provide an indication of the Operating Group's underlying business performance.

During the Historical Period, exceptional items included rates and VAT rebates, the disposal of the Operating Group's Havant Centre, severance costs and costs associated with the investment by Electra Investments Limited in FY2014 and the acquisition of Bowlplex in December 2015.

4.5 **Finance costs**

Finance costs represent the charges (accrued or paid) associated with the Operating Group's bank loans as well as the shareholder loans and unsecured notes which were introduced when Electra

Investments Limited invested in FY2014. The unsecured loan notes are interest accruing and no repayments have been made to date.

Net interest payments and other finance charges increased from £5.0 million for FY2014 to £8.1 million for FY2015, driven primarily by an increase in bank loans.

4.6 **Taxation**

Each member of the Group is incorporated and resident for tax purposes in the United Kingdom.

Tax on profit comprises of UK corporation tax. The Operating Group became tax paying in FY2015.

5. **Results of operations**

The following table sets out selected data from the combined income statement for FY2013, FY2014 and FY2015 and the six months ended 31 March 2015 and 2016, which have been extracted without material adjustment from the Operating Group's audited combined Historical Financial Information.

£'000	Financial year ended 30 September			Six months ended 31 March	
	2013	2014	2015	2015 (unaudited)	2016
Revenue	70,151	78,725	86,044	43,824	54,968
Cost of sales	(13,016)	(14,186)	(14,963)	(7,581)	(8,970)
Gross profit	57,135	64,539	71,081	36,243	45,998
Administration expenses	(55,696)	(61,303)	(58,047)	(29,161)	(35,067)
Operating profit	1,439	3,236	13,034	7,082	10,931
<i>Analysed as:</i>					
Group Adjusted EBITDA	10,959	14,568	20,578	10,968	16,796
Depreciation and Amortisation	(9,349)	(9,353)	(8,266)	(4,423)	(4,897)
Exceptional items	(171)	(1,979)	722	537	(968)
Movement in derivative financial instruments	–	–	134	137	32
Finance costs	(5,050)	(5,678)	(8,143)	(4,003)	(4,610)
Finance income	15	641	8	1	7
Profit/(loss) before tax	(3,596)	(1,801)	4,765	2,943	6,296
Income tax credit/(charge)	998	(759)	(1,173)	(525)	(1,355)
Profit/(loss) for period attributable to equity shareholders	(2,598)	(2,560)	3,592	2,418	4,941

Results of operations for the six months ended 31 March 2016 compared to the six months ended 31 March 2015

Revenue

Revenue increased by 25.4 per cent. to £55.0 million in the six months to 31 March 2016, from £43.8 million in the corresponding period in the prior year, driven primarily by: (i) the acquisition of Bowlplex in December 2015; (ii) organic growth in spend per game; (iii) like for like growth in non-bowling activities and (iv) like-for-like growth in the number of games. At the end of the six months to 31 March 2016, the Group operated a total of 54 Centres, compared to 44 Centres at the end of FY2015.

In the six months to 31 March 2016, revenue from bowling represented 47.7 per cent. of total Operating Group revenue with Food and Beverage, Amusements and Ancillary Revenues representing 28.6 per cent., 21.8 per cent. and 0.3 per cent., respectively (47.0 per cent., 29.7 per cent., 21.4 per cent. and 0.3 per cent., respectively, in the six months to 31 March 2015).

Administrative expenses

The table below presents a breakdown of administrative expenses for the six months ended 31 March 2016 and the six months ended 31 March 2015:

	<i>Six months ended 31 March</i>	
	<i>2015</i>	<i>2016</i>
	<i>(£'000s)</i>	
Employee costs	8,475	9,729
Other fixed property	11,267	12,529
Maintenance and supplies	791	961
Other expenses	1,305	1,617
Corporate costs	3,437	4,346
Depreciation and amortisation	4,423	4,897
Exceptional items	(537)	968
	<u>29,161</u>	<u>35,067</u>

Administrative expenses increased by 20.3 per cent. to £35.1 million in the six months ended 31 March 2016, from £29.2 million in the six months ended 31 March 2015. Property and employee costs were the largest expenses in the business with the increase seen during the period being primarily the result of the acquisition of Bowlplex in December 2015.

In the six months ended 31 March 2016, Other Expenses remained broadly in line with those in the six months ended 31 March 2015.

Corporate costs increased by 26.4 per cent. to £4.3 million in the six months ended 31 March 2016, from £3.4 million in the six months ended 31 March 2015. The increase over the period was mainly due to the acquisition of Bowlplex. As a percentage of total Operating Group revenue for the six months ended 31 March 2016, total corporate costs represented 7.9 per cent., against 7.8 per cent. in the six months ended 31 March 2015.

Exceptional items

In the six months ended 31 March 2016, exceptional items totalled £(1.0) million resulting predominantly from a £1.2 million VAT rebate and costs of £2.3 million relating to the acquisition of Bowlplex.

In the six months ended 31 March 2015, exceptional items totalled £0.5 million comprised predominantly by rate rebates due to the Operating Group in the period.

Finance costs

Net interest payments and other finance charges increased by 15.0 per cent. from £4.0 million for the six months ended 31 March 2015 to £4.6 million for the six months ended 31 March 2016, driven primarily by an increase in bank and subordinated shareholder loans.

Results of operations for FY2015 compared to FY2014

Revenue

Revenue increased by 9.3 per cent. to £86.0 million in FY2015, from £78.7 million in FY2014, driven primarily by: (i) the opening of a new Centre in Cheltenham in November 2014; (ii) organic growth in spend per game; (iii) the refurbishment of certain Centres; and (iv) organic growth in games played, as well as some favourable weather conditions during school holidays. At the end of the FY2015, the Operating Group operated a total of 44 Centres, compared to 43 Centres at the end of FY2014.

In FY2015, revenue from bowling represented 47.1 per cent. of total Operating Group revenue with Food and Beverage, Amusements and Ancillary Revenues representing 28.1 per cent., 22.6 per cent. and 0.3 per cent., respectively (44.7 per cent., 30.1 per cent., 22.1 per cent. and 0.4 per cent., respectively, in FY2014).

Administrative expenses

The table below presents a breakdown of administrative expenses for FY2014 and FY2015:

	<i>Year ended 30 September</i>	
	<i>2014</i>	<i>2015</i>
	<i>(£'000s)</i>	
Employee costs	16,044	16,658
Other fixed property	22,120	22,343
Maintenance and supplies	1,508	1,545
Other expenses	2,990	2,203
Corporate costs	6,933	7,737
Loss on disposal of property, plant and equipment	376	17
Depreciation and amortisation	9,353	8,266
Exceptional items	1,979	(722)
	<u>61,303</u>	<u>58,047</u>

Administrative expenses decreased by 5.3 per cent. to £58.0 million in FY2015, from £61.3 million in FY2014. However, excluding exceptional items and depreciation, the increase in property and employee costs was driven primarily by the opening of the Group's Centre in Cheltenham.

Maintenance and supply costs remained broadly flat over the same period with the marginal increase primarily due to purchasing new balls for the VIP lanes which were installed at some Centres.

In FY2015, Other Expenses remained broadly in line with those in FY2014.

As a percentage of total sales for FY2015, total costs for the Group's Centres represented 49.7 per cent., a decline from 54.2 per cent. in FY2014.

Corporate costs increased by 11.6 per cent. to £7.7 million in FY2015, from £6.9 million in FY2014. The increase over the period was mainly due to bonus payments which were increased to reward Centre staff for the growth in the business and increases in the customer contact centre. Professional fees also rose in FY2015 primarily as a result of advisers receiving 10 per cent. of rate rebates and an increase in audit fees. Additional corporate costs included advertising and promotions, travel and training. As a percentage of total sales for FY2015, total corporate costs represented 9.0 per cent., against 8.8 per cent. in FY2014.

Exceptional items

In FY2015, exceptional items totalled £0.7 million and consisted predominantly of £1.0 million resulting from a sector wide assessment of rates in the period which meant that the majority of the Operating Group's Centres were eligible for rebates. Included in this £1.0 million are all the historical rebates received by the Operating Group. Offsetting this rates rebate, an exceptional charge of £0.2 million was recorded in relation to the investment by Electra Investments Limited in FY2014.

In FY2014, exceptional items totalled £2.0 million and consisted primarily of £3.0 million of costs associated with the investment by Electra Investments Limited partially offset by the net proceeds resulting from the disposal of the Operating Group's Centre in Havant (£0.5 million). In addition, an option on one of the Operating Group's Centres was signed in August 2014 resulting in a payment to the Operating Group of £0.5 million by the landlord of that Centre. This option gave the landlord the ability to give the Operating Group only six months' notice to vacate the property, with an expiry date for the option of December 2016. In May 2016 the expiry date for the option was extended to 1 January 2019.

Finance costs

Net interest payments and other finance charges increased by 61.5 per cent. from £5.0 million for FY2014 to £8.1 million for FY2015, driven primarily by an increase in bank and subordinated shareholder loans.

Results of operations for FY2014 compared to FY2013

Revenue

Revenue increased by 12.2 per cent. to £78.7 million in FY2014, from £70.2 million in FY2013, driven primarily by (i) the opening of a new Centre in Milton Keynes in October 2013, (ii) organic growth in spend per game; (iii) the refurbishment of certain Centres; (iv) organic growth in games played, as well as some favourable weather conditions during school holidays. As at 30 September 2014, the Group operated a total of 43 Centres, being the same number of Centres as at 30 September 2013.

In FY2014, revenue from bowling represented 44.7 per cent. of total Operating Group revenue with Food and Beverage, Amusements and Ancillary Revenues representing 30.1 per cent., 22.1 per cent. and 0.4 per cent., respectively (44.5 per cent., 30.6 per cent., 21.8 per cent. and 0.5 per cent., respectively, in FY2013).

Administrative expenses

The table below presents a breakdown of administrative expenses for FY2013 and FY2014:

	<i>Year ended</i> <i>30 September</i>	
	<i>2013</i>	<i>2014</i>
	<i>(£'000s)</i>	
Employee costs	15,154	16,044
Other fixed property	20,975	22,120
Maintenance and supplies	1,439	1,508
Other expenses	2,996	2,990
Corporate costs	5,410	6,933
Loss on disposal of property, plant and equipment	202	376
Depreciation and amortisation	9,349	9,353
Exceptional items	171	1,979
	<u>55,696</u>	<u>61,303</u>

Administrative expenses increased by 10.1 per cent. to £61.3 million in FY2014, from £55.7 million in FY2013. Property and employee costs were the largest expenses in the business with the increase seen during the period predominantly as result of the opening of the Group's Centre in Milton Keynes.

Maintenance and supply costs remained broadly flat over the period with the marginal increase primarily due to increased maintenance needed at new and refurbished Centres during the period.

Total costs for the Operating Group's Centres represented 54.2 per cent. of total sales for FY2014, which was a decline from 57.8 per cent. for FY2013.

Corporate costs increased by 28.2 per cent. to £6.9 million in FY2014, from £5.4 million in FY2013. The increase over the period is mainly due to bonus payments which were awarded to staff for the growth in the business and the commencement of a new training programme. Training costs for FY2014 were £0.2 million compared with £0.1 million for FY2013.

Exceptional items

In FY2014, exceptional items totalled £(2.0) million and consisted predominantly of £3.0 million of costs associated with the investment by Electra Investments partially offset by the net proceeds resulting from the disposal of the Operating Group's Centre in Havant (£0.5 million). In addition, an option on one of the Group's Centres was signed in August 2014 resulting in a payment to the Group of £0.5 million by the landlord of that Centre. This option gives the landlord the ability to give the Group six months' notice to vacate the property. In May 2016 the expiry date for the option was extended to 1 January 2019.

In FY2013, exceptional items totalled £(0.2) million and consisted predominantly of severance costs of £0.1 million.

Finance costs

Interest charges and other finance charges remained unchanged at £5.0 million in FY2014 and FY2013.

Liquidity and capital resources

The Group's liquidity requirements arise primarily from its growth strategy, make interest payments on its indebtedness and meet the working capital requirements of the business. The Operating Group's principal sources of liquidity have been its cash flow from operating activities, its bank loans and its subordinated shareholder loans.

Cash flows

The table below represents a summary of the Operating Group's cash flows for the periods indicated:

(£'000s)	Year ended 30 September		2015	For the six months ended 31 March	
	2013	2014		2015	2016 (unaudited)
Net cash flows from operating activities	13,406	12,092	18,254	9,462	17,149
Net cash flows used in investing activities	(7,930)	(59,229)	(6,844)	(2,713)	(24,505)
Net cash flows used in financing activities	(3,610)	40,135	(693)	159	8,513
Net (decrease)/increase in cash and cash equivalents	1,866	(7,002)	10,717	6,908	1,157
Cash and cash equivalents at beginning of period	9,115	10,981	3,979	3,979	14,696
Cash and cash equivalents at end of period	10,981	3,979	14,696	10,887	15,853

Net cash flows from operating activities

Net cash flows from operating activities increased from £13.4 million in FY2013 to £18.3 million in FY2015, largely due to the growth in sales and EBITDA over that period, together with the Operating Group's negative working capital model.

Net cash flows from investing activities

Net cash out flows from investing activities decreased from £7.9 million in FY2013 to £6.8 million in FY2015. Capital expenditure increased largely due to the Directors' decision to increase refurbishments and to develop new Centres over that period, as well as the increase in the level of maintenance capital expenditure to improve the overall standard of the Operating Group's Centres. This increased capital expenditure was offset by the proceeds from the disposal of the Havant site. In the 6 month period to 31 March 2016 the Operating Group spent an additional net £22.8 million on the acquisition of 11 Centres from Bowlplex.

Net cash flows used in financing activities

Net cash flows from financing activities from an outflow of £(3.6) million in FY2013 to an inflow of £40.1 million in FY2014, due to financing being raised from new bank debt and subordinated shareholder loans in relation to the investment by Electra Investments Limited in FY2014. Net cash flows were £(0.7) million in FY2015, which related primarily to the payment of interest on bank loans and subordinated shareholder loans.

Capital expenditures

The table below presents a breakdown of the Group's capital expenditure for FY2013, FY2014 and FY2015 and the six months ended 31 March 2016:

	Year ended 30 September			For the six months ended 31 March
	2013	2014	2015	2016
	(£'000s)			
Maintenance	1,748	2,084	2,675	2,249
Refurbishment	480	1,129	2,417	1,154
Amusement Supplier	2,511	2,107	2,194	1,361
New Centres	5,496	1,725	1,263	118
Landlord contributions	(1,746)	(696)	(1,255)	–
Net disposal (proceeds)/costs	(559)	604	(450)	(2,208)
Total capital expenditures	7,930	6,953	6,844	2,674

Maintenance increased by £0.9 million over the Historical Period, and the average maintenance spend per Centre rose by £20,000 to £61,000 in FY2015. This increase was principally due to the Directors' decision to maintain Centres to a higher standard to ensure quality and consistency of customer experience as well as to focus on a few maintenance projects such as LED lighting and air conditioning.

Refurbishment capital expenditure increased by £1.9 million over the Historical Period as a function of the number of refurbishment projects undertaken as new formats were rolled out across the portfolio. Management views Centres as typically needing refurbishment every six to seven years.

Refurbishments completed in the Historical Period and the financial year to date were:

- Two Centres in FY2013: Cardiff* and Finchley;
- Five Centres in FY2014: Leicester, Sheffield and Surrey Quays*, High Wycombe and Springfield Quay;
- Seven Centres in FY2015: Crawley, Stevenage, Stockton, Basildon, Eastleigh, Cardiff** and Hull; and
- Eight Centres in the financial year to date: Leeds Tower Park (Poole), Oxford, Basingstoke, Manchester, Birmingham, Bolton and Surrey Quays. Surrey Quays benefited from a refurbishment of the bowling environment earlier in the Historical Period and due to the success of the project, this Centre underwent a full refurbishment in the early part of the current financial period.

* Trial refurbishment on part of Centre

** Full Centre refurbishment following trial period

Capital expenditure in relation to Amusements decreased from £2.5 million in FY2013 to £2.1 million in FY2015 due to favourable changes in the terms of the contract with the Amusement Supplier during that period, which assumes a four year term for the Payback Period of Amusement machines.

New Centres capital expenditure relates to the fit out of new Centres. Landlord contributions are received either as a contribution towards fit out costs or as an incentive to enter into the lease. Lease incentives are credited to accruals and released to profit over the lease term or until the next rent review.

In February 2014, the Operating Group closed its Havant Centre as a result of a planned redevelopment programme by the landlord and the Operating Group receiving an incentive to exit the Centre prior to the expiry of the lease. Net of severance costs and fees, the disposal proceeds received by the Group totalled £0.5 million.

As noted above, the Operating Group acquired Bowlplex in December 2015. The acquisition was subject to approval from the CMA. Due to competition concerns, the transaction was permitted subject to undertakings to dispose of an existing TOBC Centre at Bristol Avonmeads and five existing Bowlplex Centres. The acquisition of Bowlplex thereby resulted in an additional net 10 Centres being acquired by the Operating Group.

External sources of funding and indebtedness

The table below presents the amounts outstanding under the Operating Group's finance arrangements and the Operating Group's net debt as at the dates indicated:

	As at 30 September			As at	As at
	2013	2014	2015	31 March 2015	31 March 2016
	(£'000s)				
Net Cash	10,981	3,979	14,696	10,887	15,853
Bank Debt	(4,588)	(37,822)	(37,323)	(37,809)	(36,471)
Short term financial assets	–	–	–	–	1,998
Subordinated shareholder loans	(38,536)	(50,519)	(55,971)	(53,504)	(70,773)
Net debt	(32,143)	(84,362)	(78,598)	(80,426)	(89,393)

As at 31 March 2016, the Operating Group had two senior loan facilities with outstanding balances totalling £36.5 million and unsecured shareholder loan notes of £70.8 million. The increase in net debt in FY2014 is a result of the financing put in place following the acquisition of TOBC by the Principal Selling Shareholder.

On 2 September 2016 the Company and certain other members of the Group entered into a new facilities agreement with Lloyds Bank Plc as arranger, lender and agent. Further details and a summary of the key terms of this new facilities agreement are set out in paragraph 13.9 of Part XV (*Additional Information*).

Contractual obligations and commitments

Other than its debt obligations described above, the Group's contractual commitments are principally related to property lease rentals, representing rent payable by the Group for its Centres.

During the Historical Period the Operating Group had total commitments under non-cancellable operating leases set out below:

	As at 30 September 2013	As at 4 September 2014	As at 30 September 2014	As at 30 September 2015	Unaudited As at 31 March 2015	As at 31 March 2016
	(£'000s)					
Land and buildings						
Within one year	10,633	11,130	11,130	11,369	11,250	13,933
In two to five years	45,927	46,294	46,294	46,543	46,418	56,069
In over five years	124,504	113,768	113,008	101,390	107,199	116,033
	<u>181,096</u>	<u>171,192</u>	<u>170,432</u>	<u>159,302</u>	<u>164,867</u>	<u>186,035</u>

Off balance sheet arrangements

As at 31 March 2016 the Operating Group had no material off balance sheet arrangements or funding arrangements that would be classified as a contingent liability under IFRS.

Dividend policy

The Board intends to adopt a progressive dividend policy whilst maintaining an appropriate level of dividend cover. This policy is intended to allow the Group to retain sufficient capital to fund on-going operating requirements and to invest in the Company's long term growth. Dividends are expected to be paid in an approximate one-third (interim dividend) and two-thirds (final dividend) split. The Board expects the Company's first dividend as a listed business to be a pro-rated dividend for the year ending 30 September 2016.

Qualitative and quantitative disclosures concerning market risk

In the ordinary course of business, the Group is exposed to a variety of market risks including credit risk, liquidity risk and interest rate risk. The Group monitors and manages these risks as part of its overall risk management and seeks to minimise potential adverse effects on its financial position and performance. The Group's exposures to market risk are discussed in more detail in note 26 of the Operating Group's combined financial information included in the Historical Financial Information. This discussion does not address other risks to which the Group is exposed in the ordinary course of business, such as operational risks. See Part II: "Risk Factors".

Credit risk

Credit risk is the risk of financial loss to the Group if a member or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises principally in connection with the Group's accounts receivables.

In order to minimise this risk the Group endeavours to deal with companies which are demonstrably creditworthy. In addition a significant proportion of the Group's revenue is received via cash, credit card or debit card. In addition, the Group has appropriate credit policies, verification procedures and authorisation guidelines in place to ensure the creditworthiness of its counterparties.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and certain derivative instruments, the Group's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the replacement value of these instruments and any associated increase in costs as a result of such default. To mitigate this risk, the Group only transacts with reputable financial institutions in respect of its cash deposits and derivative instruments. The Group's exposures to credit risk are discussed in note 26 of the Operating Group's combined financial information included in the Historical Financial Information.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the Board. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows, matching the maturity profiles of financial assets and operational liabilities and by maintaining adequate cash reserves. On Admission, the Group will have in place a revolving credit facility to support short and medium term liquidity. The Operating Group's exposures to liquidity risk are discussed in note 26 of the Group's combined financial information included in the Historical Financial Information.

Market risk

Market risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group's interest rate risk policy in the future will aim to manage the interest cost of the Group within the constraints of its financial covenants and business plan. In the future, the Group may enter into debt obligations that bear interest at a fixed rate. In addition, the Group intends to monitor the interest rate swap market to decide on the appropriateness of hedges and may enter into hedging transactions to offset interest rate risks.

Critical accounting policies and estimates and forthcoming changes

In the application of its accounting policies, the Group is required to make judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that the Group considers to be relevant. Actual results may differ from these estimates. The Group's significant accounting policies are set out in note 2 of the Operating Group's combined financial statements included in the Historical Financial Information and the Group's significant accounting judgements, estimates and assumptions are set out in note 2 of the Operating Group's combined financial statements included in the Historical Financial Information.

PART X

LIQUIDITY AND CAPITAL RESOURCES

The following table sets out the consolidated capitalisation and indebtedness of the Group as at 31 July 2016:

	<i>As at 31 July 2016 £'000</i>
Total Current debt	
Guaranteed	–
Secured	2,000
Unguaranteed/Unsecured	–
Total Non-Current debt (excluding current portion of long-term debt)	
Guaranteed	–
Secured	35,750
Unguaranteed/Unsecured	74,127
Total gross indebtedness	<u>111,877</u>
Shareholder's equity	
Called up share capital	16
Share premium account	69
Total	<u>85</u>

The following table sets out the Group's net indebtedness as at 31 July 2016:

	<i>As at 31 July 2016 £'000</i>
Cash and cash equivalents	19,192
Trading securities	–
Liquidity	19,192
Current financial receivable	–
Current bank debt	2,000
Current portion of non-current debt	–
Other current financial debt	–
Current financial debt	2,000
Net current financial indebtedness	17,192
Non-current bank loans	35,750
Bonds Issued	–
Other non-current loans	74,127
Non-current financial indebtedness	<u>109,877</u>
Net financial indebtedness	<u>92,685</u>

The Group had no indirect or contingent liabilities as at 31 July 2016.

PART XI

HISTORICAL FINANCIAL INFORMATION

Section A and Section B

The information in Sections A and B of this Part XI (*Historical Financial information*) provides financial information for the Operating Group for FY2013, FY2014, FY2015 and for the six month period ended 31 March 2016.

SECTION A

ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE GROUP

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2 Gresham Street
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Ladies and Gentlemen

Hollywood Bowl Group plc

We report on the financial information set out on pages 76 to 111 of (i) Bowling Acquisition Holdings Limited (as referred to in note 2 on pages 81 to 88) for the twelve months ended 30 September 2013 and the period from 1 October 2013 to 4 September 2014; and (ii) Kanyeco Limited (as referred to in note 2 on pages 81 to 88) for the period from 6 August 2014 to 30 September 2014, the twelve months ended 30 September 2015 and the six month period to 31 March 2016. This financial information has been prepared for inclusion in the prospectus dated 16 September 2016 of Hollywood Bowl Group plc on the basis of the accounting policies set out in note 2. This report is required by paragraph 20.1 of Annex I of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose. We have not audited or reviewed the memorandum aggregated financial information for the twelve months ended 30 September 2014 on pages 76 to 111 which has been included for illustrative purposes only, and accordingly do not express an opinion thereon. We have not audited or reviewed the financial information for the six months to 31 March 2015 which has been included for comparative purposes only, and accordingly do not express an opinion thereon.

Responsibilities

The Directors of Hollywood Bowl Group plc are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I of the Prospectus Directive Regulation, consenting to its inclusion in the prospectus.

Basis of opinion

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

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

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the prospectus dated 16 September 2016, a true and fair view of the state of affairs of Bowling Acquisition Holdings Limited as at 30 September 2013 and 4 September 2014 and of its profits/losses, cash flows and recognised gains and losses for the year ended 30 September 2013 and the period from 1 October 2013 to 4 September 2014 in accordance with the basis of preparation set out in note 2 and in accordance with International Financial Reporting Standards as adopted by the European Union as described in note 2.

In our opinion, the financial information gives, for the purposes of the prospectus dated 16 September 2016, a true and fair view of the state of affairs of Kanyeco Limited as at 30 September 2014, 30 September 2015 and 31 March 2016 and of its profits/losses, cash flows and recognised gains and losses for the period from 6 August 2014 to 30 September 2014, the twelve months ended 30 September 2015 and the six months ended 31 March 2016 in accordance with the basis of preparation set out in note 2 and in accordance with International Financial Reporting Standards as adopted by the European Union as described in note 2.

Declaration

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with paragraph 1.2 of Annex I of the Prospectus Directive Regulation.

Yours faithfully

KPMG LLP

SECTION B

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Consolidated statement of comprehensive income

		BAHL 12 months to 30 September 2013 £'000	BAHL 11 months to 4 September 2014 £'000	KANYE 6 August to 30 September 2014 ¹ £'000	Unaudited Memorandum aggregated 12 months to 30 September 2014 £'000	KANYE 12 months to 30 September 2015 £'000	KANYE Unaudited 6 months to 31 March 2015 £'000	KANYE 6 months to 31 March 2016 £'000
Note								
Revenue	3	70,151	73,849	4,876	78,725	86,044	43,824	54,968
Cost of sales		(13,016)	(13,299)	(887)	(14,186)	(14,963)	(7,581)	(8,970)
Gross profit		57,135	60,550	3,989	64,539	71,081	36,243	45,998
Administrative expenses	6	(55,696)	(53,979)	(7,324)	(61,303)	(58,047)	(29,161)	(35,067)
Operating profit/(loss)		1,439	6,571	(3,335)	3,236	13,034	7,082	10,931
Underlying operating profit/(loss)		1,610	5,645	(430)	5,215	12,312	6,545	11,899
Exceptional items	5	(171)	926	(2,905)	(1,979)	722	537	(968)
Finance income	9	15	640	1	641	8	1	7
Finance expenses	9	(5,050)	(5,144)	(534)	(5,678)	(8,143)	(4,003)	(4,610)
Movement in derivative financial instruments		—	—	—	—	(134)	(137)	(32)
Profit/(loss) before tax		(3,596)	2,067	(3,868)	(1,801)	4,765	2,943	6,296
Tax (expense)/credit	10	998	(665)	(94)	(759)	(1,173)	(525)	(1,355)
Profit/(loss) and total comprehensive income for the year		(2,598)	1,402	(3,962)	(2,560)	3,592	2,418	4,941
Earnings/(loss) per share (Pence)	11	(651.94)	351.82	(4,661.18)		3,709.82	2,580.03	5,272.09

BAHL = Bowling Acquisitions Holdings Limited.

KANYE = Kanyeco Limited.

¹ Includes trading from 5 September 2014, the date of acquisition of BAHL, before which the entity, which was incorporated on 6 August 2014, had no material transactions.

Consolidated statement of financial position

		BAHL As at 30 September 2013 £'000	BAHL As at 4 September 2014 £'000	KANYE As at 30 September 2014 £'000	KANYE As at 30 September 2015 £'000	KANYE Unaudited As at 31 March 2015 £'000	KANYE As at 31 March 2016 £'000
ASSETS							
Current assets							
Cash and cash equivalents	12	10,981	17,166	3,979	14,696	10,887	15,853
Short Term Financial Asset		–	–	–	–	–	1,998
Trade and other receivables	13	8,958	6,963	7,838	8,023	9,672	11,757
Inventories	14	701	682	646	703	750	1,209
		<u>20,640</u>	<u>24,811</u>	<u>12,463</u>	<u>23,422</u>	<u>21,309</u>	<u>30,817</u>
Non-current assets							
Property, plant and equipment	16	34,573	31,280	32,006	30,854	30,378	37,008
Intangible assets	17	11,966	11,785	66,473	66,186	66,385	79,331
		<u>46,539</u>	<u>43,065</u>	<u>98,479</u>	<u>97,040</u>	<u>96,763</u>	<u>116,339</u>
Total assets		<u>67,179</u>	<u>67,876</u>	<u>110,942</u>	<u>120,462</u>	<u>118,072</u>	<u>147,156</u>
LIABILITIES							
Current liabilities							
Trade and other payables	18	16,026	15,181	14,330	14,127	15,207	19,515
Borrowings	20	4,588	–	436	1,009	1,010	1,131
Corporation tax payable		–	1,035	1,035	637	634	2,568
		<u>20,614</u>	<u>16,216</u>	<u>15,801</u>	<u>15,773</u>	<u>16,851</u>	<u>23,214</u>
Non-current liabilities							
Other creditors	18	6,888	7,014	6,309	7,886	7,388	7,004
Borrowings	20	38,536	43,027	87,905	92,285	90,303	106,113
Deferred tax liabilities	21	1,139	843	2,029	1,765	1,919	2,206
Provisions	19	3,387	2,759	2,775	2,904	2,933	3,797
Derivative financial instruments		–	–	–	134	137	166
		<u>49,950</u>	<u>53,643</u>	<u>99,018</u>	<u>104,974</u>	<u>102,680</u>	<u>119,286</u>
Total liabilities		<u>70,564</u>	<u>69,859</u>	<u>114,819</u>	<u>120,747</u>	<u>119,531</u>	<u>142,500</u>
NET ASSETS/(LIABILITIES)		<u>(3,385)</u>	<u>(1,983)</u>	<u>(3,877)</u>	<u>(285)</u>	<u>(1,459)</u>	<u>4,656</u>
Equity attributable to shareholders							
Share capital	22	25	25	1	16	16	16
Share premium		11,756	11,756	84	69	69	69
Retained earnings		<u>(15,166)</u>	<u>(13,764)</u>	<u>(3,962)</u>	<u>(370)</u>	<u>(1,544)</u>	<u>4,571</u>
TOTAL EQUITY		<u>(3,385)</u>	<u>(1,983)</u>	<u>(3,877)</u>	<u>(285)</u>	<u>(1,459)</u>	<u>4,656</u>

Consolidated statement of cash flow

Consolidated statement of cash flow					KANYE Unaudited Memorandum aggregated	KANYE	KANYE Unaudited	KANYE
Note	BAHL 12 months to 30 September 2013 £'000	BAHL 11 months to 4 September 2014 £'000	KANYE 6 August to 30 September 2014 £'000	12 months to 30 September 2014 £'000	12 months to 30 September 2015 £'000	6 months to 31 March 2015 £'000	6 months to 31 March 2016 £'000	
Cash flows from operating activities								
Profit/(loss) before tax	(3,596)	2,067	(3,868)	(1,801)	4,765	2,943	6,296	
Adjusted by:								
Depreciation and impairment	16	8,836	8,336	622	8,958	4,153	4,662	
Amortisation of intangible assets	17	513	356	39	395	270	225	
Net interest expense		5,035	4,504	533	5,037	4,002	4,603	
Loss/(profit) on disposal of property, plant and equipment		202	376	–	376	6	(802)	
Movement on derivative financial instrument		–	–	–	134	137	32	
Operating profit/(loss) before working capital changes								
	10,990	15,639	(2,674)	12,965	21,317	11,511	15,016	
(Increase)/decrease in inventories	136	19	36	55	(57)	(104)	(84)	
(Increase)/decrease in trade and other receivables	(1,427)	2,002	(878)	1,124	(185)	(1,834)	2,992	
Increase/(decrease) in payables and provisions	3,995	(898)	(1,036)	(1,934)	1,310	1,973	1,027	
Cash inflow/(outflow) generated from operations								
	13,694	16,762	(4,552)	12,210	22,385	11,546	18,951	
Interest received	15	24	1	25	8	1	7	
Income tax paid – corporation tax	–	–	–	–	(1,835)	(1,036)	(809)	
Interest paid	(303)	(107)	(36)	(143)	(2,304)	(1,049)	(1,000)	
Net cash inflow/(outflow) from operating activities								
	13,406	16,679	(4,587)	12,092	18,254	9,462	17,149	

Consolidated statement of cash flow (continued)

		BAHL	BAHL	KANYE	KANYE Unaudited Memorandum aggregated	KANYE	KANYE Unaudited	KANYE
	Note	12 months to 30 September 2013 £'000	11 months to 4 September 2014 £'000	6 August to 30 September 2014 £'000	12 months to 30 September 2014 £'000	12 months to 30 September 2015 £'000	6 months to 31 March 2015 £'000	6 months to 31 March 2016 £'000
Investing activities								
Acquisition of subsidiaries		–	–	(52,276)	(52,276)	–	–	(22,801)
Subsidiary cash acquired		–	–	17,166	–	–	–	970
Purchase of property, plant and equipment		(8,233)	(8,061)	(1,348)	(9,409)	(7,073)	(2,662)	(4,690)
Purchase of intangible assets		(256)	(175)	(11)	(186)	(221)	(182)	(192)
Sale of assets		559	2,642	–	2,642	450	131	2,208
Net cash used in investing activities		<u>(7,930)</u>	<u>(5,594)</u>	<u>(36,469)</u>	<u>(59,229)</u>	<u>(6,844)</u>	<u>(2,713)</u>	<u>(24,505)</u>
Cash flows from financing activities								
Issue of loan notes		–	–	50,155	50,155	70	70	10,000
Repayment of loan notes		–	–	(43,027)	(43,027)	–	–	–
Issue of share capital		–	–	85	85	–	–	–
Increase/(repayment) of bank loan		(3,600)	(4,900)	37,822	32,922	(750)	–	(750)
(Payment)/refund of financing costs		(10)	–	–	–	(13)	89	(737)
Net cash flows (used in)/from financing activities		<u>(3,610)</u>	<u>(4,900)</u>	<u>45,035</u>	<u>40,135</u>	<u>(693)</u>	<u>159</u>	<u>8,513</u>
Net change in cash and cash equivalents for the period		<u>1,866</u>	<u>6,185</u>	<u>3,979</u>	<u>(7,002)</u>	<u>10,717</u>	<u>6,908</u>	<u>1,157</u>
Cash and cash equivalents at the beginning of the period		<u>9,115</u>	<u>10,981</u>	<u>–</u>	<u>10,981</u>	<u>3,979</u>	<u>3,979</u>	<u>14,696</u>
Cash and cash equivalents at the end of the period	12	<u><u>10,981</u></u>	<u><u>17,166</u></u>	<u><u>3,979</u></u>	<u><u>3,979</u></u>	<u><u>14,696</u></u>	<u><u>10,887</u></u>	<u><u>15,853</u></u>

Consolidated statement of changes in equity

	<i>Share capital £'000</i>	<i>Share premium £'000</i>	<i>Retained earnings £'000</i>	<i>Total £'000</i>
BAHL Equity as at 1 October 2012	25	11,756	(12,568)	(787)
Loss for the period	–	–	(2,598)	(2,598)
BAHL Equity as at 30 September 2013	25	11,756	(15,166)	(3,385)
Profit for the period	–	–	1,402	1,402
BAHL Equity as at 4 September 2014	25	11,756	(13,764)	(1,983)
KANYE Equity at 6 August 2014	–	–	–	–
Issue of shares	1	84	–	85
Loss for the period	–	–	(3,962)	(3,962)
KANYE Equity as at 30 September 2014	1	84	(3,962)	(3,877)
Issue of shares	15	(15)	–	–
Profit for the period	–	–	3,592	3,592
KANYE Equity as at 30 September 2015	16	69	(370)	(285)
KANYE Equity as at 30 September 2014	1	84	(3,962)	(3,877)
Issue of shares	15	(15)	–	–
Profit for the period	–	–	2,418	2,418
KANYE Equity as at 31 March 2015	16	69	(1,544)	(1,459)
KANYE Equity as at 30 September 2015	16	69	(370)	(285)
Profit for the period	–	–	4,941	4,941
KANYE Equity as at 31 March 2016	16	69	4,571	4,656

1. General information

Kanyeco Limited (together with its subsidiaries, the “**Group**” or “**Kanyeco Group**”) is a limited company incorporated and domiciled in England and Wales. The registered office of the Company is Focus 31, West Wing, Cleveland Road, Hemel Hempstead, HP2 7BW, United Kingdom. The registered company number is 09164276. A list of the Company’s subsidiaries is presented in Note 15.

The Group’s principal activities are that of the operation of ten-pin bowling centres as well as the development of new centres and other associated activities.

The Directors of Kanyeco are responsible for the consolidated financial information and contents of the Prospectus document in which it is included.

2. Accounting policies

The principal accounting policies applied in the preparation of the consolidated financial information are set out below and are those expected to be applied in the annual financial statements for the year ending 30 September 2016. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of preparation

The Historical Financial Information has been prepared in accordance with the disclosure requirements of the Prospectus Directive Regulation and the Listing Rules for the purposes of the Prospectus dated 16 September 2016 and represents consolidated historical financial information for the Company and its subsidiaries subject to the information provided below.

The historical financial information presented in these financial statements for FY2013 and the 11 months to 4 September 2014 represent the consolidated results of Bowling Acquisitions Holdings Limited and its subsidiaries.

The historical financial information presented in these financial statements for the 26 day period to 30 September 2014 and FY2015 represent the consolidated results of Kanyeco Limited and its subsidiaries.

Kanyeco Limited was incorporated on 6 August 2014 as an acquisition vehicle for the purposes of enacting the acquisition of the Bowling Acquisitions Holdings Limited group (the “**BAHL Group**”, together the “**Groups**”) and the company had no significant transactions prior to the acquisition on 5 September 2014. The 2 month period from incorporation to 30 September 2014 therefore includes trading for 26 days from 5 September 2014 to 30 September 2014.

Memorandum aggregated financial information for FY2014 is presented to provide information on an annualised basis. The memorandum aggregated information represents the addition of the 11 month financial information of BAHG Group for the 11 months ended 4 September 2014 and the 2 month period from incorporation to 30 September 2014 of the Kanyeco Group that includes trading for the 26 days from 5 September 2014 to 30 September 2014. The income statements of the 11 month period and the 2 month period are not drawn up on a consistent basis as a consequence of the acquisition accounting performed on the acquisition of BAHG Group by Kanyeco Limited.

With the exception of the memorandum aggregated information for FY2014, the financial information has been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations, as adopted by the European Union (“**EU-IFRS**”). This is the first financial information of the Kanyeco Group prepared in accordance with EU-IFRS and the Kanyeco Group has applied IFRS 1 ‘First time adoption of IFRS’ from the transition date of 1 October 2012 for BAHG Group and 6 August 2014 for Kanyeco Group. Please refer to Note 30 for details of the adjustments required to present the financial information under EU-IFRS, including any exemptions taken. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

At the date of authorisation of this financial information, certain new standards, amendments and interpretations to existing standards applicable to the Kanyeco Group have been published but are not yet

effective, and have not been adopted early by the Kanyeco Group. The impact of these standards is not expected to be material. These are listed below:

<i>Standard/interpretation</i>	<i>Content</i>	<i>Applicable for financial years beginning on/after</i>
IFRS 9 Financial Instruments (2009) and amendment	IFRS 9 'Financial instruments' is effective for periods commencing on or after 1 January 2018 subject to endorsement by the EU. IFRS 9 is a replacement for IAS 39 'Financial Instruments' and covers three distinct areas. Phase 1 contains new requirements for the classification and measurement of financial assets and liabilities. Phase 2 relates to the impairment of financial assets and requires the calculation of impairment on an expected loss basis rather than the current incurred loss basis. Phase 3 relates to less stringent requirements for general hedge accounting.	1 January 2018
IFRS 15 Revenue from Contracts with Customers	IFRS 15, 'Revenues from Contracts with Customers', replaces IAS 18, 'Revenues', and introduces a five step approach to revenue recognition based on performance obligations in customer contracts. The International Accounting Standards Board ('IASB') has proposed to issue some clarifications and to defer the standard's effective date of 1 January 2017 to 1 January 2018. The effective date for the Group is also subject to EU endorsement.	1 January 2018
IFRS 16 Leases	IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 completes the IASB's project to improve the financial reporting of leases and replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. The effective date for the Group is also subject to EU endorsement.	1 January 2019

Basis of consolidation

The consolidated financial information incorporates the financial statements of the Company and all of its subsidiary undertakings. The financial statements of all group companies are adjusted, where necessary, to ensure the use of consistent accounting policies. Acquisitions are accounted for under the acquisition method from the date control passes to the Group. On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill.

Going concern

The Directors have prepared a cash flow forecast covering a period extending beyond 12 months from the date of the signing of this financial information.

The Directors having taken into account the historical positive cash flows, growth in business and the inherent risks and uncertainties facing the business, have derived forecast assumptions that are the Directors' best estimate of the future development of the business. The forecasts and projections, which take into account the projected trading performance of companies within the Groups' combined bank facilities, show that the Group will be able to operate within the level of its current facilities. On 2 September 2016 the Company entered into a new facilities agreement. Under the new facilities agreement, a term loan facility of £20 million, a revolving credit facility of £5 million and a capital expenditure facility of £5 million will be made available to

the Company and certain of its subsidiaries subject to Admission and other ancillary matters which are within the control of the Company. On this basis, the Directors have a reasonable expectation that the Kanyeco Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the consolidated financial information.

Revenue recognition

Revenue is the total amount receivable by the Groups for goods and services supplied, excluding VAT and trade discounts.

Revenue arising from the sale of goods is recognised when the risks and rewards of owning the product has been transferred to the buyer at the point of sale, which is when cash is received. Revenue arising from ten-pin bowling sessions is recognized when the service is delivered, with deposits paid in advance being held in the balance sheet until the service is delivered and then recognized as income.

Employee benefits

(i) Short-term benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plans

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The annual contributions payable are charged to the income statement. The Group also contributes to the personal pension plans of the Directors at the Group's discretion.

Leases

Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rentals applicable to operating leases are charged against profits on a straight line basis over the period of the lease.

- Onerous leases –Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it a provision is made for the present value of the obligation under lease.
- Dilapidation provisions relate to potential rectification costs expected should the group vacate any of its leased locations.

Hire purchase agreements and finance leases

Assets held under the hire purchase agreements and finance leases are capitalised and disclosed under property, plant and equipment at their fair value. The capital element of the future payments is treated as a liability and the interest element is charged to the income statement on a straight line basis.

Dilapidation provision

A provision will be recorded if as lessee, the Group has a commitment to make good the property at the end of the lease, which would be for the cost of returning the leased property to its original state through removing internal fittings.

Property, plant and equipment

Property, plant and equipment is stated at historic cost, including expenditure that is directly attributable to the acquired item, less accumulated depreciation and impairment losses.

Depreciation is provided to write off cost, less estimated residual values, of all property, plant and equipment, except for investment properties and freehold land, evenly over their expected useful lives, calculated at the following rates:

Leasehold property	–	Lesser of lease period and 25 years
Bowling lanes and pinspotters	–	Over 40 years
Plant and machinery	–	Over 8 years
Fixtures, fittings, equipment	–	Over 8 years
Office equipment	–	Over 3 years

Up until 30 September 2014, the expected useful life used for depreciating bowling lanes and pinspotters was eight years. This was amended to 40 years following an evaluation of the equipment purchased as part of the acquisitions referenced in note 29, a review of policies of similar companies and a site review on the state of equipment held.

The carrying value of the property, plant and equipment is compared to the higher of value in use and the fair value less costs to sell. If the carrying value exceeds the higher of the value in use and fair value less the costs to sell the asset then the asset is impaired and its value reduced by recognising an impairment provision.

Intangible assets

Goodwill arising on the acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial period following acquisition and at the end of every subsequent financial period.
- in other periods if events or changes in circumstances indicate that the carrying value may not be receivable.

Software which is not an integral part of hardware assets are stated at historic cost, including expenditure that is directly attributable to the acquired item, less accumulated amortisation and impairment losses.

Amortisation is provided to write off cost, less estimated residual values, of all intangible assets, except for goodwill, evenly over their expected useful lives, calculated at the following rates:

Software	–	Over 3 years
Brand	–	Over 20 years
Trademark	–	Over 20 years

Inventories

Inventories are carried at the lower of cost or net realisable value.

Net realisable value is calculated based on the revenue from sale in the normal course of business less any costs to sell. Due allowance is made for obsolete and slow moving items.

Impairment

(i) Impairment of financial assets

All financial assets (other than those categorised at fair value charged through the statement of comprehensive income), are assessed at the end of each reporting period as to whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of loans and receivables financial assets is recognised in the statement of comprehensive income and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

In a subsequent period, if the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through income statement to the extent that the carrying amount of the asset at the date

the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(ii) *Impairment of non-financial assets*

The carrying values of intangible assets are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in the statement of comprehensive income immediately.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the statement of comprehensive income immediately.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- 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 or taxable profit; and
- investments in subsidiaries where the Groups are able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

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 balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Groups have 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 entities which intend either 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 and liabilities are expected to be settled or recovered.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer and Chief Financial Officer.

The Board considers that the Group's activity constitutes one operating and one reporting segment, as defined under IFRS 8. Management reviews the performance of the Groups by reference to total results against budget.

The total profit measures are operating profit and profit for the period, both disclosed on the face of the consolidated statement of comprehensive income. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Group financial information, as adjusted where appropriate.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call, together with other short term highly liquid investments which are not subject to significant changes in value and have original maturities of less than three months. The Groups' bank facilities are provided under a group facility.

Equity

Equity comprises the following:

- Share capital: the nominal value of equity shares.
- Share premium reserve
- Retained earnings.

Financial instruments

Financial liabilities are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classified as financial liabilities. Financial liabilities are presented as such in the statement of financial position.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classified as equity instrument. Dividends and distributions relating to equity instruments are debited directly to equity.

Financial assets

On initial recognition, financial assets are classified as either financial assets at fair value through income statement, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

The Groups classify all its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired.

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The Group's loans and receivables financial assets comprise trade and other receivables and cash and cash equivalents included in the Consolidated Statement of Financial Position.

Financial liabilities

Financial liabilities are recognised when, and only when, the Groups become a party to the contractual provisions of the financial instrument.

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through the income statement.

Fair value through the income statement category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as

a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Equity instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds. Dividends on ordinary shares are recognised as liabilities when approved for distribution.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate risk. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. The resulting gain or loss is recognised in the profit or loss account immediately. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than twelve months and is not expected to be realised or settled within twelve months. Other derivatives are presented as current assets or liabilities.

Exceptional items and other adjustments

Exceptional items and other adjustments are those that in management's judgment need to be disclosed by virtue of their size, nature or incidence, in order to draw the attention of the reader and to show the underlying business performance of the Group more accurately. Such items are included within the income statement caption to which they relate and are separately disclosed either in the notes to the consolidated financial statements or on the face of the consolidated statement of comprehensive income.

Summary of critical accounting estimates and judgements

The preparation of financial information in conformity with EU-IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the accounting policies which are detailed above. These 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 key estimates and underlying assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below:

- *Useful lives of depreciable assets*

Management reviews the useful lives of depreciable assets at each reporting date to ensure that the useful lives represent a reasonable estimate of likely period of benefit to the Group. Actual useful lives however, may vary due to unforeseen events. As detailed in note 16, a re-assessment of the useful life of bowling lanes and pinspotters was made in 2015.

- *Impairment*

EU-IFRS requires management to undertake an annual test for impairment of indefinite life assets and, for finite life assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In

calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- growth in EBITDA, calculated as adjusted operating profit before depreciation and amortisation;
- long-term growth rates; and
- the selection of discount rates to reflect the risks involved.

The Group prepares financial budgets on an annual basis, and monitors predicted financial performance and cash flow on a rolling monthly basis. These budgets and analyses are used in the calculations.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and hence results.

● *Valuation of intangible assets*

The determination of the fair value of assets and liabilities including goodwill and other intangibles arising on the acquisition of businesses which is expected to generate future economic benefits, is based, to a considerable extent, on management's judgement.

The fair value of these assets is determined by discounting estimated future net cash flows generated by the asset where no active market for the assets exists. The use of different assumptions for the expectations of future cash flows and the discount rate would change the valuation of the intangible assets.

Allocation of the purchase price affects the results of the Groups as finite life intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised and could result in differing amortisation charges based on the allocation to indefinite life and finite life intangible assets.

3. Segmental reporting

Management consider that the group consists of a single segment, and operates within the United Kingdom. No single customer provides more than 10 per cent. of the Groups' revenue.

4. Reconciliation of operating profit/(loss) to Adjusted EBITDA

	BAHL				KANYE		
	12 months to 30 September 2013 £'000	11 months to 4 September 2014 £'000	6 August to 30 September 2014 £'000	Unaudited Memorandum aggregated 12 months to 30 September 2014 £'000	12 months to 30 September 2015 £'000	Unaudited 6 months to 31 March 2015 £'000	6 months to 31 March 2016 £'000
Operating profit/(loss)	1,439	6,571	(3,335)	3,236	13,034	7,082	10,931
Depreciation	8,836	8,336	622	8,958	7,758	4,153	4,672
Amortisation	513	356	39	395	508	270	225
EBITDA	10,788	15,263	(2,674)	12,589	21,301	11,505	15,828
Exceptional items	171	(926)	2,905	1,979	(722)	(537)	968
Adjusted EBITDA	10,959	14,337	231	14,568	20,579	10,968	16,796

Management use EBITDA adjusted for exceptional items ("**Adjusted EBITDA**") as a key performance measure of the business.

5. Exceptional items

	BAHL			KANYE			
	12 months to 30 September 2013 £'000	11 months to 4 September 2014 £'000	6 August to 30 September 2014 £'000	Unaudited Memorandum aggregated 12 months to 30 September 2014 £'000	12 months to 30 September 2015 £'000	Unaudited 6 months to 31 March 2015 £'000	6 months to 31 March 2016 £'000
VAT rebate ¹	–	–	–	–	–	–	1,235
Rates rebate ²	–	–	–	–	1,009	637	79
Property income/(costs) ³	–	934	(2)	932	(6)	(6)	678
Acquisition related expenses ⁴	–	–	(2,953)	(2,953)	(163)	(81)	(2,334)
Restructuring costs ⁵	(112)	(6)	–	(6)	(118)	(13)	(385)
Legal income/(costs) ⁶	(42)	–	50	50	–	–	(241)
Other costs	(17)	(2)	–	(2)	–	–	–
	<u>(171)</u>	<u>926</u>	<u>(2,905)</u>	<u>(1,979)</u>	<u>722</u>	<u>537</u>	<u>(968)</u>

¹ The KanyeCo Group were able to reclaim overpaid VAT relating to customers who were “no-shows” and children’s shoes.

² There was a sector wide assessment of rates during FY2015 which meant the majority of The Groups’ centres were eligible for one-off rebates.

³ The disposal of Havant Centre in 2014 led to a one-off gain once severance costs and fees had been taken into account, and an option on early vacation of Surrey Quays led to a one-off income. The 2016 income relates to the sale of the Avonmeads Centre.

⁴ Costs relating to the acquisition of the BAHL Group in September 2014 and Bowlplex in December 2015.

⁵ Costs relating to restructuring in readiness for, or subsequent to the acquisitions in September 2014 and December 2015.

⁶ Settlement of legal claims.

6. Profit/(loss) from operations

	BAHL			KANYE			
	12 months to 30 September 2013 £'000	11 months to 4 September 2014 £'000	6 August to 30 September 2014 £'000	Unaudited Memorandum aggregated 12 months to 30 September 2014 £'000	12 months to 30 September 2015 £'000	Unaudited 6 months to 31 March 2015 £'000	6 months to 31 March 2016 £'000
Profit/(loss) is stated after charging:							
Amortisation of intangible assets	513	356	39	395	508	270	225
Depreciation of property, plant and equipment	8,836	8,336	622	8,958	7,758	4,153	4,672
Operating leases:							
– Property	10,929	10,267	815	11,082	11,543	5,699	6,504
Auditor’s remuneration:							
– Audit fees	5	5	6	11	–	–	40
– Audit of subsidiaries	57	59	5	64	72	36	–
– Non-audit fees	65	24	2	26	26	13	140
Loss on disposal of property, plant and equipment	<u>202</u>	<u>376</u>	<u>–</u>	<u>376</u>	<u>17</u>	<u>6</u>	<u>(802)</u>

7. Staff numbers and costs

The average number of employees (including directors) during the period was made up as follows:

	BAHL			KANYE			
	12 months to 30 September 2013 £'000	11 months to 4 September 2014 £'000	6 August to 30 September 2014 £'000	Unaudited Memorandum aggregated 12 months to 30 September 2014 £'000	12 months to 30 September 2015 £'000	Unaudited 6 months to 31 March 2015 £'000	6 months to 31 March 2016 £'000
Directors	5	5	5	5	7	6	7
Administration	54	53	53	53	54	53	56
Operations	1,306	1,320	1,295	1,320	1,325	1,369	1,546
Total staff	1,365	1,378	1,353	1,378	1,386	1,428	1,609

The cost of employees (including directors) during the period was made up as follows:

	BAHL			KANYE			
	12 months to 30 September 2013 £'000	11 months to 4 September 2014 £'000	6 August to 30 September 2014 £'000	Unaudited Memorandum aggregated 12 months to 30 September 2014 £'000	12 months to 30 September 2015 £'000	Unaudited 6 months to 31 March 2015 £'000	6 months to 31 March 2016 £'000
Wages and salaries	16,030	16,502	1,226	17,728	19,051	9,480	10,904
Social security costs	1,186	1,261	72	1,333	1,442	700	719
Pension costs	76	114	9	123	147	74	93
Total staff costs	17,292	17,877	1,307	19,184	20,640	10,254	11,716

8. Remuneration of key management personnel

The Directors and the Senior Managers of the Company are considered to be the key management personnel of the Group. The Directors' and the Senior Managers' emoluments and benefits include:

	BAHL			KANYE			
	12 months to 30 September 2013 £'000	11 months to 4 September 2014 £'000	6 August to 30 September 2014 £'000	Unaudited Memorandum aggregated 12 months to 30 September 2014 £'000	12 months to 30 September 2015 £'000	Unaudited 6 months to 31 March 2015 £'000	6 months to 31 March 2016 £'000
Salaries and bonuses	385	538	41	579	884	330	420
Pension contributions	2	10	1	11	22	9	12
Totals	387	548	42	590	906	339	432

9. Finance income and expenses

	BAHL			KANYE			
	12 months to 30 September 2013 £'000	11 months to 4 September 2014 £'000	6 August to 30 September 2014 £'000	Unaudited Memorandum aggregated 12 months to 30 September 2014 £'000	12 months to 30 September 2015 £'000	Unaudited 6 months to 31 March 2015 £'000	6 months to 31 March 2016 £'000
Interest on bank deposits	15	24	1	25	8	1	7
Effect of change in discount rate on provisions	–	616	–	616	–	–	–
Finance income	<u>15</u>	<u>640</u>	<u>1</u>	<u>641</u>	<u>8</u>	<u>1</u>	<u>7</u>
Interest on bank borrowings	291	120	116	236	2,308	1,049	1,000
Unwinding of discount on provisions	183	221	16	237	189	141	171
Interest on loan notes	4,576	4,803	402	5,205	5,646	2,813	3,439
Finance expense	<u>5,050</u>	<u>5,144</u>	<u>534</u>	<u>5,678</u>	<u>8,143</u>	<u>4,003</u>	<u>4,610</u>

10. Taxation

	BAHL			KANYE			
	12 months to 30 September 2013 £'000	11 months to 4 September 2014 £'000	6 August to 30 September 2014 £'000	Unaudited Memorandum aggregated 12 months to 30 September 2014 £'000	12 months to 30 September 2015 £'000	Unaudited 6 months to 31 March 2015 £'000	6 months to 31 March 2016 £'000
The tax expense/credit) is as follows:							
– UK Corporation tax	–	961	74	1,035	1,605	803	2,080
– Adjustment in respect of previous periods	–	–	–	–	(168)	(168)	–
Total current tax	–	961	74	1,035	1,437	635	2,080
Deferred tax:							
Effect of change in tax rate	(265)	55	1	56	–	1	(13)
Origination and reversal of temporary differences	(886)	(647)	19	(626)	(170)	(111)	(712)
Adjustment in respect of prior years	153	296	–	296	(94)	–	–
Total deferred tax	<u>(998)</u>	<u>(296)</u>	<u>20</u>	<u>(276)</u>	<u>(264)</u>	<u>(110)</u>	<u>(725)</u>
Total tax expense	<u>(998)</u>	<u>665</u>	<u>94</u>	<u>759</u>	<u>1,173</u>	<u>525</u>	<u>1,355</u>

Factors affecting current tax charge/(credit):

The tax assessed on the profit/(loss) for the period is different to the standard rate of corporation tax in the UK. The differences are explained below:

	BAHL			KANYE			
	12 months to 30 September 2013 £'000	11 months to 4 September 2014 £'000	6 August to 30 September 2014 £'000	Unaudited Memorandum aggregated 12 months to 30 September 2014 £'000	12 months to 30 September 2015 £'000	Unaudited 6 months to 31 March 2015 £'000	6 months to 31 March 2016 £'000
Profit/(loss) on ordinary activities before income tax	(3,596)	2,067	(3,868)	(1,801)	4,765	2,943	6,296
Profit/(loss) for the year multiplied by the standard rate of corporation tax	(845)	455	(851)	(396)	977	603	1,259
Effects of :							
Expenses not deductible for tax purposes	(41)	83	944	1,027	458	89	109
Unrelieved tax losses and other deductions in the period							
Adjustment to the tax charge in respect of previous periods	153	296	–	296	(262)	(168)	–
Losses carried back							
Group relief received for nil consideration	–	(224)	–	(224)	–	–	–
Effective of changes in tax rate	(265)	55	1	56	–	1	(13)
Other							
Tax expense	(998)	665	94	759	1,173	525	1,355

The Groups' standard tax rate for the period ended 31 March 2016 was 20.0 per cent. (31 March 2015: 20.5 per cent.; 30 September 2015: 20.5 per cent., 30 September 2014: 22 per cent., 30 September 2013: 23.5 per cent., 4 September 2014: 22 per cent.).

Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate from 23 per cent. to 21 per cent. (effective from 1 April 2014) and 20 per cent. (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19 per cent. (effective from 1 April 2017) and to 18 per cent. (effective 1 April 2020) were substantively enacted on 26 October 2015.

An additional reduction to 17 per cent. (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly.

The deferred tax liability at 31 December 2015 has been calculated based on the rate of 18 per cent. substantively enacted at the balance sheet date.

11. Earnings/(loss) per share

	BAHL		KANYE			
	12 months to 30 September 2013 £'000	11 months to 4 September 2014 £'000	6 August to 30 September 2014 £'000	12 months to 30 September 2015 £'000	Unaudited 6 months to 31 March 2015 £'000	6 months to 31 March 2016 £'000
Basic and diluted						
Profit/(loss) for the year after tax	(2,598)	1,402	(3,962)	3,592	2,418	4,941
Weighted average number of shares in issue for the period (number)	398,500	398,500	85,000	96,824	93,720	93,720
Earnings/(loss) per share (Pence)	<u>(651.94)</u>	<u>351.82</u>	<u>(4,661.18)</u>	<u>3,709.82</u>	<u>2,580.03</u>	<u>5,272.09</u>

On 5 September 2014 Kanyeco Limited acquired Bowling Acquisitions Holdings Limited. As such the capital structure at 30 September 2014 and 30 September 2015, 31 March 2015, and 31 March 2016 represents the weighted average number of shares in issue within Kanyeco Limited.

The capital structure at 4 September 2014 and 30 September 2013 represents the weighted average number of shares in issue within Bowling Acquisitions Holdings Limited. There is no earnings per share data provided for the memorandum aggregated 12 months to 30 September 2014 as a consequence of the change in capital structure on 5 September 2014.

There are no dilutive share arrangements.

12. Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	BAHL		KANYE			
	As at 30 September 2013 £'000	As at 4 September 2014 £'000	As at 30 September 2014 £'000	As at 30 September 2015 £'000	Unaudited As at 31 March 2015 £'000	As at 31 March 2016 £'000
Cash and cash equivalents	10,981	17,166	3,979	14,696	10,887	15,853
Short Term Financial Asset	—	—	—	—	—	1,998
Total	<u>10,981</u>	<u>17,166</u>	<u>3,979</u>	<u>14,696</u>	<u>10,887</u>	<u>17,851</u>

The short term financial asset relates to a loan note to the value of £1,997,662 which is held in escrow due for repayment on the maximum of 12 months from 9th December 2015 or a liquidity event.

13. Trade and other receivables

There were no overdue receivables at the end of any period and none that have been impaired.

	BAHL		KANYE			
	As at 30 September 2013 £'000	As at 4 September 2014 £'000	As at 30 September 2014 £'000	As at 30 September 2015 £'000	Unaudited As at 31 March 2015 £'000	As at 31 March 2016 £'000
Trade receivables	360	142	139	67	144	694
Other receivables	485	557	745	466	76	286
Prepayments and accrued income	7,080	6,264	6,954	7,490	9,452	10,777
Amounts owed by former parent undertakings	1,033	—	—	—	—	—
	<u>8,958</u>	<u>6,963</u>	<u>7,838</u>	<u>8,023</u>	<u>9,672</u>	<u>11,757</u>

14. Inventories

	BAHL		KANYE			
	As at 30 September 2013 £'000	As at 4 September 2014 £'000	As at 30 September 2014 £'000	As at 30 September 2015 £'000	Unaudited As at 31 March 2015 £'000	As at 31 March 2016 £'000
Goods for resale	701	682	646	703	750	1,209

15. Investment in subsidiaries

Kanyeco Group's operating subsidiaries as at 31 March 2016 are as follows:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by group
Direct Holding			
Khloeco Limited	Investment holding	England and Wales	100%
Indirect Holdings			
Kourtneyco Limited	Investment holding	England and Wales	100%
Kendallco Limited	Investment holding	England and Wales	100%
Blu Bidco Limited	Investment holding	England and Wales	100%
Bowling Acquisitions Holdings Limited	Investment holding	England and Wales	100%
The Original Bowling Company Limited	Tenpin Bowling	England and Wales	100%
AMF Bowling (Eastleigh) Limited	Dormant	England and Wales	100%
MABLE Entertainment Limited	Dormant	England and Wales	100%
Milton Keynes Entertainment Limited	Dormant	England and Wales	100%
Bowlplex Limited	Tenpin Bowling	England and Wales	100%
Wessex Support Services Limited	Dormant	England and Wales	100%
Wessex Superbowl (Germany) Limited	Tenpin Bowling	England and Wales	100%
Bowlplex Properties Limited	Dormant	England and Wales	100%
Bowlplex European Leisure Limited	Dormant	England and Wales	100%

16. Property, plant and equipment

	<i>Freehold property £'000</i>	<i>Long leasehold property £'000</i>	<i>Short leasehold property £'000</i>	<i>Plant, machinery and fixtures and fittings £'000</i>	<i>Total £'000</i>
<i>BAHL</i>					
Period ended					
30 September 2013					
<i>Cost:</i>					
At beginning of period	409	1,527	5,514	43,124	50,574
Additions	–	–	1,684	6,549	8,233
Disposals	(126)	–	(49)	(2,215)	(2,390)
<i>End of period</i>	<u>283</u>	<u>1,527</u>	<u>7,149</u>	<u>47,458</u>	<u>56,417</u>
<i>Accumulated depreciation and impairment losses:</i>					
Beginning of period:	201	160	2,219	12,057	14,637
Depreciation charge	89	74	1,269	7,306	8,738
Disposals	(83)	–	(33)	(1,513)	(1,629)
Impairment charge	–	–	33	65	98
<i>End of period</i>	<u>207</u>	<u>234</u>	<u>3,488</u>	<u>17,915</u>	<u>21,844</u>
Net book value					
End of period	<u><u>76</u></u>	<u><u>1,293</u></u>	<u><u>3,661</u></u>	<u><u>29,543</u></u>	<u><u>34,573</u></u>
	<i>Freehold property £'000</i>	<i>Long leasehold property £'000</i>	<i>Short leasehold property £'000</i>	<i>Plant, machinery and fixtures and fittings £'000</i>	<i>Total £'000</i>
<i>BAHL</i>					
Period ended					
4 September 2014					
<i>Cost:</i>					
At beginning of period	283	1,527	7,149	47,458	56,417
Additions	2,211	–	2,209	3,641	8,061
Disposals	(2,211)	–	(780)	(3,468)	(6,459)
<i>End of period</i>	<u>283</u>	<u>1,527</u>	<u>8,578</u>	<u>47,631</u>	<u>58,019</u>
<i>Accumulated depreciation and impairment losses:</i>					
Beginning of period:	207	234	3,488	17,915	21,844
Depreciation charge	52	69	1,394	6,919	8,434
Impairment reversal	–	–	(33)	(65)	(98)
Disposals	–	–	(765)	(2,676)	(3,441)
<i>End of period</i>	<u>259</u>	<u>303</u>	<u>4,084</u>	<u>22,093</u>	<u>26,739</u>
Net book value					
End of period	<u><u>24</u></u>	<u><u>1,224</u></u>	<u><u>4,494</u></u>	<u><u>25,538</u></u>	<u><u>31,280</u></u>

KANYE	Freehold property £'000	Long leasehold property £'000	Short leasehold property £'000	Plant, machinery and fixtures and fittings £'000	Total £'000
Period ended					
30 September 2014					
<i>Cost:</i>					
On acquisition	24	1,224	4,494	25,538	31,280
Additions	–	–	–	1,348	1,348
Disposals	–	–	–	–	–
<i>End of period</i>	<u>24</u>	<u>1,224</u>	<u>4,494</u>	<u>26,886</u>	<u>32,628</u>
<i>Accumulated depreciation and impairment losses:</i>					
Beginning of period:	–	–	–	–	–
Depreciation charge	4	5	102	511	622
<i>End of period</i>	<u>4</u>	<u>5</u>	<u>102</u>	<u>511</u>	<u>622</u>
Net book value					
End of period	<u>20</u>	<u>1,219</u>	<u>4,392</u>	<u>26,375</u>	<u>32,006</u>

KANYE	Freehold property £'000	Long leasehold property £'000	Short leasehold property £'000	Plant, machinery and fixtures and fittings £'000	Total £'000
Period ended					
30 September 2015					
<i>Cost:</i>					
At beginning of period	24	1,224	4,494	26,886	32,628
Additions	–	–	1,495	5,578	7,073
Disposals	(2)	–	(31)	(1,521)	(1,554)
<i>End of period</i>	<u>22</u>	<u>1,224</u>	<u>5,958</u>	<u>30,943</u>	<u>38,147</u>
<i>Accumulated depreciation and impairment losses:</i>					
Beginning of period:	4	5	102	511	622
Depreciation charge	1	59	1,559	6,139	7,758
Disposals	(2)	–	(31)	(1,054)	(1,087)
<i>End of period</i>	<u>3</u>	<u>64</u>	<u>1,630</u>	<u>5,596</u>	<u>7,293</u>
Net book value					
End of period	<u>19</u>	<u>1,160</u>	<u>4,328</u>	<u>25,347</u>	<u>30,854</u>

For the year to 30 September 2015 the depreciation policy changed from depreciating bowling lanes and pinspotters over 8 years as in previous years, to 40 years. This has extended the useful economic life of these assets by varying lengths of time depending on the date when they were first brought into use. The effect of the change has been to reduce depreciation charge for the year to 30 September 2015 by £736,000 on an annualised basis. This has been extended due to a review of the physical life of the asset.

	<i>Freehold property £'000</i>	<i>Long leasehold property £'000</i>	<i>Short leasehold property £'000</i>	<i>Plant, machinery and fixtures and fittings £'000</i>	<i>Total £'000</i>
<i>KANYE (unaudited)</i>					
Period ended 31 March 2015					
<i>Cost:</i>					
At beginning of period	24	1,224	4,494	26,886	32,628
Additions	–	–	548	2,114	2,662
Disposals	–	–	(31)	(651)	(682)
<i>End of period</i>	<u>24</u>	<u>1,224</u>	<u>5,011</u>	<u>28,349</u>	<u>34,608</u>
<i>Accumulated depreciation and impairment losses:</i>					
Beginning of period:	4	5	102	511	622
Depreciation charge	20	35	765	3,333	4,153
Disposals	–	–	(31)	(514)	(545)
<i>End of period</i>	<u>24</u>	<u>40</u>	<u>836</u>	<u>3,330</u>	<u>4,230</u>
Net book value					
End of period	<u>–</u>	<u>1,184</u>	<u>4,175</u>	<u>25,019</u>	<u>30,378</u>
	<i>Freehold property £'000</i>	<i>Long leasehold property £'000</i>	<i>Short leasehold property £'000</i>	<i>Plant, machinery and fixtures and fittings £'000</i>	<i>Total £'000</i>
<i>KANYE</i>					
Period ended 31 March 2016					
<i>Cost:</i>					
At beginning of period	22	1,224	5,958	30,943	38,147
Additions	–	–	1,154	3,536	4,690
Disposals	–	–	(20)	(3,263)	(3,283)
On acquisition	–	–	1,715	5,817	7,532
<i>End of period</i>	<u>22</u>	<u>1,224</u>	<u>8,807</u>	<u>37,033</u>	<u>47,086</u>
<i>Accumulated depreciation and impairment losses:</i>					
Beginning of period:	3	64	1,630	5,596	7,293
Depreciation charge	3	23	910	3,736	4,672
Disposals	–	–	(10)	(1,867)	(1,877)
Impairment	–	–	(4)	(6)	(10)
<i>End of period</i>	<u>6</u>	<u>87</u>	<u>2,526</u>	<u>7,459</u>	<u>10,078</u>
Net book value					
End of period	<u>16</u>	<u>1,137</u>	<u>6,281</u>	<u>29,574</u>	<u>37,008</u>

17. Intangible assets

<i>BAHL</i>	<i>Goodwill £'000</i>	<i>Brand £'000</i>	<i>Trademark £'000</i>	<i>Software £'000</i>	<i>Total £'000</i>
Period ended					
30 September 2013					
<i>Cost</i>					
At beginning of period	10,658	–	1,000	2,128	13,786
Additions	–	–	–	256	256
Acquisitions	–	–	–	–	–
Disposals	–	–	–	(72)	(72)
At end of period	10,658	–	1,000	2,312	13,970
<i>Accumulated amortisation and impairment losses</i>					
At beginning of period	–	–	106	1,457	1,563
Amortisation charge	–	–	50	463	513
Disposals	–	–	–	(72)	(72)
At end of period	–	–	156	1,848	2,004
Net book value at end of period	10,658	–	844	464	11,966
<i>BAHL</i>	<i>Goodwill £'000</i>	<i>Brand £'000</i>	<i>Trademark £'000</i>	<i>Software £'000</i>	<i>Total £'000</i>
Period ended					
4 September 2014					
<i>Cost</i>					
At beginning of period	10,658	–	1,000	2,312	13,970
Additions	–	–	–	175	175
Acquisitions	–	–	–	–	–
Disposals	–	–	–	(23)	(23)
At end of period	10,658	–	1,000	2,464	14,122
<i>Accumulated amortisation and impairment losses</i>					
At beginning of period	–	–	156	1,848	2,004
Amortisation charge	–	–	46	310	356
Disposals	–	–	–	(23)	(23)
At end of period	–	–	202	2,135	2,337
Net book value at end of period	10,658	–	798	329	11,785

KANYE	Goodwill £'000	Brand £'000	Trademark £'000	Software £'000	Total £'000
Period ended					
30 September 2014					
<i>Cost</i>					
At beginning of period	–	–	–	–	–
Acquisitions	62,014	3,360	798	329	66,501
Additions	–	–	–	11	11
Disposals	–	–	–	–	–
At end of period	62,014	3,360	798	340	66,512
<i>Accumulated amortisation and impairment losses</i>					
At beginning of period	–	–	–	–	–
Amortisation charge	–	12	4	23	39
Disposals	–	–	–	–	–
At end of period	–	12	4	23	39
Net book value at end of period	62,014	3,348	794	317	66,473
KANYE	Goodwill £'000	Brand £'000	Trademark £'000	Software £'000	Total £'000
Period ended					
30 September 2015					
<i>Cost</i>					
At beginning of period	62,014	3,360	798	340	66,512
Additions	–	–	–	221	221
Acquisitions	–	–	–	–	–
Disposals	–	–	–	(17)	(17)
At end of period	62,014	3,360	798	544	66,716
<i>Accumulated amortisation and impairment losses</i>					
At beginning of period	–	12	4	23	39
Amortisation charge	–	168	62	278	508
Disposals	–	–	–	(17)	(17)
At end of period	–	180	66	284	530
Net book value at end of period	62,014	3,180	732	260	66,186

<i>KANYE (unaudited)</i>	<i>Goodwill £'000</i>	<i>Brand £'000</i>	<i>Trademark £'000</i>	<i>Software £'000</i>	<i>Total £'000</i>
Period ended 31 March 2015					
<i>Cost</i>					
At beginning of period	62,014	3,360	798	340	66,512
Additions	–	–	–	182	182
Acquisitions	–	–	–	–	–
Disposals	–	–	–	(17)	(17)
At end of period	<u>62,014</u>	<u>3,360</u>	<u>798</u>	<u>505</u>	<u>66,677</u>
<i>Accumulated amortisation and impairment losses</i>					
At beginning of period	–	12	4	23	39
Amortisation charge	–	84	25	161	270
Disposals	–	–	–	(17)	(17)
At end of period	<u>–</u>	<u>96</u>	<u>29</u>	<u>167</u>	<u>292</u>
Net book value at end of period	<u>62,014</u>	<u>3,264</u>	<u>769</u>	<u>338</u>	<u>66,385</u>
<i>KANYE</i>	<i>Goodwill £'000</i>	<i>Brand £'000</i>	<i>Trademark £'000</i>	<i>Software £'000</i>	<i>Total £'000</i>
Period ended 31 March 2016					
<i>Cost</i>					
At beginning of period	62,014	3,360	798	544	66,716
Additions	–	–	–	192	192
Acquisitions	13,020	–	4	154	13,178
Disposals	–	–	–	(15)	(15)
At end of period	<u>75,034</u>	<u>3,360</u>	<u>802</u>	<u>875</u>	<u>80,071</u>
<i>Accumulated amortisation and impairment losses</i>					
At beginning of period	–	180	66	284	530
Amortisation charge	–	84	25	116	225
Disposals	–	–	–	(15)	(15)
At end of period	<u>–</u>	<u>264</u>	<u>91</u>	<u>385</u>	<u>740</u>
Net book value at end of period	<u>75,034</u>	<u>3,096</u>	<u>711</u>	<u>490</u>	<u>79,331</u>

EU-IFRS requires that, on acquisition, intangible assets are recorded at fair value. As explained in note 30 the Groups have not applied the requirements of IFRS3 to acquisitions that occurred before 1 October 2012.

Amortisation of intangibles is charged to the profit and loss account within administrative expenses. Goodwill arising on acquisition is allocated to the CGU expected to benefit from the synergies of the combination.

Impairment testing is carried out at the cash generating unit (CGU) level on an annual basis.

The Groups estimate the recoverable amount of a CGU using a value in use model by projecting pre-tax cash flows for the next 4 years together with an appropriate growth rate. The key assumptions underpinning the recoverable amounts of the CGU tested for impairment is forecast cashflow, pre debt repayments, which is based on EBITDA and capital expenditure. The key assumptions are number of visitors and spend per game. Based on these assumptions there is no impairment required.

18. Trade and other payables

	BAHL		KANYE			
	As at 30 September 2013 £'000	As at 4 September 2014 £'000	As at 30 September 2014 £'000	As at 30 September 2015 £'000	Unaudited As at 31 March 2015 £'000	As at 31 March 2016 £'000
Current						
Trade and other payables	9,022	5,475	4,389	4,821	7,051	8,657
Other creditors	3,344	4,074	4,266	2,431	2,368	2,815
Accruals and deferred income	2,182	3,781	3,913	4,806	3,591	4,780
Taxation and social security	1,478	1,851	1,762	2,069	2,197	3,263
Total trade and other payables	16,026	15,181	14,330	14,127	15,207	19,515
	BAHL		KANYE			
	As at 30 September 2013 £'000	As at 4 September 2014 £'000	As at 30 September 2014 £'000	As at 30 September 2015 £'000	Unaudited As at 31 March 2015 £'000	As at 31 March 2016 £'000
Non current						
Other creditors	6,888	7,014	6,309	7,886	7,388	7,004

Other creditors includes lease incentives received of £3,058,000 (31 March 2015: £3,219,000, 30 September 2015 £3,147,000, 30 September 2014 £3,204,000, 4 September 2014 £3,909,000, 30 September 2013 £4,055,000) which are expected to be released to profit and loss on a straight line basis over the remaining term of each lease which range from 1 to 25 years, and extended credit of £3,946,000 (31 March 2015: £4,169,000, 30 September 2015 £4,739,000, 30 September 2014 £3,105,000, 4 September 2014 £3,105,000, 30 September 2013 £2,863,000) from an amusement machine supplier.

19. Accruals and provisions

	BAHL		KANYE			
	As at 30 September 2013 £'000	As at 4 September 2014 £'000	As at 30 September 2014 £'000	As at 30 September 2015 £'000	Unaudited As at 31 March 2015 £'000	As at 31 March 2016 £'000
Onerous lease provision	578	–	–	–	–	–
Lease dilapidations provision	2,809	2,759	2,775	2,904	2,933	3,797
	3,387	2,759	2,775	2,904	2,933	3,797

The dilapidations provision relates to potential rectification costs expected should the Group vacate its retail locations. The movements in onerous lease provisions and dilapidations provisions are summarised below:

	Onerous lease provision £'000	Dilapidations £'000	Total £'000
BAHL			
Period ended 30 September 2013			
At beginning of period	391	2,744	3,135
Provided through profit and loss	210	51	261
Utilised during the period	(28)	(164)	(192)
Unwind of discounted amount	5	178	183
At end of period	578	2,809	3,387

<i>BAHL</i>	<i>Onerous lease provision</i>	<i>Dilapidations</i>	<i>Total</i>
	£'000	£'000	£'000
Period ended 4 September 2014			
At beginning of period	578	2,809	3,387
(Utilised)/charged during the period	(616)	399	(217)
Effect of change of discount rate	–	(616)	(616)
Unwind of discounted amount	38	167	205
At end of period	–	2,759	2,759
<i>KANYE</i>	<i>Onerous lease provision</i>	<i>Dilapidations</i>	<i>Total</i>
	£'000	£'000	£'000
Period ended 30 September 2014			
On acquisition	–	2,759	2,759
Utilised during the period	–	–	–
Unwind of discounted amount	–	16	16
At end of period	–	2,775	2,775
<i>KANYE</i>	<i>Onerous lease provision</i>	<i>Dilapidations</i>	<i>Total</i>
	£'000	£'000	£'000
Period ended 30 September 2015			
At beginning of period	–	2,775	2,775
Provided through profit and loss	–	–	–
Utilised during the period	–	(60)	(60)
Unwind of discounted amount	–	189	189
At end of period	–	2,904	2,904
<i>KANYE (unaudited)</i>	<i>Onerous lease provision</i>	<i>Dilapidations</i>	<i>Total</i>
	£'000	£'000	£'000
Period ended 31 March 2015			
At beginning of period	–	2,775	2,775
Provided through profit and loss	–	17	17
Utilised during the period	–	–	–
Unwind of discounted amount	–	141	141
At end of period	–	2,933	2,933
<i>KANYE</i>	<i>Onerous lease provision</i>	<i>Dilapidations</i>	<i>Total</i>
	£'000	£'000	£'000
Period ended 31 March 2016			
At beginning of period	–	2,904	2,904
Provided through profit and loss	–	125	125
Unwind of discounted amount	–	171	171
On acquisition	–	597	597
At end of period	–	3,797	3,797

Onerous lease provisions were made for one site which closed in 2013. Provision was made for future rental and rates costs to the lease expiry date, less amounts considered recoverable through sub leasing the premises.

A provision is made for future expected dilapidation costs on the opening of all leasehold properties and is expected to be utilised on lease expiry.

It is not anticipated that the provision will be utilised within the foreseeable future as there are no sites currently earmarked for closure.

20. Loans and borrowings

	BAHL		KANYE		Unaudited	
	As at 30 September 2013 £'000	As at 4 September 2014 £'000	As at 30 September 2014 £'000	As at 30 September 2015 £'000	As at 31 March 2015 £'000	As at 31 March 2016 £'000
Current						
Bank loan	4,588	–	436	1,009	1,010	1,131
Borrowings (less than 1 year)	4,588	–	436	1,009	1,010	1,131
Non-current						
Bank loan	–	–	37,386	36,314	36,799	35,340
Other loans	38,536	43,027	50,519	55,971	53,504	70,773
Borrowings (greater than 1 year)	38,536	43,027	87,905	92,285	90,303	106,113
Total borrowings	43,124	43,027	88,341	93,294	91,313	107,244

At 4 September 2014 other loans comprised unsecured subordinated shareholder loan notes from the previous owners of the groups together with the accrued interest on those loans. Interest of 12 per cent. was charged on these notes which could be accrued or paid in accordance with the provisions of the loan note instrument. These amounts were due for repayment in 2017 and were repaid in full during 2014.

Subsequent to 4 September 2014 and 30 September 2015 other loans comprised unsecured subordinated shareholder loan notes from Electra Investments Limited and members of company management which are due for repayment in 2021. Interest of 10 per cent. per annum is charged on these notes which can be accrued or paid in accordance with the provisions of the loan note instrument.

Bank borrowings have the following maturity profile

	BAHL		KANYE		Unaudited	
	As at 30 September 2013 £'000	As at 4 September 2014 £'000	As at 30 September 2014 £'000	As at 30 September 2015 £'000	As at 31 March 2015 £'000	As at 31 March 2016 £'000
Due in less than one year	4,900	–	750	1,500	1,500	1,750
Less issue costs	(312)	–	(314)	(491)	(490)	–
	4,588	–	436	1,009	1,010	1,750
Due two to five years	–	–	9,750	12,750	11,000	36,750
Due over five years	–	–	29,500	25,000	27,500	–
Less issue costs	–	–	(1,864)	(1,436)	(1,701)	(1,410)
	4,588	–	37,822	37,323	37,809	37,090

The bank loans are secured by a fixed and floating charge over all assets. The loan carried interest at LIBOR plus a variable margin, which varies in accordance with the ratio of bank debt divided by EBITDA. During the FY2013 the margin was 3 per cent. During FY2014 and FY2015 the margins were 4 per cent. and 4.5 per cent.

21. Deferred income tax asset/(liabilities)

	BAHL		KANYE			
	As at 30 September 2013 £'000	As at 4 September 2014 £'000	As at 30 September 2014 £'000	As at 30 September 2015 £'000	Unaudited As at 31 March 2015 £'000	As at 31 March 2016 £'000
Deferred income tax liabilities						
Deferred taxation asset	966	674	652	750	652	–
Deferred taxation liability	(2,105)	(1,517)	(2,681)	(2,515)	(2,571)	(2,206)
	<u>(1,139)</u>	<u>(843)</u>	<u>(2,029)</u>	<u>(1,765)</u>	<u>(1,919)</u>	<u>(2,206)</u>

	BAHL		KANYE			
	As at 30 September 2013 £'000	As at 4 September 2014 £'000	As at 30 September 2014 £'000	As at 30 September 2015 £'000	Unaudited As at 31 March 2015 £'000	As at 31 March 2016 £'000
Reconciliation of deferred tax balances:						
Balance at beginning of period	(2,137)	(1,139)	–	(2,029)	(2,029)	(1,765)
Arising on acquisition	–	–	(2,009)	–	–	(1,166)
Deferred tax (expense)/credit for the period	998	296	(20)	264	110	725
Balance at end of period	<u>(1,139)</u>	<u>(843)</u>	<u>(2,029)</u>	<u>(1,765)</u>	<u>(1,919)</u>	<u>(2,206)</u>

The components of deferred tax are:

	30 September 2013 £'000	4 September 2014 £'000	30 September 2014 £'000	30 September 2015 £'000	31 March 2015 £'000	31 March 2016 £'000
Deferred tax asset						
Differences between accumulated depreciation and capital allowances	966	674	652	750	652	–
	<u>966</u>	<u>674</u>	<u>652</u>	<u>750</u>	<u>652</u>	<u>–</u>
Deferred tax liability						
Short term timing difference	–	–	–	–	–	(300)
Acquisition on ineligible items	(2,105)	(1,517)	(2,011)	(1,879)	(1,918)	(1,349)
Recognition on intangibles	–	–	(670)	(638)	(653)	(557)
	<u>(2,105)</u>	<u>(1,517)</u>	<u>(2,681)</u>	<u>(2,515)</u>	<u>(2,571)</u>	<u>(2,206)</u>

22. Share capital

	As at 30 September 2013		As at 4 September 2014	
BAHL	Shares	£'000	Shares	£'000
Allotted, called up and fully paid				
Ordinary shares of £0.01 each	18,500	–	18,500	–
A shares of £0.10 each	220,000	22	220,000	22
B Shares of £0.02 each	160,000	3	160,000	3
	<u>398,500</u>	<u>25</u>	<u>398,500</u>	<u>25</u>

The share capital as at 30 September 2013 and 4 September 2014 represents the share capital of Bowling Acquisitions Holdings Limited.

The ordinary A shares, ordinary B shares, and Ordinary shares ranked *pari passu* and carried identical voting rights.

On 5 September 2014 the BAHL Group was acquired by Kanye Limited. Its share capital is given below:

	As at 30 September 2014		As at 30 September 2015		Unaudited As at 31 March 2015		As at 31 March 2016	
KANYE	Shares	£'000	Shares	£'000	Shares	£'000	Shares	£'000
A ordinary shares of £0.01 each	84,601	1	84,601	1	84,601	1	84,601	1
B ordinary shares of £0.01 each	399	–	515	–	515	–	515	–
C ordinary shares of £0.01 each	–	–	14,744	15	14,744	15	14,744	15
D ordinary shares of £0.01 each	–	–	6	–	6	–	6	–
Redeemable share of £0.01 each	–	–	1	–	1	–	1	–
	<u>85,000</u>	<u>1</u>	<u>99,867</u>	<u>16</u>	<u>99,867</u>	<u>16</u>	<u>99,867</u>	<u>16</u>

The C and D Ordinary Shares shall not confer any right to vote, receive notice of or attend general meetings of the Company. The A, B and E Ordinary Shares shall confer on each holder a right to attend, speak and vote at all meetings of the Company with one vote per share on a poll or written resolution.

The dividend rights are equal across all ordinary shares.

23. Lease commitments

The Group had total commitments under non- cancellable operating leases set out below which primarily relate to bowling alleys:

	BAHL		KANYE			
	As at 30 September 2013 £'000	As at 4 September 2014 £'000	As at 30 September 2014 £'000	As at 30 September 2015 £'000	Unaudited As at 31 March 2015 £'000	As at 31 March 2016 £'000
Land and buildings						
Within one year	10,633	11,130	11,130	11,369	11,250	13,933
In two to five years	45,927	46,294	46,294	46,543	46,418	56,069
In over five years	124,504	113,768	113,008	101,390	107,199	116,033
	<u>181,064</u>	<u>171,192</u>	<u>170,432</u>	<u>159,302</u>	<u>164,867</u>	<u>186,035</u>

The Group had no contingent lease payments in any year.

24. Capital commitments

There were no amounts contracted for but not provided for at any period end.

25. Related Party Transactions

31 March 2016

During the period Electra Partners LLP, an associate of Electra Private Equity plc charged a management fee of £57,500 to the Kanye Group.

The Kanye Group held outstanding subordinated shareholder loan notes together with accrued interest of £69,897,945 owed to Electra Investments Limited and members of management of the Kanye Limited Group.

30 September 2015

During the period Electra Partners LLP, an associate of Electra Private Equity plc charged a management fee of £105,000 to the Kanye Group.

The Kanye Group held outstanding subordinated shareholder loan notes together with accrued interest of £56,744,000 owed to Electra Investments Limited and members of management of the Kanye Limited group.

30 September 2014

During the period Electra Partners LLP, an associate of Electra Private Equity plc charged a management fee of £100,000 to the Kanye Group.

The Kanye Group held outstanding subordinated shareholder loan notes together with accrued interest of £51,519,000 owed to Electra Investments Limited and members of management of the Kanye Limited group.

4 September 2014

The Bahl Group held outstanding subordinated shareholder loan notes together with accrued interest of £47,518,000 owed to AMF Bowling Holdings Limited, the then immediate parent company and CBPE Nominees Limited. The amount was repaid in full on acquisition of the Operating Group by the Principal Selling Shareholder in September 2014.

30 September 2013

The Bahl Group held outstanding subordinated shareholder loan notes together with accrued interest of £43,027,000 owed to AMF Bowling Holdings Limited, the then immediate parent company and CBPE Nominees Limited.

26. Financial Risk Management

All financial assets at the balance sheet dates, which comprise trade and other receivables, cash and cash equivalents are classified as loans and receivables. All financial liabilities which comprise trade and other payables and borrowings are classified as financial liabilities at amortised costs except for derivative financial instruments which are carried at fair value.

The following table shows the fair value of financial assets and financial liabilities within the groups, including their level in the fair value hierarchy. It does not include fair value information for financial assets or financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

	BAHL		KANYE			
	As at 30 September 2013 £'000	As at 4 September 2014 £'000	As at 30 September 2014 £'000	As at 30 September 2015 £'000	Unaudited As at 31 March 2015 £'000	As at 31 March 2016 £'000
Financial liabilities						
Interest rate swap	–	–	–	134	137	166

The interest rate swap is classified as a level 2 in the fair value hierarchy. The fair value of interest rate swap contracts are calculated by management based on external valuations received from the groups bankers and is based on anticipated future interest rate yields.

The Group's activities expose it to a variety of financial risks: market risk, (fair value interest rate risk, price risk) and credit risk and liquidity risk.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise this risk the Group endeavours only to deal with companies which are demonstrably creditworthy. In addition, a significant proportion of revenue results from cash transactions. The aggregate financial exposure is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount of trade receivables. The management do not consider that there is any concentration of risk within either trade or other receivables. Trade and other receivables are primarily current balances and there are no material balances that are past due and are not impaired.

Liquidity risk

Cash flow and fair value interest rate risk

The groups borrowings are a mixture of fixed rate subordinated shareholder loan notes, and variable rate bank loans. Cash flow risk is therefore limited to the groups bank borrowings, and the group holds fixed to floating interest rate swaps to mitigate the risk of future interest rate rises.

The directors monitor the groups funding requirements and external debt markets to ensure that the groups borrowings are appropriate to its requirements in terms of quantum, rate and duration. The directors acknowledge that a majority of fixed rate debt exposes the group to fair value risk, but believe this risk to be within a reasonable tolerance for the current needs of the business, after taking account of expectations of future interest rate movements.

The Group currently holds cash balances to provide funding for normal trading activity. The Group also has access to both short term and long term borrowings to finance individual projects. Trade and other payables are monitored as part of normal management routine.

Capital risk management

The Group's capital management objectives are:

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

To meet these objectives, the Group reviews the budgets and forecasts on a regular basis to ensure there is sufficient capital to meet the needs of the Group through to profitability and positive cash flow.

The capital structure of the Group consists of shareholders' equity as set out in the consolidated statement of changes in equity. All working capital requirements are financed from existing cash resources and borrowings.

27. Events subsequent to the reporting date

On 16 September 2016 the Group announced its application for admission to the premium listing segment of the Official List maintained by the FCA and for all of the Ordinary Shares in the Company to be admitted to trading on the London Stock Exchange's main market for listed securities.

28. Ultimate controlling party

The ultimate parent undertaking is Electra Private Equity plc.

29. Purchase of trade and assets

(a) The group acquired the entire share capital of Bowling Acquisitions Holdings Limited on 5 September 2014 for a total consideration of £52,276,000. Electra Private Equity plc purchased BAHG Group in September 2014 based on the previous year's growth and more pertinently the potential of the management team and centres to grow further. With a conservative business plan to grow the business from £13.9 EBITDA to £21 million + EBITDA over the following 4 years, this was seen as a good investment. Acquisition costs of £2,953,000 were also incurred and have been written off to the statement of comprehensive income. The following table sets out the fair value of the assets acquired.

	2014 £'000
Assets/(liabilities) acquired	
Intangible assets – brand	3,360
Intangible assets – trademark	798
Intangible assets – software	329
Property, plant and equipment	31,280
Inventories	682
Trade and other receivables	7,634
Cash at bank and in hand	17,166
Trade and other payables	(25,201)
Loan notes	(43,027)
Provisions	(2,759)
Net assets/(liabilities) acquired	(9,738)
Consideration paid	52,276
Goodwill	62,014
The consideration paid has been satisfied by:	
Bank loan net of issue costs	34,848
Loan note	17,428
Total	52,276

The loan note proceeds applied to the acquisition are part of total loan note issue proceeds of £51,155,000.

The business was acquired by Kendallco Limited, an intermediate holding company, as a holding company for the purchase by Electra Partners and Management. The goodwill recognised is based on the 4 year business plan to grow EBITDA from £13.9 million to £21.2 million, along with cash flows from the business – which will ultimately provide value to the Shareholders on a private equity sale or initial public offer.

Bowling Acquisitions Holdings Limited contributed substantially all the revenue and profit in the period ended 30 September 2014.

Bowling Acquisitions Holdings Limited also contributed substantially all of the revenue and profit included in the combined and consolidated statement of comprehensive income for FY2014.

(b) The company acquired the entire share capital of Bowlplex Limited on 9 December 2015 for a total consideration, of £22,801,000. Acquisition costs of £2,181,000 were also incurred and have been written off to the profit and loss account. The following table sets out the value of the net assets acquired.

	<i>Fair value</i> £'000
Intangible assets	4
Property, plant and equipment	7,686
Inventories	423
Trade receivables	5,019
Prepayments	1,707
Cash at bank and in hand	970
Trade payables	(3,993)
Accruals	(271)
Provisions	(1,764)
Net assets	9,781
Consideration paid	22,801
Goodwill	13,020
The consideration paid has been satisfied by:	
Loan notes	11,998
Cash	10,803
	22,801

The business was purchased with potential synergy cost benefits of circa £2.6 million per annum (£2 million from central support and the rest from contractual group benefits). It was also identified that the potential within the Bowlplex sites is significant given their revenue performance vs the Hollywood Bowl site revenue performance.

30. Transition to IFRS

The historical financial information prepared for the period ended 31 March 2016 is the first the Groups have prepared in accordance with EU-IFRS. For periods up to and including FY2015, the Groups prepared its financial statements in accordance with generally accepted accounting principles in the United Kingdom (UK GAAP).

Accordingly, the Groups have prepared financial information which complies with EU-IFRS applicable for periods ending on or after 31 March 2016, as described in the summary of significant accounting policies. In preparing the financial information, the BAHG Group's opening statement of financial position was prepared as at 1 October 2012, the BAHG Group's date of transition to EU-IFRS. IFRS 1 allows certain exemptions in the application of particular standards to prior periods in order to assist companies with the transition process. In this regard, the Groups have not applied the requirements IFRS 3 to acquisitions that occurred before 1 October 2012. No opening statement of financial position has been prepared as at 6 August 2014, the Kanyeco Group's date of transition to EU-IFRS as this was the company's registration date and hence had no balances. In restating its UK GAAP financial statements, the Groups have made provision for additional lease incentives and reversed a charge for the amortisation of goodwill in accordance with accounting policies described below. The Group, have also recognised certain non-current assets as intangible rather than tangible assets and recognised additional intangible assets on acquisition, and additional deferred tax liabilities.

A summary of the consolidated statement of financial position as at 30 September 2012, the EU-IFRS transition date for BAHL Group is given below:

	As at 30 September 2012 under UK GAAP £'000	Transitional adjustments £'000	As at 30 September 2012 under IFRS £'000
ASSETS			
Current assets			
Cash and cash equivalents	9,115	–	9,115
Trade and other receivables	8,182	–	8,182
Inventories	837	–	837
	<u>18,134</u>	<u>–</u>	<u>18,134</u>
Non-current assets			
Property, plant and equipment	36,608	(671)	35,937
Intangible assets	11,552	671	12,223
	<u>48,160</u>	<u>–</u>	<u>48,160</u>
Total assets	<u>66,294</u>	<u>–</u>	<u>66,294</u>
LIABILITIES			
Current liabilities			
Trade and other payables	14,332	–	14,332
Borrowings	3,600	–	3,600
	<u>17,932</u>	<u>–</u>	<u>17,932</u>
Non-current liabilities			
Other creditors	4,244	424	4,668
Borrowings	38,558	–	38,558
Deferred tax liabilities	–	2,788	2,788
Provisions	3,135	–	3,135
	<u>45,937</u>	<u>3,212</u>	<u>49,149</u>
Total liabilities	<u>63,869</u>	<u>3,212</u>	<u>67,081</u>
NET ASSETS/(LIABILITIES)	<u>2,425</u>	<u>(3,212)</u>	<u>(787)</u>
Equity attributable to shareholders			
Share capital	25	–	25
Share premium	11,756	–	11,756
Retained earnings	(9,356)	(3,212)	(12,568)
TOTAL EQUITY	<u>2,425</u>	<u>(3,212)</u>	<u>(787)</u>

A summary of the impact of transition to the consolidated statement of financial position is as follows:

	<i>BAHL</i>			<i>Kanyeco</i>	
	<i>As at</i> <i>30 September</i> <i>2012</i> <i>£'000</i>	<i>As at</i> <i>30 September</i> <i>2013</i> <i>£'000</i>	<i>As at</i> <i>4 September</i> <i>2014</i> <i>£'000</i>	<i>As at</i> <i>30 September</i> <i>2014</i> <i>£'000</i>	<i>As at</i> <i>30 September</i> <i>2015</i> <i>£'000</i>
Equity reported in accordance with UK GAAP	2,425	(1,665)	(1,585)	(1,166)	(776)
Transition adjustments:					
Amortisation of goodwill	–	907	1,675	247	3,469
Lease incentives	(424)	(522)	(556)	(7)	(86)
Deferred tax	(2,788)	(2,105)	(1,517)	2	195
Acquisition expenses	–	–	–	(2,953)	(2,953)
Derivative instruments	–	–	–	–	(134)
Equity reported in accordance with EU-IFRS	(787)	(3,385)	(1,983)	(3,877)	(285)

Notes:

Goodwill is not amortised but is subject to annual impairment review under EU-IFRS. Under UK GAAP, goodwill was amortised.

Lease incentives are recognised over the lease term, on a straight line basis under EU-IFRS. Under UK GAAP, lease incentives are recognised over the shorter of the lease term and the period ending on a date from which it is expected the prevailing market rental will be payable, on a straight line basis.

Deferred tax on the recognition of intangible assets acquired on a business combination is required to be recognised under EU-IFRS.

Acquisition expenses are expensed to the income statement under EU-IFRS. Under UK GAAP, acquisition expenses are capitalised and included as part of the total consideration paid.

Derivative financial instruments comprise interest rate swaps which are fair valued at each period end date under EU-IFRS, with any change in value taken to the income statement. Under UK GAAP derivative financial instruments were not valued on the balance sheet.

A summary of the impact of transition to the consolidated statement of comprehensive income is as follows:

	<i>BAHL</i>		<i>Kanyeco</i>	
	<i>12 months to</i> <i>30 September</i> <i>2013</i> <i>£'000</i>	<i>11 months to</i> <i>4 September</i> <i>2014</i> <i>£'000</i>	<i>6 August to</i> <i>30 September</i> <i>2014</i> <i>£'000</i>	<i>12 months to</i> <i>30 September</i> <i>2015</i> <i>£'000</i>
Total recognised gains and losses for the financial period per UKGAAP	(4,090)	80	(1,251)	390
Transition adjustments:				
Amortisation of intangibles	907	768	247	3,222
Lease incentives	(98)	(34)	(7)	(79)
Deferred tax	683	588	2	193
Acquisition expenses	–	–	(2,953)	–
Derivative instruments	–	–	–	(134)
Total comprehensive income per EU-IFRS	(2,598)	1,402	(3,962)	3,592

PART XII

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma financial information set out below has been prepared to illustrate the impact of the Offer and the refinancing of existing debt facilities on the consolidated net assets of the Group as at 31 March 2016. This unaudited pro forma financial information has been prepared on the basis of, and should be read in conjunction with, the notes set out below and in accordance with the accounting policies to be adopted by Hollywood Bowl Group plc for FY2016.

The unaudited pro forma statement of net assets is based on the consolidated net assets of Kanyeco Limited at 31 March 2016 and has been prepared on the basis that the Offer and refinancing of existing debt facilities was completed on 31 March 2016.

Because of its nature, the unaudited pro forma financial information addresses a hypothetical situation and, therefore, does not represent Hollywood Bowl Group plc's actual financial position or results. It may not, therefore, give a true picture of Hollywood Bowl Group plc's financial position or results nor is it indicative of the results that may, or may not, be expected to be achieved in the future. The pro forma financial information has been prepared for illustrative purposes only in accordance with Annex II of the Prospectus Directive Regulation.

	<i>Adjustments</i>				
	<i>Consolidated net assets of Kanyeco Limited at 31 March 2016 Note 1 £'000</i>	<i>Conversion of shareholder loans to equity Note 2 £'000</i>	<i>Refinancing of existing debt facilities Note 3 £'000</i>	<i>Costs associated with the Offer and refinancing Note 4 £'000</i>	<i>Pro forma statement of the Group's net assets £'000</i>
ASSETS					
Current assets					
Cash and cash equivalents	17,851	(2,010)	(8,500)	(2,000)	5,341
Trade and other receivables	11,757	–	–	–	11,757
Inventories	1,209	–	–	–	1,209
	<u>30,817</u>	<u>(2,010)</u>	<u>(8,500)</u>	<u>(2,000)</u>	<u>18,307</u>
Non-current assets					
Property, plant and equipment	37,008	–	–	–	37,008
Intangible assets	79,331	–	–	–	79,331
	<u>116,339</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>116,339</u>
Total assets	<u>147,156</u>	<u>(2,010)</u>	<u>(8,500)</u>	<u>(2,000)</u>	<u>134,646</u>
LIABILITIES					
Current liabilities					
Trade and other payables	19,515	–	–	–	19,515
Borrowings	1,131	–	69	–	1,200
Corporation tax payable	2,568	–	–	–	2,568
	<u>23,214</u>	<u>–</u>	<u>69</u>	<u>–</u>	<u>23,283</u>
Non-current liabilities					
Other creditors	7,004	–	–	–	7,004
Borrowings	106,113	(70,773)	(6,540)	–	28,800
Deferred tax liabilities	2,206	–	–	–	2,206
Provisions	3,797	–	–	–	3,797
Derivative financial instruments	166	–	–	–	166
	<u>119,286</u>	<u>(70,773)</u>	<u>(6,540)</u>	<u>–</u>	<u>41,973</u>
Total liabilities	<u>142,500</u>	<u>(70,773)</u>	<u>(6,471)</u>	<u>–</u>	<u>65,256</u>
NET ASSETS	<u>4,656</u>	<u>68,763</u>	<u>(2,029)</u>	<u>(2,000)</u>	<u>69,390</u>

Notes

- The consolidated net assets of Kanyeco Limited at 31 March 2016 have been extracted, without material adjustment, from the historical financial information presented under "Historical financial information" in Part XI of this document.
- The adjustment in note 2 reflects the Reorganisation described in paragraph 3 of Part XV (*Additional Information*) of this Prospectus as follows:
 - The conversion of £69.9 million of shareholder subordinated loan notes at 31 March 2016 into share capital of the Company net of £1.1 million of unamortised fees; and
 - The repayment of £2.0 million of loan notes issued by Blu Bidco Limited to Tracy Standish.
- The adjustment in note 3 reflects the refinancing of the existing external debt facilities comprising £38.5 million in bank loans at 31 March 2016 net of £2.0 million of unamortised fees. The Company has entered into new debt facilities, the purpose of which is to repay existing debt facilities, to provide monies for general corporate purposes and to pay the costs and expenses associated with Admission. The new debt facilities comprise a term loan facility of £30 million, a revolving credit facility of £5 million and a capital expenditure facility of £5 million and are described in paragraph 13.11 of Part XV (*Additional Information*) of this Prospectus.
- The adjustment in note 4 reflects the costs and expenses of Admission of £2 million (inclusive of VAT) which will be financed through the new debt facilities.
- The pro forma statement of net assets does not constitute statutory accounts within the meaning of Section 394 of the Companies Act 2006.
- No adjustment has been made for trading or changes in the Group's working capital since 31 March 2016.
- No account has been taken of fair value and accounting basis adjustments arising on acquisition.

Accountant's Report on the unaudited pro forma financial information

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Reading
RG7 4SD

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Focus 31 West Wing
Cleveland Road
Hemel Hempstead
Herts
HP2 7BW

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2 Gresham Street
London EC2V 7QP

Ladies and Gentlemen

Hollywood Bowl Group plc

We report on the pro forma financial information (the 'Pro forma financial information') set out in Part XII of the Prospectus dated 16 September 2016, which has been prepared on the basis described, for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented on the basis of the accounting policies adopted by Hollywood Bowl Group plc in preparing the financial statements for the period ended 31 March 2016. This report is required by paragraph 7 of Annex II of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

It is the responsibility of the directors of Hollywood Bowl Group plc to prepare the Pro forma financial information in accordance with Annex II of the Prospectus Directive Regulation.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Directive Regulation, as to the proper compilation of the Pro forma financial information and to report that 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.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I of the Prospectus Directive Regulation, consenting to its inclusion in the prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. 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 of Hollywood Bowl Group plc.

We planned and performed our work so as to obtain 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 Hollywood Bowl Group plc.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

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 Hollywood Bowl Group plc.

Declaration

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with paragraph 1.2 of Annex I of the Prospectus Directive Regulation.

Yours faithfully

KPMG LLP

PART XIII

DETAILS OF THE OFFER

1. Background

- 1.1 Pursuant to the Offer, the Selling Shareholders intend to sell, in aggregate, 113,283,274 Offer Shares, at the Offer Price of 160 pence per Offer Share. Through the sale of Offer Shares by the Selling Shareholders, the Company expects the Selling Shareholders to receive net proceeds from the Offer of approximately £174.9 million (after deducting commissions and amounts in respect of stamp duty or SDRT payable by the Selling Shareholders). The Company will not receive any proceeds from the sale of Ordinary Shares being sold by the Selling Shareholders.
- 1.2 The Offer Shares will represent approximately 75.5 per cent. of the issued ordinary share capital of the Company immediately following Admission.
- 1.3 Under the Offer, Offer Shares will only be offered to certain institutional and professional investors in the United Kingdom and elsewhere in “offshore transactions” outside the US in reliance on Regulation S. Certain restrictions that apply to the distribution of this Prospectus and the Offer Shares being sold under the Offer in jurisdictions outside the United Kingdom are described below.
- 1.4 The currency of the Offer is pounds sterling.
- 1.5 When admitted to trading, the Ordinary Shares will be registered with ISIN number GB00BD0NVK62 and SEDOL number BD0NVK6 and trade under ticker symbol BOWL.
- 1.6 Immediately following Admission, it is expected that:
 - 1.6.1 in excess of 25 per cent. of the Company’s issued ordinary share capital will be held in public hands (within the meaning of paragraph 6.1.19 of the Listing Rules);
 - 1.6.2 no expenses will be charged by the Company or the Selling Shareholders to any investor who purchases Ordinary Shares pursuant to the Offer;
 - 1.6.3 participants in the Offer will be advised verbally or by electronic mail of their allocation as soon as practicable following allocation. Investors will be contractually committed to acquire the number of Offer Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment; and
 - 1.6.4 the results of the Offer will be announced.

2. Reasons for the Offer and Admission

The Offer will provide the Selling Shareholders with a partial realisation of their investment in the Company. The Directors believe that the Offer and Admission will:

- 2.1 enable the Selling Shareholders to potentially monetise their holdings, also allowing for an ongoing liquid market for their Ordinary Shares;
- 2.2 diversify the Company’s shareholder base;
- 2.3 enhance the Group’s public profile and status with customers, investors, landlords, developers and business partners;
- 2.4 assist in the recruitment, incentivisation and retention of key management and employees; and
- 2.5 provide the Company with access to the capital markets if necessary in the future.

3. Terms and conditions of the Offer

3.1 Introduction

These terms and conditions apply to persons agreeing to purchase Offer Shares.

Each person to whom these terms and conditions apply, as described above, who confirms its agreement to Investec to purchase Offer Shares (which may include Investec or its nominee(s)) (an “**Offeree**”) hereby agrees with Investec, the Company, the Selling Shareholders and the Registrar to be bound by these terms and conditions as being the terms and conditions upon which Offer Shares will be sold under the Offer. An Offeree shall, without limitation, become so bound if Investec confirms to the Offeree (i) the Offer Price and (ii) its allocation of Offer Shares and Investec so notifies the Registrar on behalf of the Company and the Selling Shareholders.

The Company and/or Investec and/or the Selling Shareholders may require any Offeree to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and/or may require any such Offeree to execute a separate offer letter (an “**Offer Letter**”). The provisions of these terms and conditions may be waived or modified as regards specific Offerees or on a general basis by Investec and/or the Company.

3.2 Agreement to purchase Offer Shares

Conditional on: (i) Admission occurring and becoming effective by no later than 8.00 a.m. on 21 September 2016 (or such other time as Investec may notify to the Company but, in any event, no later than 8.30 a.m. on 10 October 2016); (ii) the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated in accordance with its terms; and (iii) Investec confirming to the Offerees their allocation of Offer Shares, each Offeree agrees to become a member of the Company and agrees to purchase at the Offer Price those Offer Shares from the Selling Shareholders allocated to it by Investec. Each Offeree acknowledges that its agreement so to subscribe for the number of Offer Shares allocated to it is not by way of acceptance of a public offer made or to be made by the Company, Investec and/or the Selling Shareholders but is by way of a collateral contract and, accordingly, that section 87Q of FSMA does not entitle it to withdraw its acceptance in the event that the Company publishes a supplementary prospectus in connection with Admission. To the fullest extent permitted by law, each Offeree acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Offeree may have.

3.3 Payment for Offer Shares

Each Offeree undertakes to pay the Offer Price for the Offer Shares sold to such Offeree by the Selling Shareholders in the manner and by the time directed by Investec.

Each Offeree is deemed to agree that, if it fails to pay the Offer Price for the Offer Shares sold to such Offeree, Investec may sell any or all of the Offer Shares allocated to that Offeree and which have not been paid for on such Offeree's behalf and retain from the proceeds, for Investec's account and benefit (as agent for the Selling Shareholders), an amount equal to the aggregate amount owed by the Offeree plus any interest due. Any excess proceeds will be paid to the relevant Offeree at its risk. The relevant Offeree will, however, remain liable and shall indemnify Investec and the Selling Shareholders on demand for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or SDRT or securities transfer tax (together with any interest or penalties) which may arise upon the sale of such Offer Shares on such Offeree's behalf. By agreeing to acquire Offer Shares, each Offeree confers on Investec all such authorities and powers necessary to carry out any such sale and agrees to ratify and confirm all actions which Investec lawfully takes in pursuance of such sale.

3.4 Representations and warranties

By agreeing to purchase Offer Shares under the Offer, each Offeree which enters into a commitment to purchase Offer Shares will (for itself and any person(s) procured by it to purchase Offer Shares and any nominee(s) for any such person(s)) be deemed to agree, undertake, represent and warrant to each of the Company, the Selling Shareholders, the Registrar and Investec that:

- 3.4.1 in agreeing to purchase Offer Shares under the Offer, it has read this Prospectus and it is relying solely on this Prospectus (and any supplementary prospectus published by the Company subsequent to the date of this Prospectus) and not on any other information given, or representation or statement made at any time, by any person concerning the Group or the

Offer. It agrees that none of the Company, the Selling Shareholders, Investec or the Registrar, nor any of their respective officers, agents or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation. This paragraph 3.4.1 shall not exclude any liability for fraudulent misrepresentation;

- 3.4.2 it has the funds available to pay the Offer Price in respect of the Offer Shares for which it has given a commitment under the Offer;
- 3.4.3 the contents of this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus are exclusively the responsibility of the Company and its Directors and apart from the responsibilities and liabilities, if any, which may be imposed on the Selling Shareholders or Investec by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of Investec, the Selling Shareholders nor any person acting on their behalf nor any of their affiliates accept any responsibility whatsoever for and makes no representation or warranty, express or implied, as to the contents of this Prospectus or any supplementary prospectus published by the Company subsequent to the date of this Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Group, the Offer Shares or the Offer and nothing in this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future. Investec and the Selling Shareholders accordingly disclaim all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which they might otherwise have in respect of this Prospectus or any supplementary prospectus published by the Company subsequent to the date of this Prospectus or any such statement;
- 3.4.4 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to purchase Offer Shares under the Offer, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its offer commitment in any territory and that it has not taken any action or omitted to take any action which will result in the Company, the Selling Shareholders, Investec, the Registrar or any of their respective officers, agents, affiliates or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Offer;
- 3.4.5 it does not have a registered address in and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Offer Shares and it is not acting on a non-discretionary basis for any such person;
- 3.4.6 it agrees that, having had the opportunity to read this Prospectus, it shall be deemed to have had notice of all information and representations contained in this Prospectus, that it is acquiring Offer Shares solely on the basis of this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus and no other information and that in accepting a participation in the Offer it has had access to all information it believes necessary or appropriate in connection with its decision to purchase Offer Shares;
- 3.4.7 it acknowledges that no person is authorised in connection with the Offer to give any information or make any representation other than as contained in this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by Investec or the Company or the Selling Shareholders;
- 3.4.8 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986 and no instrument under which it subscribes for Offer Shares (whether as principal, agent or nominee) would be subject to stamp duty or SDRT at the increased rates referred to in those sections and that it, or the person specified by it for registration as a holder of Offer Shares, are not participating in the Offer as nominee or agent for any person or persons to whom the allocation, transfer or delivery of Offer Shares would give rise to such a liability;

- 3.4.9 it, or the person specified by it for registration as a holder of the Offer Shares, will be liable for any stamp duty or SDRT liability under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services), registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto), if any, payable on acquisition of any of the Offer Shares and acknowledge and agree that, save for the Selling Shareholders who have agreed to pay any stamp duty or SDRT under section 87 of the Finance Act 1986, none of Investec, the Selling Shareholders nor the Company nor any of their respective affiliates nor any person acting on behalf of them will be responsible for any other liability to stamp duty or SDRT resulting from a failure to observe this requirement;
- 3.4.10 it accepts that none of the Offer Shares have been or will be registered under the laws of any Restricted Jurisdiction. Accordingly, the Offer Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Restricted Jurisdiction unless an exemption from any registration requirement is available;
- 3.4.11 if it is receiving the Offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the Offer Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- 3.4.12 if it is a resident in the EEA (other than the United Kingdom), it is a "qualified investor" within the meaning of the law in the Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive;
- 3.4.13 if it is outside the United Kingdom, neither this Prospectus nor any other offering, marketing or other material in connection with the Offer constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to purchase Offer Shares pursuant to the Offer unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Offer Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- 3.4.14 it acknowledges that none of Investec or any of its respective affiliates nor any person acting on its behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Offer or providing any advice in relation to the Offer and participation in the Offer is on the basis that it is not and will not be a client of Investec or any of its affiliates, that Investec is acting for the Company and no-one else and that none of Investec or any of its affiliates have any duties or responsibilities to it for providing protections afforded to its or their respective clients or for providing advice in relation to the Offer nor in respect of any representations, warranties, undertaking or indemnities contained in these terms and conditions or in any Offer Letter, where relevant;
- 3.4.15 it acknowledges that it is not located within the United States, it is purchasing Offer Shares in an "offshore transaction" as defined in Regulation S and where it is subscribing for Offer Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to purchase the Offer Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this Prospectus or in any Offer Letter, where relevant; and (iii) to receive on behalf of each such account any documentation relating to the Offer in the form provided by the Company and/or Investec. It agrees that the provision of this paragraph shall survive any resale of the Offer Shares by or on behalf of any such account;
- 3.4.16 it is acting as principal only in respect of the Offer, or, if it is acting for any other person (i) it is and will remain liable to the Company and/or Investec and/or the Selling Shareholders for the performance of all its obligations as an Offeree in respect of the Offer (regardless of the fact that it is acting for another person) (ii) it is both an "authorised person" for the purposes of FSMA and a "qualified investor" as defined at Article 2.1(e) of the Prospectus Directive acting as agent for such person and (iii) such person is either (1) a FSMA "qualified investor" or (2) its "client" (as defined in section 86(2) of FSMA) that has engaged it to act as his agent on terms which enable it to make decisions concerning the Offer or any other offers of transferable securities on his behalf without reference to him;
- 3.4.17 it confirms that any of its clients, whether or not identified to Investec or any of its affiliates or agents, will remain its sole responsibility and will not become clients of Investec or any of their

affiliates or agents for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;

- 3.4.18 where it or any person acting on its behalf is dealing with Investec, any money held in an account with Investec on its behalf and/or any person acting on its behalf will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require Investec to segregate such money as that money will be held by Investec under a banking relationship and not as trustee;
- 3.4.19 it has not and will not offer or sell any Offer Shares to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 102B of FSMA;
- 3.4.20 it is an “eligible counterparty” or a “professional investor” within the meaning of Chapter 3 of the FCA’s Conduct of Business Sourcebook and it is subscribing for or purchasing the Offer Shares for investment only and not for resale or distribution;
- 3.4.21 it irrevocably appoints any Director and any director of Investec to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its purchase for all or any of the Offer Shares for which it has given a commitment under the Offer, in the event of its own failure to do so;
- 3.4.22 it accepts that if the Offer does not proceed or the conditions to Investec’s obligations in respect of such Offer under the Placing Agreement are not satisfied or the Placing Agreement is terminated prior to the admission of the Offer Shares for which valid applications are received and accepted to listing on the Official List and to trading on the London Stock Exchange’s main market for listed securities for any reason whatsoever or such Offer Shares are not admitted to the Official List and/or to trading on the London Stock Exchange’s main market for listed securities for any reason whatsoever, then neither Investec or the Company or the Selling Shareholders or any of their respective affiliates, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- 3.4.23 it has not taken any action or omitted to take any action which will or may result in Investec, the Company, the Selling Shareholders or any of their respective directors, officers, agents, affiliates, employees or advisers being in breach of the legal or regulatory requirements of any territory in connection with the Offer or its purchase of Offer Shares pursuant to the Offer;
- 3.4.24 in connection with its participation in the Offer it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and countering terrorist financing including under the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering Regulations 2007 and that its offer commitment is only made on the basis that it accepts full responsibility for any requirement to identify and verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations 2007 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing) (“**Money Laundering Directive**”); or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;
- 3.4.25 due to anti-money laundering and the countering of terrorist financing requirements, Investec, the Company and/or the Selling Shareholders may require proof of identity of the Offeree and related parties and verification of the source of the payment before the offer commitment can be processed and that, in the event of delay or failure by the Offeree to produce any information required for verification purposes, Investec, the Company and/or the Selling Shareholders may refuse to accept the offer commitment and the subscription moneys relating thereto. It holds harmless and will indemnify Investec, the Company and/or the Selling Shareholders against

any liability, loss or cost ensuing due to the failure to process the offer commitment, if such information as has been required has not been provided by it or has not been provided timeously;

- 3.4.26 it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, section 118 of FSMA and the Proceeds of Crime Act 2002 and confirms that it has complied and will continue to comply with those obligations;
- 3.4.27 it and each person or body (including, without limitation, any local authority or the managers of any pension fund) on whose behalf it accepts Offer Shares pursuant to the Offer or to whom it allocates such Offer Shares have the capacity and authority to enter into and to perform their obligations as an Offeree of the Offer Shares and will honour those obligations;
- 3.4.28 as far as it is aware it is not acting in concert (within the meaning given in the Takeover Code) with any other person in relation to the Company and it is not a related party of the Company for the purposes of the Listing Rules;
- 3.4.29 Investec, the Selling Shareholders (who shall include for the avoidance of doubt any Directors selling Offer Shares pursuant to the Offer) and the Company (and any agent on their behalf) are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion, including the right of Investec to terminate the Placing Agreement, without any liability whatsoever to them (or any agent acting on their behalf) and Investec, the Selling Shareholders and the Company shall not have any obligation to consult or notify Offerees in relation to any right or discretion given to them or which they are entitled to exercise;
- 3.4.30 the Selling Shareholders expressly reserve the right to determine, at any time prior to Admission, not to proceed with the Offer. If such right is exercised, the Offer (and the arrangements associated with it) will lapse and any monies received in respect of the Offer will be returned to Offerees without interest;
- 3.4.31 the representations, undertakings and warranties given by an Offeree as contained in this Prospectus or in any Offer Letter, where relevant, are irrevocable. It acknowledges that Investec, the Selling Shareholders and the Company and their respective affiliates will rely upon the truth and accuracy of such representations, undertakings and warranties and it agrees that if any of the representations, undertakings or warranties made or deemed to have been made by its application for Offer Shares are no longer accurate, it shall promptly notify Investec and the Company;
- 3.4.32 it confirms that it is not and at Admission will not be, an affiliate of the Company or a person acting on behalf of such affiliate and it is not acquiring Offer Shares for the account or benefit of an affiliate of the Company or of a person acting on behalf of such an affiliate;
- 3.4.33 nothing has been done or will be done by it in relation to the Offer that has resulted or could result in any person being required to publish a prospectus in relation to the Company or to any Ordinary Shares in accordance with FSMA or the Prospectus Rules or in accordance with any other laws applicable in any part of the European Union or the European Economic Area;
- 3.4.34 it will (or will procure that its nominee will) if applicable, make notification to the Company of the interest in its Ordinary Shares in accordance with Rule 5 of the Disclosure Rules and Transparency Rules issued by the FCA and made under Part VI of the FSMA as they apply to the Company;
- 3.4.35 it accepts that the allocation of Offer Shares shall be determined by Investec following consultation with the Company and that Investec may scale down any offer commitments on such basis as it may determine; and
- 3.4.36 time shall be of the essence as regards its obligations to settle payment for the Offer Shares and to comply with its other obligations under the Offer.

3.5 **Indemnity**

Each Offeree irrevocably agrees, on its own behalf and on behalf of any person on whose behalf it is acting, to indemnify and hold the Company, Investec and the Selling Shareholders and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of any breach by it any person on whose behalf it is acting of the representations, warranties, undertakings, agreements and acknowledgements in these terms and conditions.

4. Supply and disclosure of information

If Investec, the Selling Shareholders, the Registrar or the Company or any of their agents request any information in connection with an Offeree's agreement to purchase Offer Shares under the Offer or to comply with any relevant legislation, such Offeree must promptly disclose it to them.

5. Miscellaneous

- 5.1 The rights and remedies of the Company, the Selling Shareholders, Investec and the Registrar under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 5.2 On the acceptance of their offer commitment, if an Offeree is a discretionary fund manager, that Offeree may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Offer will be sent at the Offeree's risk. They may be returned by post to such Offeree at the address notified by such Offeree.
- 5.3 Each Offeree agrees to be bound by the Articles (as amended from time to time) once the Offer Shares, which the Offeree has agreed to purchase pursuant to the Offer, have been acquired by the Offeree. The contract to purchase Offer Shares under the Offer and the appointments and authorities mentioned in this Prospectus will be governed by and construed in accordance with, the laws of England. For the exclusive benefit of the Company, the Selling Shareholders, Investec and the Registrar, each Offeree irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against an Offeree in any other jurisdiction.
- 5.4 In the case of a joint agreement to purchase Offer Shares under the Offer, references to a "Offeree" in these terms and conditions are to each of the Offerees who are a party to that joint agreement and their liability is joint and several.
- 5.5 Investec, the Selling Shareholders and the Company expressly reserve the right to modify the Offer (including, without limitation, its timetable and settlement) at any time before allocations are determined including the right of Investec to notify to the Company the extension for the dates and times for satisfaction of any or all of the conditions in the Placing Agreement (provided that such conditions are not extended beyond 8.30 a.m. on 10 October 2016).
- 5.6 The Offer is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. For further details of the terms of the Placing Agreement please refer to paragraph 13.1 of Part XV (*Additional Information*).
- 5.7 Investec may, and its affiliates acting as an investor for its or their own account(s) may, purchase Offer Shares and, in that capacity may retain, purchase, offer to sell or otherwise deal for its or their own account(s) in the Offer Shares, any other securities of the Company or other related investments in connection with the Offer or otherwise. Accordingly, references in these terms and conditions to the Offer Shares being offered, subscribed, acquired or otherwise dealt with should be read as including any offer to, or subscription, acquisition or dealing by, Investec and/or any of their respective affiliates acting as an investor for its or their own account(s). Neither Investec nor the Company intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so.
- 5.8 The Selling Shareholders have agreed to pay any stamp duty chargeable on a transfer on sale of Offer Shares and/or SDRT chargeable on an agreement to transfer Offer Shares arising in the United Kingdom (currently at a rate of 0.5 per cent.) on the initial sale of Offer Shares under the Offer. Each Offeree which acquires Offer Shares will be deemed to undertake: (i) that it shall not submit any reclaim to HMRC in respect of any stamp duty or SDRT so paid or accounted for by the Selling Shareholders in respect of the Offer or the Offer Shares and (ii) that it agrees that it is liable for any capital duty, stamp duty, stamp duty reserve tax and all other stamp, issue, securities, transfer registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the

United Kingdom by such investor or any other person on the acquisition by such Offeree of any Offer Shares or the agreement by such Offeree to acquire any Offer Shares.

6. Sales outside the United States

Each purchaser of the Offer Shares offered in reliance on Regulation S will be deemed to warrant, represent and agree as follows:

- 6.1 it and any person, if any, for whose account it is acquiring the Offer Shares, is purchasing the Offer Shares outside the United States in an offshore transaction meeting the requirements of Regulation S (including, for the avoidance of doubt, a bona fide sale on a market of the London Stock Exchange for listed securities) and the transaction was not pre-arranged with a buyer in the United States;
- 6.2 it is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the Offer Shares;
- 6.3 it is aware that the Offer Shares have not been and will not be registered under the Securities Act and are being offered and sold only in “offshore transactions” outside the United States in reliance on Regulation S;
- 6.4 it is not acquiring the Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Offer Shares into the United States or any jurisdiction referred to above;
- 6.5 if in the future it decides to offer, sell, transfer, assign or otherwise dispose of the Ordinary Shares, it will do so only pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act;
- 6.6 it has received, carefully read and understands this Prospectus and has not distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other presentation or offering materials concerning the Offer Shares to any persons within the United States, nor will it do any of the foregoing; and
- 6.7 that the Company, Investec and the Selling Shareholders, their affiliates and others, will rely upon the truth and accuracy of the foregoing acknowledgements, representations or agreements made by it, if it becomes aware that the foregoing acknowledgements, representations or agreements are no longer accurate or have not been complied with, it will immediately notify the Company and Investec and, if it is acquiring any Offer Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make such foregoing acknowledgements, representations and agreements on behalf of each such account.

7. Selling restrictions

- 7.1 The distribution of this Prospectus and the offer of Ordinary Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.
- 7.2 No action has been or will be taken in any jurisdiction by the Company, the Selling Shareholders or Investec that would permit a public offering of the Ordinary Shares, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required, other than the United Kingdom. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly and neither this Prospectus nor any other offering material or advertisement in connection with the Ordinary Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and the offer of the Ordinary Shares contained in this Prospectus. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer to subscribe for or purchase any of the Ordinary Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer of solicitation in such jurisdiction.

7.3 **European Economic Area**

In relation to each Member State, an offer to the public of any Ordinary Shares may not be made in that Member State, except that an offer to the public in that Member State of any Ordinary Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Member State:

- 7.3.1 to any legal entity which is a “qualified investor” as defined under the Prospectus Directive;
- 7.3.2 to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) per Member State, subject to obtaining the prior consent of Investec; or
- 7.3.3 in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Ordinary Shares shall result in a requirement for the Company or Investec to publish a prospectus pursuant to Article 3 of the Prospectus Directive or a supplemental prospectus pursuant to Article 16 of the Prospectus Directive and each person who initially acquires any Ordinary Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with Investec and the Company that it is a qualified investor within the meaning of the law in that Member State implementing Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any Ordinary Shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the Offer and any Ordinary Shares so as to enable an investor to decide to purchase any Ordinary Shares, as the same may be varied for that Member State by any measure implementing the Prospectus Directive in that Member State.

In the case of any Ordinary Shares being offered to a “financial intermediary” as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Ordinary Shares acquired by it in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Ordinary Shares to the public other than their offer or resale in a relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Company and Investec has been obtained to each such proposed offer or resale.

The Company, the Selling Shareholders, Investec and their respective affiliates, representatives and others will rely upon the truth and accuracy of the foregoing representation, warranty, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified Investec of such fact in writing may, with the consent of Investec, be permitted to purchase Ordinary Shares in the Offer.

7.4 **United States of America**

The Ordinary Shares have not been and will not be registered under the Securities Act or under the securities laws or regulations of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no offer of the Ordinary Shares in the United States. The Ordinary Shares are being offered and sold only outside the United States in “offshore transactions” in reliance on Regulation S.

In addition, until 40 days after the commencement of the Offer, an offer or sale of Ordinary Shares within the United States by any dealer (whether or not participating in the Offer) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

7.5 **Australia**

This Prospectus has not been and will not be lodged with the Australian Securities and Investments Commission or the Australian Stock Exchange and is not a disclosure document for purposes of Australian law. This Prospectus (whether in preliminary or definitive form) may not be issued or

distributed in Australia and no offer or invitation may be made in relation to the issue, sale or purchase of any Ordinary Shares in Australia (including an offer or invitation received by a person in Australia) and no shares may be sold in Australia, unless the offer or invitation does not need disclosure to investors under Part 6D.2 of the Corporations Act 2001.

Each purchaser of Ordinary Shares will be deemed to have acknowledged the above and, by applying for Ordinary Shares under this Prospectus, gives an undertaking to the Company not to offer, sell, transfer, assign or otherwise alienate those securities to persons in Australia (except in the circumstances referred to above) for 12 months after their issue.

7.6 Canada

The relevant clearances have not been and will not be, obtained from the Securities Commission of any province or territory of Canada. Accordingly, subject to certain exceptions the Ordinary Shares may not, directly or indirectly, be offered or sold within Canada, or offered or sold to a resident of Canada.

7.7 Republic of South Africa

The relevant clearances have not been and will not be, obtained from the South African Reserve Bank nor any other applicable body in the Republic of South Africa. Accordingly, the Offer Shares will not, directly or indirectly, be offered or sold within the Republic of South Africa.

7.8 New Zealand

The Ordinary Shares have not been and will not be registered under the applicable securities laws of New Zealand. Subject to certain exceptions, the Ordinary Shares may not be offered or sold in New Zealand or to for the account or benefit of any resident in New Zealand.

7.9 Japan

The Offer Shares have not been and will not be registered under the Securities and Exchange Law of Japan and may not be offered or sold directly or indirectly in Japan except under circumstances that result in compliance of all applicable laws, regulations and guidelines promulgated by the relevant governmental and regulatory authorised in effect at the relevant time.

8. Allocation

- 8.1 Investec has solicited indications of interest from prospective investors to purchase Ordinary Shares in the Offer. On this basis, prospective investors have been asked to specify the number of Ordinary Shares that they are prepared to purchase at different prices. Multiple applications under the Offer are permitted.
- 8.2 A number of factors have been considered in deciding the Offer Price and the bases of allocation, including prevailing market conditions, the level and the nature of the demand for Ordinary Shares, the objective of encouraging long-term ownership of the Ordinary Shares. The Offer Price has been established at a level determined in accordance with these arrangements, taking into account indications of interest received from persons (including market-makers and fund managers) connected with Investec. Accordingly, the Offer Price may be lower than the highest price at which all of the Ordinary Shares, in respect of which indications of interest have been received or which are available for sale by the Selling Shareholders in the Offer, could have been accepted.
- 8.3 Participants in the Offer will be advised verbally or by electronic mail of their allocation as soon as practicable following allocation. The results of the Offer will be announced on the date of Admission.
- 8.4 Investors will be contractually committed to acquire the number of Offer Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment. Dealing with the Offer Shares may not begin before notification is made.
- 8.5 All Ordinary Shares sold pursuant to the Offer will be sold, payable in full, at the Offer Price.

- 8.6 The rights attaching to the Ordinary Shares are uniform in all respects and they form a single class for all purposes.
- 8.7 Each Ordinary Share ranks equally in all respects with each other Ordinary Share and has the same rights (including voting and dividend rights and rights to a return of capital) and restrictions as each other Ordinary Share, as set out in the Articles.
- 8.8 Subject to the provisions of the Companies Act, any equity securities issued by the Company for cash must first be offered to Shareholders in proportion to their holdings of Ordinary Shares. The Companies Act and the Listing Rules allow for the disapplication of pre-emption rights which may be waived by special resolution of the Shareholders, either generally or specifically, for a maximum period not exceeding five years.
- 8.9 Except in relation to dividends which have been declared and rights on a liquidation of the Company, the Shareholders have no rights to share in the profit of the Company.
- 8.10 The Ordinary Shares are not redeemable. However, the Company may purchase or contract to purchase any of the Ordinary Shares, subject to the Companies Act and the requirements of the Listing Rules.
- 8.11 Further details of the rights attached to the Ordinary Shares are set out in paragraph 5 of Part XV (*Additional Information*).

9. Dealing arrangements

- 9.1 The Offer is subject to the satisfaction of certain conditions contained in the Placing Agreement, which are typical for an agreement of this nature, including Admission occurring and becoming effective by 8.00 a.m. on 21 September 2016 or such later date as may be determined in accordance with such agreement and the Placing Agreement not having been terminated in accordance with its terms. Certain conditions are related to events which are outside the control of the Company, the Directors, the Selling Shareholders and Investec. Further details of the Placing Agreement are described in paragraph 13.1 of Part XV (*Additional Information*).
- 9.2 Application will be made to the FCA for all of the Ordinary Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for all of the Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. Listing of the Ordinary Shares is not being sought on any stock exchange other than the London Stock Exchange.
- 9.3 It is expected that Admission will take place and unconditional dealings in the Ordinary Shares will commence on the London Stock Exchange at 8.00 a.m. (London time) on 21 September 2016. Settlement of dealings from that date will be on a two day rolling basis.
- 9.4 Each investor will be required to undertake to pay the Offer Price for the Ordinary Shares sold to such investor in such manner as shall be directed by Investec.
- 9.5 The Ordinary Shares are in registered form and can be held in certificated or uncertificated form. Title to certificated Ordinary Shares (if any) will be evidenced in the register of members of the Company and title to uncertificated Ordinary Shares will be evidenced by entry into the operator register maintained by the Registrar (which will form part of the register of members of the Company).
- 9.6 It is intended that allocations of Offer Shares to investors who wish to hold Offer Shares in uncertificated form will take place through CREST on Admission. It is intended that, where applicable, definitive share certificates in respect of the Offer Shares will be posted by first class post as soon as is practicable by 3 October 2016. Dealings in advance of the crediting of the relevant CREST stock account shall be at the risk of the person concerned. Prior to the despatch of definitive share certificates in respect of any Offer Shares which are not settled in CREST, transfers of those Offer Shares will be certified against the register of members of the Company. No temporary documents of title will be issued.

10. CREST

With effect from Admission, the Articles will permit the holding of Ordinary Shares under the CREST system. CREST is a paperless settlement system allowing securities to be transferred from one person's CREST account to another's without the need to use share certificates or written instruments of transfer. The Company has 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 within the CREST system if any Shareholder so wishes. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

11. Placing arrangements

11.1 The Company, the Directors, the Selling Shareholders and Investec have entered into the Placing Agreement, pursuant to which Investec has agreed, subject to certain conditions, to use its reasonable endeavours to procure purchasers for the Ordinary Shares made available by the Selling Shareholders pursuant to the Offer.

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

11.3 Investec is entitled to terminate the Placing Agreement if any of the conditions contained therein (details of which may be found in paragraph 13.1 of Part XV (*Additional Information*)) are not satisfied (or, if capable of waiver, waived) on or before the relevant time and date. If the Placing Agreement is terminated, the Offer will be terminated.

11.4 Further details of the terms of the Placing Agreement are set out in paragraph 13.1 of Part XV (*Additional Information*). Certain selling and transfer restrictions are set out in paragraph 12 below.

12. Lock-up arrangements

12.1 Pursuant to the terms of lock-in deeds entered into on 16 September 2016, each of the Company, the Selling Shareholders and the Directors has agreed to certain lock-up arrangements with Investec.

12.2 For a 12 month lock-up period from the date of Admission, each of the Management Selling Shareholders has agreed that, subject to certain customary exceptions, he or she will not offer, sell or contract to sell, or otherwise dispose of, any Ordinary Shares (or any interest therein or in respect thereof) that he or she may hold, or enter into any transaction with the same economic effect as any of the foregoing. For the 12 month period thereafter, they have each agreed not to dispose of any Ordinary Shares (or any interest therein or in respect thereof) that he or it may hold other than through Investec (for so long as Investec is engaged as the Company's broker) with a view to maintaining an orderly market in the Company's securities.

12.3 For a six-month lock-up period from the date of Admission, the Principal Selling Shareholder has agreed that, subject to certain customary exceptions, it will not offer, sell or contract to sell, or otherwise dispose of, any Ordinary Shares (or any interest therein or in respect thereof) that it may hold, or enter into any transaction with the same economic effect as any of the foregoing. For the six-month period thereafter, it has agreed not to dispose of any Ordinary Shares (or any interest therein or in respect thereof) that it may hold other than through Investec (for so long as Investec is engaged as the Company's broker) with a view to maintaining an orderly market in the Company's securities.

12.4 Further details of the lock-in deeds are set out in paragraph 13.3 of Part XV (*Additional Information*).

PART XIV

TAXATION

The Company is registered under the laws of the United Kingdom and treated as a UK company for corporate law and UK tax purposes. **Shareholders or prospective Shareholders should read the “UK Taxation” paragraphs below, as well as consulting their own professional advisers, regarding the tax consequences of acquiring, holding and disposing of the Ordinary Shares.**

1. UK Taxation

The following is a summary of certain United Kingdom (“UK”) tax considerations relating to an investment in the Shares.

The statements set out below reflect current UK law and published guidance (which may not be binding) of HM Revenue and Customs (“HMRC”), as at the date of this Prospectus and which may be subject to change, possibly with retroactive effect. They are intended as a general guide and apply only to Shareholders of the Company resident and, in the case of an individual, domiciled exclusively in the UK for UK tax purposes (except insofar as express reference is made to the treatment of non-UK residents), who hold Shares as an investment (other than under an individual savings account (“ISA”)) and who are the absolute beneficial owners of the Shares and any dividends paid thereon. (In particular, Shareholders holding their Shares through a depositary receipt system or clearance service should note that they may not always be regarded as the absolute beneficial owners of such Shares.) This guidance does not address all possible tax consequences relating to an investment in the Shares. Specifically, this guidance does not address: (i) special classes of Shareholders such as, for example, dealers in securities, broker-dealers, intermediaries, insurance companies or collective investment schemes; (ii) Shareholders who hold Shares as part of hedging transactions; (iii) Shareholders who have (or are deemed to have) acquired their Shares by virtue of an office or employment; (iv) those that own (or are deemed to own) 10 per cent. or more of the Shares and/or voting power of the Company, (v) those subject to specific tax regimes or benefitting from certain reliefs or exemptions, (vi) those connected with the Company or Group; and (vii) unless otherwise indicated, those that hold the Company’s shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or, in the case of a corporate shareholder, a permanent establishment or otherwise). Such Shareholders may be subject to special rules and this summary does not apply to such Shareholders.

Shareholders or prospective Shareholders who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction other than the UK, should consult their own professional advisers immediately.

2. Taxation of dividends

The Company will not be required to withhold amounts on account of UK tax at source when paying a dividend.

A UK resident individual Shareholder who is liable to income tax at a rate not exceeding the higher rate will be subject to income tax on the Dividend at the rate of 32.5 per cent. to the extent that the Dividend, when treated as the top “slice” of the Shareholder’s income, exceeds the lower threshold for higher rate income tax. A UK resident individual Shareholder who is subject to income tax at the additional rate will be subject to income tax on the Dividend at the rate of 38.1 per cent. to the extent that the Dividend, when treated as the top “slice” of the Shareholder’s income exceeds the lower threshold for additional rate income tax.

Shareholders who are within the charge to UK corporation tax will be subject to UK corporation tax on dividends paid by the Company, unless (subject to special rules for such Shareholders that are small companies) the dividends fall within one of the exempt classes and certain other conditions are met. Each Shareholder’s position will depend on its own individual circumstances and while it would normally be expected that the dividends paid by the Company would fall within an exempt class, it should be noted that the exemptions are not comprehensive and are subject to anti-avoidance rules. Shareholders within the charge to UK corporation tax should therefore consult their own professional advisers. Such Shareholders

receiving dividends which fall into an exempt class will not be able to claim repayment of the tax credit attaching to dividends paid by the Company.

Non-UK resident corporate Shareholders will not be liable to income or corporation tax in the UK on dividends paid on the Shares unless the Shareholder carries on a trade in the UK and the dividends are either a receipt of that trade or the shares are held by or for a UK permanent establishment through which the trade is carried on. In the latter case the dividends may still fall into one of the exempt classes and not be subject to the UK corporation tax. Non-UK resident corporate Shareholders will not generally be able to claim repayment of any part of the tax credit attaching to dividends paid by the Company.

Non-UK resident individual Shareholders may choose to treat the dividends, other than the dividends representing the receipts of a trade, profession or vocation carried on in the UK, as 'disregarded income' (as defined by statute) thereby limiting their UK income tax liability to the tax credit or the tax treated as paid in respect of the dividend. Such Shareholders should have no further UK income tax to pay upon their receipt of a dividend from the Company. If chosen, disregarded income treatment will apply to all UK source savings and investment income of the Shareholder in a tax year (but does not apply to UK rental income) and the personal allowance available to certain categories of non-resident individuals will not be available in that tax year. Non-UK resident individual Shareholders will not generally be able to recover the tax credit attaching to dividends paid by the Company.

Shareholders may also be subject to foreign taxation on dividend income under applicable local law. Shareholders who are not resident for tax purposes in the UK should obtain their own tax advice concerning tax liabilities on dividends received from the Company in the country of their tax residence.

3. Taxation of chargeable gains

A disposal or deemed disposal of Shares by a Shareholder who is resident in the UK for tax purposes in the tax year (or part thereof) in question may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains. This will depend upon the Shareholder's circumstances and is subject to any available exemption or relief (such as the annual exempt amount for individuals and indexation for corporate shareholders). Indexation allowance may reduce the amount of chargeable gains subject to corporation tax, but may not create or increase any allowable loss. Shareholders who are not resident in the UK will not generally be subject to UK taxation of chargeable gains on the disposal or deemed disposal of Shares unless they are carrying on a trade, profession or vocation in the UK whether through a branch or agency or, in the case of a corporate shareholder, a permanent establishment) in connection with which the Shares are used, held and/or acquired.

An individual Shareholder who acquires Shares while UK resident, needs to cease to be resident for tax purposes in the UK for a period of more than five complete tax years otherwise the temporary non-residence rules apply. If those rules apply and the Shareholder disposes of all or part of his Shares during the period in which he is non-UK resident then he may be liable to capital gains tax on his return to the UK, where that Shareholder was UK resident for at least four of the seven tax years immediately preceding the year of departure from the UK (subject to any available exemptions or reliefs). For individuals, a tax year is the period from 6 April in a calendar year to 5 April in the following calendar year.

An individual Shareholder who is subject to UK income tax at the higher or additional rate will be liable to UK capital gains tax on the amount of any chargeable gain realised by a disposal of Shares at the rate of 20 per cent. Individual Shareholders who are subject to income tax at the basic rate only should only be liable to capital gains tax on the chargeable gain up to the unused amount of the Shareholder's basic rate band at a rate of 10 per cent. and at a rate of 20 per cent. on the gains above the basic rate band. In the event that a disposal of the Shares results in the realisation of a loss by the Shareholder for capital gains tax purposes, such a loss may be set-off by the Shareholder against other chargeable gains in the same or future years of assessment.

UK resident corporate Shareholders will generally be subject to UK corporation tax (rather than capital gains tax) on any chargeable gain realised on a disposal of Shares. Any chargeable loss realised by such a Shareholder may be set-off by the Shareholder against chargeable gains in the same or future accounting periods. A corporate Shareholder with a significant holding of Shares may be exempt from corporation tax on any gain arising on disposal of Shares, provided it can satisfy the conditions of the exemption applicable to disposal of substantial shareholdings.

4. UK inheritance tax

Shares will be assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets by an individual Shareholder during their lifetime, or on their death, may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax, even if the Shareholder making the gift is neither resident nor domiciled in the UK, nor deemed to be domiciled there under certain rules relating to the number of years of UK residence or previous domicile. Generally, UK inheritance tax is not chargeable on gifts to individuals if the donor survives for at least seven complete years after the date of the gift. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts in respect of which the donor reserves or retains some benefit. Special rules also apply to gifts made to close companies and where assets are transferred to and/or held by most types of trustee. The inheritance tax rules are complex and holders of Shares should consult an appropriate professional adviser in any case where the rules may be relevant, particularly (but not limited to) cases where Shareholders intend to make a gift of any kind or to hold any Shares through a trust arrangement. They should also seek professional advice in a situation where there is potential for a charge to both UK inheritance tax and an equivalent tax in another country or if they are in any doubt about their UK inheritance tax position.

5. Stamp duty and stamp duty reserve tax ("SDRT")

General

Instruments transferring Shares will generally be subject to stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration given for the transfer (rounded up to the nearest £5.00 where applicable). The transferee normally pays the stamp duty. An exemption from stamp duty is available on an instrument transferring the Shares where the amount or value of the consideration is £1,000 or less and it is certified on the instrument that the transaction effected does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000.

An unconditional agreement to transfer Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer, but such liability will be cancelled, or a right to repayment (normally with interest) will arise in respect of the SDRT liability, if the agreement is completed by a duly stamped instrument or an exempt transfer within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional). The purchaser is liable for any SDRT arising.

The statements above are intended as a general guide to the current position. Certain categories of person, including market makers, brokers, dealers and persons connected with depositary arrangements and clearance services are not liable to stamp duty or SDRT and/or 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.

6. CREST

Deposits of Shares into CREST will not generally be subject to SDRT or stamp duty, unless the transfer into CREST is itself for consideration in money or money's worth. Paperless transfers of Shares within the CREST system are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system.

Depositary Receipt Systems and Clearance Services

Where Shares are transferred (in the case of stamp duty) or issued or transferred (in the case of SDRT) (a) to, or to a nominee or an agent for, a person whose business is or includes the provision of clearance services or (b) to, or to a nominee or an agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT (as applicable) will generally be payable at the higher rate of 1.5 per cent. on the amount or value of the consideration given or, in certain circumstances, the value of the Shares. However, following litigation, HMRC have confirmed that they will no longer seek to apply to 1.5 per cent. SDRT charge on an issue of shares or securities to a clearance service or depositary receipt system on the basis that the charge is not compatible with EU law. HMRC's view is that the 1.5 per cent. SDRT or stamp duty charge will continue to apply to a transfer of shares or securities to a clearance service or depositary receipt system where the transfer is not an integral part of an issue of share capital.

Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depositary receipt system, or in respect of a transfer within such a service, which does arise, will strictly be accountable for by the clearance service or depositary receipt system operator or their nominee as the case may be, but will, in practice, be payable by the participants in the clearance service or depositary receipt system.

There is an exception from the 1.5 per cent. charge on the transfer to, or to a nominee or agent for, a clearance service where the clearance service has made and maintained an election under section 97A(1) of the Finance Act 1986, which has been approved by HMRC. In these circumstances, a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer will arise on any transfer of Shares into such an account and on subsequent agreements to transfer such Shares.

Any person who is in any doubt as to his or her taxation position or who is liable to taxation in any jurisdiction other than the UK should consult his or her professional advisers.

PART XV

ADDITIONAL INFORMATION

1. Responsibility

The directors of the Company, whose names appear on page 36 of this Prospectus and the Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. All the Directors accept individual and collective responsibility for compliance with the Prospectus Rules.

2. Incorporation

- 2.1 The Company was incorporated and registered in England and Wales on 13 June 2016 with the name Marilyn plc as a public company limited by shares under the Companies Act. On 14 June 2016 the Company was renamed Hollywood Bowl Group plc. The registered number of the Company is 10229630. The Company operates in conformity with its constitutional documents.
- 2.2 The principal legislation under which the Company operates and under which the Ordinary Shares were created is the Companies Act and the regulations made thereunder.
- 2.3 The Ordinary Shares are duly authorised according to the requirements of the Company's Articles of Association and any consents needed to proceed with Admission have been obtained.
- 2.4 The Company's registered office is at Focus 31 West Wing, Cleveland Road, Hemel Hempstead Industrial Estate, Hemel Hempstead, HP2 7BW and its principal place of business is at Focus 31 West Wing, Cleveland Road, Hemel Hempstead Industrial Estate, Hemel Hempstead, HP2 7BW. The Company's telephone number is 01442 768760.
- 2.5 The principal activity of the Group is the operation of ten-pin bowling centres including the development of new centres and other associated activities.

3. The Reorganisation

- 3.1 In connection with Admission, the Group has undertaken a reorganisation of its corporate structure that has resulted in the Company becoming the ultimate holding company of the Group (the "**Reorganisation**").
- 3.2 Pursuant to the Reorganisation:

Pre-Admission steps under the Reorganisation

- 3.2.1 **Step 1:** On 13 June 2016, the Company was incorporated as a public limited company. Upon incorporation, each of the Principal Selling Shareholder and Electra Investments Limited subscribed for certain shares in the Company, as follows:
 - 3.2.1.1 1 ordinary share of £500 in the name of the Principal Selling Shareholder (which was paid up in full); and
 - 3.2.1.2 49,500 deferred shares of £1 each (being non-voting shares) in the name of Electra Investments Limited (of which 12,000 were fully paid up with an undertaking provided by Electra Investments Limited to pay the remaining £37,500 on demand);
- 3.2.2 **Step 2:** On 14 June 2016, Electra Investments Limited subscribed for 99,000 Deferred Shares of £0.0001 (being non-voting shares) in Kanyeco Limited which were paid up in full;

3.2.3 **Step 3:** On 16 September 2016 1 redeemable share of £0.01 in the capital of Kanyeeco Limited was gifted to Kanyeeco Limited at nil transfer value or consideration.

On 16 September 2016, the Pre-Admission Shareholders entered into a share-for-share exchange with the Company whereby the Pre-Admission Shareholders transferred each of their shares in Kanyeeco Limited to the Company in consideration for the issue and allotment of shares in the Company with equivalent rights, as follows:

<i>Name of Pre-Admission Shareholder</i>	<i>Shares held in the capital of Kanyeeco Limited immediately prior to the share-for-share exchange</i>	<i>Shares held in the capital of the Company immediately following the share-for-share exchange</i>
Electra Private Equity Partners 2006 Scottish LP	84,601 A Ordinary Shares of £0.01 each	84,601 A Ordinary Shares of £500 each
Peter Boddy	91 B ordinary shares of £1 each and 1,249 C ordinary shares of £1 each 1 D ordinary share of £1 each	91 B ordinary shares of £500 each and 1,249 C ordinary shares of £500 each 1 D ordinary share of £500 each
Stephen Burns	166 B ordinary shares of £1 each and 5,000 C ordinary shares of £1 each	166 B ordinary shares of £500 each and 5,000 C ordinary shares of £500 each
Laurence Keen	41 B ordinary shares of £1 each and 2,300 C ordinary shares of £1 each	41 B ordinary shares of £500 each and 2,300 C ordinary shares of £500 each
Melanie Dickinson	33 B ordinary shares of £1 each and 1,499 C ordinary shares of £1 each 1 D ordinary share of £1 each	33 B ordinary shares of £500 each and 1,499 C ordinary shares of £500 each 1 D ordinary share of £500 each
Mathew Hart	116 B ordinary shares of £1 each and 2,300 C ordinary shares of £1 each	116 B ordinary shares of £500 each and 2,300 C ordinary shares of £500 each
Mark Francis	17 B ordinary shares of £1 each and 599 C ordinary shares of £1 each 1 D ordinary share of £1 each	17 B ordinary shares of £500 each and 599 C ordinary shares of £500 each 1 D ordinary share of £500 each
Adrian Pritchard	17 B ordinary shares of £1 each and 599 C ordinary shares of £1 each 1 D ordinary share of £1 each	17 B ordinary shares of £500 each and 599 C ordinary shares of £500 each 1 D ordinary share of £500 each

William Etherington	17 B ordinary shares of £1 each and 599 C ordinary shares of £1 each 1 D ordinary share of £1 each	17 B ordinary shares of £500 each and 599 C ordinary shares of £500 each 1 D ordinary share of £500 each
Darryl Lewis	17 B ordinary shares of £1 each and 599 C ordinary shares of £1 each 1 D ordinary share of £1 each	17 B ordinary shares of £500 each and 599 C ordinary shares of £500 each 1 D ordinary share of £500 each
Electra Investments Limited	99,000 deferred shares of £0.0001 each	99,000 deferred shares of £1 each

- 3.2.4 **Step 4:** following the completion of Step 3 described above, the Company undertook a share reorganisation to sub-divide and re-designate each of the shares in the capital of the Company (other than the non-voting deferred shares) as ordinary shares of 47 pence each and one deferred share having a nominal value of £1,012,141.96 (the “**IPO Deferred Share**”);
- 3.2.5 **Step 5:** on 22 June 2016, Hollywood Bowl EBT Limited (the “**EBT**”) was incorporated as a private limited company. Upon incorporation, the Company subscribed for 1 ordinary share of £1. On 16 September 2016 the Company established an employee benefit trust for the benefit of all employees in the Group to which the EBT was appointed as trustee and TOBC contributed £526,316 to the trust by way of gift. Following such contribution, the Company issued 328,947 Ordinary Shares to the EBT at a subscription price of 160 pence per share;
- 3.2.6 **Step 6:** on 16 September 2016, certain of the Pre-Admission Shareholders transferred the loan notes (together with all accrued interest thereon) held by them and issued by Khloeco Limited to the Company in return for: (i) the payment (in cash) of £12,000 to Electra Investments Limited; (ii) the settlement of the receivable due from Electra Investments Limited in respect of the undertaking to pay referred to in paragraph 3.2.1.2 above; and (iii) the issue and allotment of further shares in the capital of the Company to the Pre-Admission Shareholders reflecting the value of the loan notes being transferred by each relevant noteholder;
- 3.2.7 **Step 7:** on 16 September 2016, by resolution of the Pre-Admission Shareholders in a general meeting, the Company was authorised to carry out a court-approved capital reduction post-Admission in accordance with the Companies Act in order to provide it with certain distributable reserves to facilitate the payment of dividends and to provide for the cancellation of the IPO Deferred Share;
- 3.2.8 **Step 8:** the 99,000 deferred shares of £1 each were gifted by Electra Investments Limited to the Company on 16 September 2016 at nil transfer value or consideration, following which, pursuant to the requirements of the Companies Act, the Company cancelled the gifted shares and diminished the amount of the Company’s share capital by the nominal value of the shares so cancelled; and
- 3.2.9 **Step 9:** on 16 September 2016, arrangements were put in place for the loan notes issued by Blu Bidco Limited (in connection with the acquisition of Bowlplex Limited in December 2015) to be repaid in full on Admission and, in conjunction with the loan note repayment, Kendallco Limited exercised the call option held by it in order to acquire the minority shareholding (being 5 B ordinary shares of £1 each) held by Tracy Standish in Blu Bidco Limited.

Post-Admission steps under the Reorganisation

- 3.2.10 It is intended that, following Admission and pursuant to the shareholder resolution passed on 16 September 2016 (as outlined in step 7 above), the Company will undertake a court-approved capital reduction in accordance with the Companies Act in order to increase its distributable reserves post-Admission and to cancel the IPO Deferred Share.

3.2.11 In addition, surplus holdings companies may be wound up in due course to reduce the administrative burden on the Group and help prevent future dividend blocks.

4. Share capital

4.1 Immediately prior to the publication of this Prospectus, the nominal value of the ordinary issued share capital of the Company was, and immediately following completion of the Offer and on Admission, will be, £70.5 million, comprising 150,000,000 Ordinary Shares (all of which are fully paid or credited as fully paid). The only other share in the issued capital of the Company at the time of the publication of this Prospectus was, and immediately following completion of the Offer and Admission will be, the IPO Deferred Share.

4.2 The share capital history of the Company is as follows:

<i>Effective date</i>	<i>Share capital position</i>
On incorporation, 13 June 2016	The share capital was divided into 1 ordinary share of £500 and 49,500 deferred shares of £1 each (totalling £50,000) which were issued to the Principal Selling Shareholder and Electra Investments Limited (respectively) as subscribers to the memorandum.
On 16 September 2016	In connection with step 3 of the Reorganisation (described in paragraph 3.2.3 of this Part XV (<i>Additional Information</i>)) the Company issued a further 149,365 shares in the numbers, classes and to the persons set out in paragraph 3.2.3 above.
On 16 September 2016	Following the above, the Company re-designated and sub-divided all of the shares in the capital of the Company into ordinary shares of £0.47 each (other than the deferred shares).
On 16 September 2016	In connection with step 5 of the Reorganisation (described in paragraph 3.2.5 of this Part XV (<i>Additional Information</i>)) the Company issued a further 328,947 ordinary shares to the EBT.
On 16 September 2016	In connection with Step 6 of the Reorganisation (described in paragraph 3.2.6 of this Part XV (<i>Additional Information</i>)) the Company issued a further 45,584,121 shares in the capital of the Company as follows: Electra Investments Limited 45,351,952 ordinary shares of 47 pence each Stephen Burns 75,723 ordinary shares of 47 pence each Mark Francis 7,572 ordinary shares of 47 pence each Adrian Pritchard 7,572 ordinary shares of 47 pence each William Etherington 7,572 ordinary shares of 47 pence each Laurence Keen 18,931 ordinary shares of 47 pence each Melanie Dickinson 15,144 ordinary shares of 47 pence each Darryl Lewis 7,572 ordinary shares of 47 pence each Peter Boddy 41,648 ordinary shares of 47 pence each Mathew Hart 50,435 ordinary shares of 47 pence each
On 16 September 2016	The Company cancelled the 99,000 deferred shares of £1 each following a gift of such shares to the Company by Electra Investments Limited.

As at the date of this Prospectus: The ordinary issued share capital of the Company is £70,500,000 comprising:

Electra Private Equity Partners 2006 Scottish LP 88,176,746 ordinary shares of 47 pence each

Electra Investments Limited 45,351,952 ordinary shares of 47 pence each

Stephen Burns 5,460,068 ordinary shares of 47 pence each

Mark Francis 650,650 ordinary shares of 47 pence each

Adrian Pritchard 650,650 ordinary shares of 47 pence each

William Etherington 650,650 ordinary shares of 47 pence each

Laurence Keen 2,458,875 ordinary shares of 47 pence each

Melanie Dickinson 1,612,937 ordinary shares of 47 pence each

Darryl Lewis 650,650 ordinary shares of 47 pence each

Peter Boddy 1,439,326 ordinary shares of 47 pence each

Mathew Hart 2,568,549 ordinary shares of 47 pence each

The only other share in the issued capital of the Company is the IPO Deferred Share, which is held by Electra Private Equity Partners 2006 Scottish LP.

- 4.3 The following resolutions of the Company were passed by the Shareholders at a general meeting held on 16 September 2016, to take effect immediately:
- 4.3.1 the Directors were generally and unconditionally authorised for the purposes of section 551 of the Companies Act to exercise all or any powers of the Company to allot shares in the Company up to an aggregate nominal amount of £49,982,000 in connection with steps 3, 5 and 6 of the Reorganisation;
 - 4.3.2 the Directors were empowered to allot equity securities (within the meaning of section 560(1) of the Companies Act) for cash as if section 561(1) of the Companies Act did not apply to any such allotment, such power being limited to the allotment of shares pursuant to the authorities described in paragraph 4.3.1 above;
 - 4.3.3 the Company shall adopt new articles of association in the form presented to the general meeting; and
 - 4.3.4 the various classes of shares in the Company be converted into Ordinary Shares (being a single class of ordinary shares in the Company with the same economic and voting rights) by way of a sub-division or otherwise, in such manner as may be approved by the Board in accordance with the Reorganisation.
- 4.4 The following resolutions of the Company were passed by the Shareholders at a general meeting held on 16 September 2016, such resolutions to take effect immediately prior to but conditional upon Admission:
- 4.4.1 that the Company adopt new articles of association in the form presented to the general meeting, being the Articles, a summary of which is included at paragraph 5 of this Part XV (*Additional Information*);
 - 4.4.2 that the Company be authorised to carry out a court-approved capital reduction post-Admission in accordance with the Companies Act;
 - 4.4.3 That the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act to exercise all powers of the Company to allot shares and to grant rights to subscribe for or to convert any security into shares up to an aggregate nominal amount of £47,000,000 comprising:

- 4.4.3.1 an aggregate nominal amount of £23,500,000 (whether in connection with the same offer or issue as under (b) below or otherwise); and
- 4.4.3.2 an aggregate nominal amount of £23,500,000 in the form of equity securities (as defined in section 560 of the Companies Act) in connection with an offer or issue by way of rights, open for acceptance for a period fixed by the Directors, to holders of Ordinary Shares (other than the Company) on the register on any record date fixed by the Directors in proportion (as nearly as may be) to the respective number of ordinary shares deemed to be held by them, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever.

This authority shall expire (unless previously varied as to duration, revoked or renewed by the Company in general meeting) at the conclusion of the next annual general meeting of the Company or within 15 months of the date of passing of the resolution (whichever is the earlier), except that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or such rights to be granted after such expiry and the Directors may allot shares or grant such rights in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

- 4.4.4 That the Directors be empowered pursuant to section 570 of the Companies Act to allot equity securities (as defined in section 560 of that Act) for cash pursuant to the general authority conferred on them by the resolution set out in paragraph 4.4.3 above and/or to sell equity securities held as treasury shares for cash pursuant to section 727 of the Companies Act, in each case as if section 561 of that Act did not apply to any such allotment or sale, provided that this power shall be limited to:

- 4.4.4.1 any such allotment and/or sale of equity securities in connection with an offer or issue by way of rights or other pre-emptive offer or issue, open for acceptance for a period fixed by the Directors, to holders of Ordinary Shares (other than the Company) on the register on any record date fixed by the Directors in proportion (as nearly as may be) to the respective number of Ordinary Shares deemed to be held by them, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever; and
- 4.4.4.2 any such allotment and/or sale, otherwise than pursuant to paragraph 4.4.4.1 above, of equity securities having, in the case of ordinary shares, an aggregate nominal value or, in the case of other equity securities, giving the right to subscribe for or convert into ordinary shares having an aggregate nominal value, not exceeding the sum of £3,525,000.

This authority shall expire, unless previously revoked or renewed by the Company in general meeting, at such time as the general authority conferred on the Directors by the resolution in paragraph 4.4.3 expires, except that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted or equity securities held as treasury shares to be sold after such expiry and the Directors may allot equity securities and/or sell equity securities held as treasury shares in pursuance of such an offer or agreement as if the power conferred by this resolution had not expired.

- 4.4.5 That, in addition to any authority granted under the resolution set out in paragraph 4.4.4 above, the Directors be empowered pursuant to section 570 of the Companies Act to allot equity securities (as defined in section 560 of that Act) for cash pursuant to the general authority conferred on them by the resolution in paragraph 4.4.3 and/or to sell equity securities held as treasury shares for cash pursuant to section 727 of the Companies Act, in each case as if section 561 of that Act did not apply to any such allotment or sale, provided that this power shall be:

- 4.4.5.1 limited to any such allotment and/or sale of equity securities having, in the case of Ordinary Shares, an aggregate nominal value or, in the case of other equity securities,

giving the right to subscribe for or convert into Ordinary Shares having an aggregate nominal value, not exceeding the sum of £3,525,000; and

- 4.4.5.2 used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of the resolution.

This authority shall expire, unless previously revoked or renewed by the Company in general meeting, at such time as the general authority conferred on the Directors by the resolution in paragraph 4.4.3 expires, except that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted or equity securities held as treasury shares to be sold after such expiry and the Directors may allot equity securities and/or sell equity securities held as treasury shares in pursuance of such an offer or agreement as if the power conferred by this resolution had not expired.

- 4.4.6 That the Company be and is generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act) of its Ordinary Shares provided that in doing so it:

- 4.4.6.1 purchases no more than 7,050,000 ordinary shares in aggregate;
- 4.4.6.2 pays not less than 47 pence (excluding expenses) per Ordinary Share; and
- 4.4.6.3 pays a price per share that is not more (excluding expenses) per Ordinary Share than the higher of (i) 5 per cent. above the average of the middle market quotations for the ordinary shares as derived from the Daily Official List for the five business days immediately before the day on which it purchases that share and (ii) the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation or (as the case may be) the Commission Delegated Regulation of 8 March 2016 relating to the conditions applicable to buy-back programmes and stabilisation measures.

This authority shall expire at the conclusion of the next annual general meeting of the Company or within 15 months from the date of passing of the resolution (whichever is the earlier), but the Company may, if it agrees to purchase ordinary shares under this authority before it expires, complete the purchase wholly or partly after this authority expires.

- 4.4.7 That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

- 4.5 Save as disclosed above and in paragraphs 3.2, 7.2 and 9 of this Part XV (*Additional Information*):

- 4.5.1 the Company does not hold any treasury shares and no Ordinary Shares are held by, or on behalf of, any member of the Group;

- 4.5.2 no Ordinary Shares have been issued otherwise than as fully paid;

- 4.5.3 no share or loan capital of the Company has, since 1 October 2012 to the date of this Prospectus, been issued or agreed to be issued, or is now proposed to be issued (other than pursuant to the Offer), fully or partly paid, either for cash or for a consideration other than cash, to any person;

- 4.5.4 no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of any such company; and

- 4.5.5 no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

- 4.6 The Company will be subject to the continuing obligations of the UK Listing Authority with regard to the issue of shares for cash. The provisions of section 561(1) of the Companies Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employees' share scheme

as defined in section 1166 of the Companies Act) apply to the issue of shares in the capital of the Company except to the extent such provisions have been disapplied.

4.7 There have been no public takeover bids by third parties in respect of the Company's share capital within the last financial year or in the current financial year as at 15 September 2016 (being the latest practicable date before the publication of this Prospectus).

4.8 The Ordinary Shares are denominated in Pounds Sterling.

5. Articles of Association

5.1 The Articles of Association

The Articles of Association were adopted pursuant to a special resolution passed at a general meeting of the Company held on 16 September 2016 (subject to and conditional upon Admission). The Company's objects are not restricted by its Articles of Association, accordingly, pursuant to section 31 of the Companies Act, the Company's objects are unrestricted.

The Articles of Association contain provisions to the following effect:

5.1.1 Voting rights of members

5.1.1.1 In general, all members who have properly registered their shares in time may participate in general meetings. If the notice of the meeting has specified a time (which is not more than 48 hours – ignoring any part of a day that is not a working day – before the time fixed for the meeting) by which a person must be entered on the register of members in order to have the right to attend and vote at the meeting, no person registered after that time shall be eligible to attend and vote at the meeting by right of that registration, even if present at the meeting.

5.1.1.2 Subject to any special terms as to voting for the time being attached to any shares in the Company, on a show of hands every member present in person or by duly appointed proxy at a general meeting and entitled to vote shall have one vote and on a poll every member present in person or by proxy and entitled to vote has one vote for every share held by him. In the case of joint holders, the person whose name stands first in the register of members and who votes in person or by proxy is entitled to vote to the exclusion of all other joint holders.

5.1.1.3 No holder of an Ordinary Share shall, unless the Board otherwise determines, be entitled (except as a proxy for another member) to be present or vote at a general meeting either personally or by proxy if any call or other sum presently payable by him to the Company in respect of that Ordinary Share remains unpaid; or if he or any other person who appears to be interested in the Ordinary Share has been duly served pursuant to the Companies Act with a disclosure notice (see paragraph 5.1.11.1 below).

5.1.1.4 A member in respect of whom an order has been made by any competent court or official on the ground that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote, whether on a show of hands or on a poll, by any person authorised to do so on his behalf as long as evidence satisfactory to the Board of that person's authority is provided in accordance with the Articles.

5.1.2 Dividends

Subject to the Statutes, the Company may declare dividends by ordinary resolution, and interim dividends can be paid by the Board. No dividend may be paid in contravention of the special rights attaching to any share, and no dividend declared in general meeting shall be payable in excess of the amount recommended by the Board. Unless otherwise resolved, all dividends are apportioned and paid proportionately to the amounts paid up on the Ordinary Shares during any portion or portions of the period in respect of which the dividend is paid. A dividend may,

upon the recommendation of the Board and on being approved by ordinary resolution, be wholly or partly satisfied by the distribution of assets and, in particular, of paid up shares or debentures of any other company. No dividend shall bear interest against the Company unless otherwise provided by the rights attached to the share. Any dividend, interest or other sums payable and unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend, interest or other sums unclaimed for a period of 12 years from the date of such dividend having been declared, or such interest or other sums becoming payable, shall be forfeited and shall revert to the Company.

The Board may, if authorised by ordinary resolution, offer Shareholders, in respect of any dividend, the right to elect to receive Ordinary Shares by way of scrip dividend instead of cash. The Board may withhold payment of all or any part of any dividends or other monies payable in respect of any Ordinary Shares that represents at least 0.25 per cent. of the Ordinary Shares in issue (excluding any Ordinary Shares held as treasury shares) if a person who has, or appears to the Company to have, an interest in those Ordinary Shares has failed to comply with a disclosure notice (see paragraph 5.1.11.1 below).

5.1.3 *Return of capital*

Under the Statutes, as there is nothing to the contrary in the Articles, on a voluntary winding-up of the Company, the liquidator may divide among the members the whole or any part of the assets of the Company. For such purpose, the liquidator may set the value and may determine on the basis of that valuation and in accordance with the then existing rights of members how the division is to be carried out between members or classes of members.

5.1.4 *Redeemable shares*

Subject to the Statutes and to the rights attached to existing shares, shares may be issued which are to be redeemed or which are liable to be redeemed at the option of the Company or of the holder, and the Board may determine the terms, conditions and manner of redemption of any such shares.

5.1.5 *Deferred shares*

The rights attaching to the deferred shares shall be as follows:

As regards income, subject to any rights on a return of capital, the holders of the deferred shares shall not (in that capacity) be entitled to any participation in the profits or the assets of the Company.

As regards capital: on a return of assets on liquidation, reduction of capital or otherwise, the surplus assets of the Company remaining after payment of its liabilities shall be applied and be distributed amongst the holders of shares in the Company in the following order of priority: (A) first, in paying to the holders of the Ordinary Shares (*pari passu* as if the same constituted one class of share), an amount equal to the amount paid up on such shares; and (B) next and subject thereto, the balance of such assets shall belong to and be distributed amongst the holders of the Ordinary Shares (*pari passu* as if the same constituted one class of share) provided that after the distribution of the first £500 million of such balance, the holders of the deferred shares (if any) shall be entitled to receive (in priority to any further distribution) an amount per share equal to the nominal value of a deferred share whereafter the balance shall be distributed amongst the holders of the Ordinary Shares (*pari passu* as aforesaid).

As regards voting: the deferred shares shall not confer on any holder thereof (in that capacity) any right to receive notice of or to attend, speak or vote at any general meeting of the Company or to vote on any resolution of the Company.

5.1.6 *Form of holding of shares*

The Ordinary Shares are in registered form and a register of members is maintained by the Registrar. Ordinary Shares may be held in either certificated or (subject to the Articles)

uncertificated form. The transferor of an Ordinary Share is deemed to remain the holder until the transferee's name is entered in the register.

5.1.7 *Transfer of shares*

Ordinary Shares may be freely transferred, if in certificated form, by an instrument of transfer in writing in any usual form, or in such other form as the Board may approve or, if held in uncertificated form, in accordance with the CREST Regulations and the CREST rules or otherwise in such manner as the Board in its absolute discretion shall determine. Any instrument of transfer must be signed by or on behalf of the transferor and (in the case of a partly paid share) the transferee. Subject to the Statutes, the Board may refuse to register any transfer of a share:

- 5.1.7.1 if it is in certificated form, if the share is not fully paid or if the Company has a lien on it (except that such the Board's discretion to refuse the transfer may not be exercised so as to prevent dealings in shares of the relevant class from taking place on an open and proper basis);
- 5.1.7.2 if it is in certificated form, unless it is lodged, duly stamped (if required), at the registered office of the Company and accompanied by the certificate for the shares to which it relates and/or evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
- 5.1.7.3 if the transfer is not in respect of one class of share only;
- 5.1.7.4 if the transfer is not in favour of four or fewer transferees;
- 5.1.7.5 if the transfer is in favour of a minor, bankrupt or person of mental ill-health;
- 5.1.7.6 if it is held in uncertificated form, in any other circumstances permitted by the CREST Regulations and/or the CREST rules; or
- 5.1.7.7 where the Board is obliged or entitled to refuse to do so where a person has failed to comply with a disclosure notice (see paragraph 5.1.11.1 below).

5.1.8 *Pre-emption rights*

Subject to the Statutes and any resolution passed by the Company, shares may be issued with such rights and restrictions as the Company may by ordinary resolution determine, or (if there is no determination) as the Board may determine. Subject to the Statutes, the Articles and any resolution passed by the Company, unissued shares are at the disposal of the Board.

Under the Statutes, if the Company issues shares or certain other securities, current Shareholders will generally have pre-emption rights to those shares or securities on a pro-rata basis. The Shareholders may, by special resolution, grant authority to the Board to allot shares as if the pre-emption rights did not apply. This authority may be either specific or general and may not exceed a period of five years.

5.1.9 *Variation of rights*

Under the Statutes, as the Articles do not provide otherwise the rights attached to any class of shares may be altered or abrogated with the written consent of the holders of not less than three fourths in number of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of that class.

5.1.10 *Lien and forfeiture*

The Company has a lien on every partly-paid up share for all monies called or payable in respect of that share. The Company may serve notice on the members in respect of any amounts unpaid on their shares. The member shall be given not less than 14 clear days' notice to pay the unpaid amount, together with any interest and all costs, charges and expenses incurred by the Company. In the event of non-compliance, a share in respect of which the notice is given may be forfeited by resolution of the Board.

5.1.11 *Disclosure of interests in shares and restrictions for failure to provide information*

- 5.1.11.1 If a person appearing to have an interest in the issued share capital of the Company of a class carrying rights to vote in all circumstances at general meetings has failed to give the Company within 14 days information required by a notice requiring that information (a “**disclosure notice**”), the Board may, at its discretion, impose restrictions upon the relevant shares.
- 5.1.11.2 If a person appearing to have an interest in the issued share capital of the Company of a class carrying rights to vote in all circumstances at general meetings has failed to give the Company within 14 days information required by a notice requiring that information (a disclosure notice), the Board may, at its discretion, impose restrictions upon the relevant shares.
- 5.1.11.3 The Disclosure and Transparency Rules require Shareholders (subject to certain exceptions) to notify the Company if the voting rights directly or indirectly held (within the meaning of those rules) by such Shareholder reaches, exceeds or falls below three per cent. and each one per cent. threshold above that.

5.1.12 *General meetings*

- 5.1.12.1 The Companies Act requires annual general meetings to be held on a regular basis in addition to any other general meetings. The Board may call other general meetings whenever it thinks fit. The Board must also convene a meeting upon the valid request of members holding not less than 5 per cent. of the Company’s paid up capital carrying voting rights at general meetings. If the Board fails to give notice of such meeting to members when required to do so, the members that requested the general meeting, or any of them representing more than one half of the total voting rights of all members that requested the meeting, may themselves convene a meeting.
- 5.1.12.2 An annual general meeting shall be convened by at least 21 clear days’ notice and (subject to the Statutes) all other general meetings shall be convened by at least 14 clear days’ notice. Every notice calling a general meeting shall specify the place, the day and the time of the meeting and the general nature of the business to be transacted.
- 5.1.12.3 Two members present in person or by proxy and entitled to vote shall be a quorum for all purposes. If a quorum is not present within five minutes of the commencement time of the meeting (or such longer time not exceeding one hour as the chairman of the meeting may decide to wait), the meeting, if requisitioned by members, shall be dissolved or, in any other case, adjourned to such time (not being less than ten nor more than 28 days later) and place as the chairman of the meeting shall decide and at such adjourned meeting one member present in person or by proxy (whatever the number of shares held by him) and entitled to vote shall be a quorum.
- 5.1.12.4 Members may attend and vote in person or by duly appointed proxy. A member may appoint more than one proxy in relation to a general meeting, provided that such proxy is appointed to exercise the rights attached to a different share or shares held by the member. The Articles contain provisions for the appointment of proxies, including time limits for making such appointments ahead of the meeting and provisions for appointment by means of electronic communication.
- 5.1.12.5 A simple majority of members entitled to vote and who are present in person or by duly appointed proxy may pass an ordinary resolution. To pass a special resolution, a majority of not less than three fourths of the members entitled to vote and who are present in person or by duly appointed proxy at the meeting is required.
- 5.1.12.6 The Board may direct that persons entitled to attend any general meeting should submit to searches or other security arrangements or restrictions, and may refuse entry to a general meeting to any person who fails to submit to such searches or otherwise to comply with such security arrangements or restrictions. If any person has gained entry to a general meeting and refuses to comply with any such security arrangements or restrictions or disrupts the proper and orderly conduct of the

general meeting, the chairman of the meeting may at any time, without the consent of the general meeting, require the person to leave or be removed from the meeting.

5.1.13 *Notices to overseas shareholders*

Shareholders with registered addresses outside the United Kingdom are not entitled to receive notices from the Company unless they have given the Company an address within the United Kingdom at which notices may be served. Such address may, if the Board agrees, be an address for the purposes of electronic communications.

5.1.14 *The Board*

Subject to the Statutes and the Articles, the business of the Company is managed by the Board, which may exercise all the powers of the Company, subject to any directions given by the Company in general meeting by special resolution. No alteration of the Articles, and no such directions by special resolution, shall invalidate any prior act of the Board which would have been valid if that alteration had not been made or that resolution had not been passed.

The Board may delegate any of its powers, authorities and discretions (with power to sub-delegate) to any committee consisting of such person or persons as it thinks fit (whether a member or members of its body or not), provided that the majority of the members of the committee are directors. Subject to any restriction on sub-delegation imposed by the Board, any committee so formed may exercise its power to sub-delegate by sub-delegating to any person or persons (whether or not a member or members of the Board or of the committee).

5.1.15 *Directors*

5.1.15.1 *Appointment and retirement of directors*

The directors (excluding alternate directors) shall not, unless otherwise determined by ordinary resolution, be fewer than two but shall not be subject to any maximum number. A director need not be a member of the Company.

Directors may be appointed by the Company by ordinary resolution or by the Board. A director appointed by the Board holds office only until the end of the annual general meeting of the Company following his appointment unless he is reappointed during the meeting.

At every annual general meeting one-third of the directors (or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third) must retire from office, as well as any director not appointed or re-appointed a director at either of the last two general meetings before that meeting. The Company may fill any vacated office by re-electing the retiring director or some other person eligible for appointment.

No director may vote or be counted in the quorum on any resolution of the Board concerning his own appointment (including the settlement or variation of the terms, or the termination, of the appointment) as the holder of any office or place of profit within the Company or any other company in which the Company is interested.

5.1.15.2 *Remuneration of directors*

The directors shall be entitled to receive fees for their services at a rate which shall not exceed an aggregate sum of £1,000,000 per annum or such higher amount as the Company, by ordinary resolution, may determine from time to time.

Any director who holds any executive office, or who serves on any committee or devotes special attention to the business of the Company, shall receive such remuneration or extra remuneration by way of salary, commission, participation in profits or otherwise as the Board, or any committee authorised by the Board, may determine.

The Company may pay the directors' expenses properly incurred by them in connection with the business of the Company, including their expenses of travelling to and from meetings of the directors, committee meetings or general meetings.

5.1.15.3 *Directors' interests*

Subject to the Statutes, provided the director has disclosed to the Board the nature and extent of any material interest of his, a director notwithstanding his office:

- (i) may hold any other office or place of profit with the Company (except that of auditor) in conjunction with the office of director and may act by himself or through his firm in a professional capacity for the Company;
- (ii) may be a party to, or otherwise interested in, any contract with the Company or in which the Company is otherwise interested;
- (iii) may be a director or other officer of, or employed by, or a party to any contract with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested or in relation to which the Company has power of appointment; and
- (iv) shall not, by reason of his office, be accountable to the Company for any remuneration or benefit which he derives from any such office or employment or from any such contract or from any interest in such body corporation nor shall the receipt of such remuneration or benefit constitute a breach of the duty under the Companies Act not to accept benefits from third parties.

5.1.15.4 *Restrictions on directors voting*

A director is not permitted to vote or be counted in the quorum on any resolution of the Board or of a committee of the Board concerning any matter in which he has, to his knowledge, directly or indirectly, an interest or duty that is material. This prohibition does not apply to any of the following matters:

- (i) the giving to him of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings;
- (ii) the giving by the Company of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the director himself has assumed responsibility in whole or in part (whether alone or jointly with others) under a guarantee or indemnity or by the giving of security;
- (iii) the director subscribing or agreeing to subscribe for, or purchasing or agreeing to purchase, any shares, debentures or other securities of the Company or any of its subsidiary undertakings;
- (iv) any contract concerning any company (not being a company in which the director owns 1 per cent. or more) in which he is interested, directly or indirectly, and whether as an officer, shareholder, creditor or otherwise;
- (v) any arrangement for the benefit of employees of the Company or any of its subsidiary undertakings under which he benefits in a similar manner as the employees;
- (vi) any contract concerning any insurance which the Company is empowered to purchase or maintain for, or for the benefit of, any directors or for persons who include directors; or
- (vii) any indemnity permitted by the Articles (whether in favour of the director or others as well) against any costs, charges, expenses, losses and liabilities sustained or incurred by him as a director of the Company or of any of its subsidiary undertakings, or any proposal to provide the director with any advance towards the costs of defending himself in relation to any civil or

criminal proceedings or any investigation or other action by a regulator taken against him as a director.

5.1.15.5 *Conflicts of interest requiring Board authorisation*

The Board may, provided the quorum and voting requirements are satisfied, authorise any matter that would otherwise involve a director breaching his duty under the Companies Act to avoid conflicts of interest. Any director may propose that the director concerned be authorised in relation to any matter which is the subject of such a conflict and such proposal shall be resolved upon by the Board in the same manner as any other matter, except that the director who is the subject of the conflict (or any other director with a similar interest) shall not count towards the quorum or vote on the resolution authorising the conflict.

Any such authority may provide:

- (i) for the exclusion of such a director from the receipt of information or participation in decision-making or discussion (whether at Board meetings or otherwise) related to the conflict;
- (ii) that such a director will be obliged to conduct himself in accordance with any terms imposed by the Board from time to time in relation to the conflict but will not be in breach of his duties as a director by reason of his doing so;
- (iii) that, where such a director obtains information that is confidential to a third party, the director will not be obliged to disclose that information to the Company, or to use the information in relation to the Company's affairs, where to do so would amount to a breach of that confidence;
- (iv) that such a director shall not be accountable to the Company for any benefit that he receives as a result of the conflict;
- (v) that the receipt by such a director of any remuneration or benefit as a result of the conflict shall not constitute a breach of the duty under the Companies Act not to accept benefits from third parties;
- (vi) that the terms of the authority shall be recorded in writing (but the authority shall be effective whether or not the terms are so recorded); and
- (vii) that the Board may withdraw the authority at any time.

5.1.15.6 *Borrowing powers*

The Board may exercise all the powers of the Company to borrow money, to mortgage or charge all or part of its undertaking, property and assets (present and future) and uncalled capital and, subject to the Statutes, 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.

5.1.15.7 *Indemnity of officers*

Subject to the Statutes, any person who is or was at any time a director, secretary or other officer (unless the office is or was as auditor) of the Company or of any of its subsidiary undertakings may be indemnified out of the assets of the Company to whatever extent the Board may determine against losses incurred in the actual or purported execution of his duties or office, whether or not sustained or incurred in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company or the relevant subsidiary undertaking.

The Board also has power to provide funds to meet any expenditure incurred or to be incurred by any such person in defending any criminal or civil proceeding in which he is involved by reason of his office, or in connection with any application under the Companies Act, or in defending himself in an investigation, or action proposed to be taken, by a regulatory authority in connection with his office, or in order to enable him to avoid incurring such expenditure.

5.1.15.8 *Power to insure*

The Board may purchase and maintain insurance at the expense of the Company for the benefit of any person in their capacity of a director, officer, employee or trustee of the Company or any member of the Group, or any entity or trust in which the Company or any other member of the Group has an interest.

5.1.15.9 *Untraceable shareholders*

The Company shall be entitled to sell, at the best price reasonably obtainable, the shares of a member or the shares to which a person is entitled by transmission if:

- (i) during a period of 12 years prior to the date of advertising its intention to sell such shares at least three cash dividends in respect of such shares have become payable but no dividend has been claimed;
- (ii) after the expiry of that period, the Company has published a notice stating it intends to sell the shares in a leading national daily newspaper in the United Kingdom and in a newspaper circulating in the area of the last known address of the member or the person entitled by transmission; and
- (iii) during that period or three months following the publication of the advertisements and prior to the exercise of the power of sale, the Company has not heard from the member or the person entitled to the shares by transmission.

The net proceeds of such sale shall belong to the Company, which shall be obliged to account to the former member or other person who would have been entitled to the shares for an amount equal to the proceeds as a creditor of the Company.

5.1.15.10 *Mandatory takeover bids, squeeze-out and sell-out rules*

Except as provided by the Companies Act and the Takeover Code, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules in relation to the Ordinary Shares. See paragraphs 21.1 to 21.3 below for further details on mandatory takeover bids, squeeze-out and sell-out rules.

6. **Employees**

- 6.1 The table below sets out the average number of persons, including the Executive Directors, employed or contracted by the Operating Group for FY2013, FY2014 and FY2015 and for the six month period ended 31 March 2016¹.

<i>Category</i>	<i>FY2013</i>	<i>FY2014</i>	<i>FY2015</i>	<i>Six months ended 31 March 2016</i>
Directors	5	5	7	7
Administration	54	53	54	56
Operation	1,306	1,320	1,325	1,546
TOTAL	1,365	1,378	1,386	1,609

7. **Directors and Senior Managers**

Details of the Directors and the Senior Managers and their functions in the Company are set out in paragraphs 1.1 and 1.2 of Part VIII (*Directors, Senior Management and Corporate Governance*). Their business address is Focus 31 West Wing, Cleveland Road, Hemel Hempstead Industrial Estate, Hemel Hempstead, Hertfordshire, HP2 7BW.

¹ The average number of persons employed or contracted by the Group is based on the IFRS accounts for the Group for the Historical Period.

7.1 **Current and previous directorships**

The Directors (in addition to being directors of the Company) and Senior Managers hold or have held the directorships of the companies and/or are or were partners of the partnerships specified opposite their respective names below within the past five years prior to the date of this Prospectus.

<i>Directors</i>	<i>Current appointments</i>	<i>Former appointments held in the previous five years</i>
Peter Boddy	Kanyeco Limited Chameleon Property Company Limited Heartwood Properties Limited Inhabit Properties Limited Patoro Limited THMG Limited THMLC Limited Wright Leisure Limited Aesthetic and Cosmetic Surgery Limited (In Administration)	Daniel Thwaites Public Limited Company Maximuscle Holdings Limited (Dissolved) Maximuscle Limited (Dissolved) Maximuscle Sales Limited (Dissolved) Maximuscle UK Limited (Dissolved) Maximuscle.com Limited (Dissolved) Maxinutrition Group Holdings Limited (Dissolved) Maxinutrition Limited (In Liquidation) MM Bidco Limited (Dissolved) MM Midco Limited (Dissolved)
Stephen Burns	AMF Bowling (Eastleigh) Limited Blu Bidco Limited Bowling Acquisitions Holdings Limited Bowlplex European Leisure Limited Bowlplex Limited Bowlplex Properties Limited Castle Farm Chacombe Management Limited Kanyeco Limited Kendallco Limited Khloeco Limited Kourtneyco Limited Mable Entertainment Limited Milton Keynes Entertainment Company Limited The Original Bowling Company Limited Wessex Superbowl (Germany) Limited Wessex Support Services Limited	Tenpin Five Limited Tenpin One Limited
Laurence Keen	AMF Bowling (Eastleigh) Limited Blu Bidco Limited Bowling Acquisitions Holdings Limited Bowlplex European Leisure Limited Bowlplex Limited Bowlplex Properties Limited Kanyeco Limited Kendallco Limited Khloeco Limited Kourtneyco Limited Mable Entertainment Limited Milton Keynes Entertainment Company Limited The Original Bowling Company Limited Wessex Superbowl (Germany) Limited Wessex Support Services Limited	Tenpin One Limited Tenpin Five Limited

<i>Directors</i>	<i>Current appointments</i>	<i>Former appointments held in the previous five years</i>
Bill Priestley	Kanyeco Limited Connected Consulting Limited Electra Partners LLP Electra Partners Advisers LLP Innovia Group (Holding) Limited Mondays (Topco) Limited The Chestnuts (Tonbridge) Management Company Limited Tuesdays (Midco) Limited Wednesdays (Bidco) Limited Whizzco Limited	Apis Limited ABI Alpha Limited ABI Beta Limited Blu Bidco Limited De Bretton Limited (Dissolved) Kendallco Limited Khloeco Capital Limited Kourneyco Limited LGV Capital Limited LGV Capital Partners (Scotland) Limited LGV Capital Partners Limited The British Private Equity and Venture Capital Association Melli Limited Survivor Group Holdings Limited Survivor Group Limited (Dissolved) Survivor Limited Survivor Group Holdings Limited The Liberation Group Limited
<i>Senior Managers</i>	<i>Current appointments</i>	<i>Former appointments held in the previous five years</i>
Melanie Dickinson	Kanyeco Limited The Original Bowling Company Limited	
Mathew Hart	Kanyeco Limited Mathew Hart Associates Ltd The Original Bowling Company Limited	Cromwell Gardens Limited Encore Ticket Group Limited Full House Topco Limited West End Theatre Bookings Limited

7.2 **Directors' and Senior Managers' shareholdings and share options**

7.2.1 The interests in the share capital of the Company of the Directors and Senior Managers (all of which, unless otherwise stated, are beneficial or are interests of a person connected with the Director or Senior Manager) as at the date of this Prospectus) were as follows:

	<i>Following Reorganisation and immediately prior to Admission</i>		<i>Number of Existing</i>	<i>Immediately following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued ordinary share capital</i>	<i>Ordinary Shares to be sold pursuant to the Offer</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued ordinary share capital</i>
Directors					
Peter Boddy	1,439,326	0.96%	575,730	863,596	0.58%
Stephen Burns	5,460,068	3.64%	2,184,027	3,276,041	2.18%
Laurence Keen	2,458,875	1.64%	983,550	1,475,325	0.98%
Bill Priestley	0	0%	0	31,250	0.02%
Nick Backhouse	0	0%	0	15,625	0.01%
Claire Tiney	0	0%	0	3,125	0.00%
Senior Managers					
Melanie Dickinson	1,612,937	1.08%	645,174	967,763	0.65%
Mathew Hart	2,568,549	1.71%	1,027,419	1,541,130	1.03%

7.2.2 Save as disclosed in this paragraph 7.2, no Director or Senior Manager has any interests (beneficial or non-beneficial) in the share capital of the Company.

7.3 **Transactions with Directors and Senior Managers**

7.3.1 No Director or Senior Manager has or has had any interest in any transactions which are or were unusual in their nature or conditions or are or were significant to the business of the Group or any of its subsidiary undertakings and which were affected by the Group or any of its subsidiaries during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.

7.4 **Directors' and Senior Managers' service agreements and letters of appointment**

7.4.1 *Executive Directors' Service Agreements*

Stephen Burns (Chief Executive Officer)

Stephen Burns entered into a service agreement with the Company dated 24 June 2016. Stephen is entitled to receive an annual salary of £250,000 (subject to annual review by the Remuneration Committee) plus a discretionary bonus as determined by the Remuneration Committee (as set out in paragraph 7.5.6 of this Part XV (*Additional Information*)) and is eligible to participate in the LTIP. Stephen is also entitled to participate in the Company's medical insurance and permanent health insurance schemes (in place from time to time) and also receives 28 days holiday (excluding public holidays). Stephen will receive defined pension contributions which, on Admission, will equal 5 per cent. of salary.

Laurence Keen (Chief Financial Officer)

Laurence Keen entered into a service agreement with the Company dated 24 June 2016. Laurence is entitled to receive an annual salary of £170,000 (subject to annual review by the Remuneration Committee) plus a discretionary bonus as determined by the Remuneration Committee (as set out in paragraph 7.5.6 of this Part XV (*Additional Information*)) and is eligible to participate in the LTIP. Laurence is also entitled to participate in the Company's medical insurance and permanent health insurance schemes (in place from time to time) and also receives 28 days holiday (excluding public holidays). Laurence will receive defined pension contributions which, on Admission, will equal 5 per cent. of salary.

7.4.1.1 *General terms*

The Executive Directors' service agreements also include:

- (a) a confidentiality clause that is without limit in time;
- (b) non-solicit and non-poaching covenants for a 12 month period post-termination; and
- (c) a non-compete restrictive covenant for a 6 month period post-termination.

7.4.1.2 *Termination provisions*

All of the Executive Directors' service agreements are terminable on 6 months' written notice served by either party. The Company has a contractual right to pay the Executive Directors in lieu of part or all of their notice period (in an amount equal to: (i) their basic salary that would have been payable; and (ii) any accrued but untaken holiday pay entitlement) and also to place them on garden leave during all or part of their notice period. In the event of gross misconduct (including a breach of fiduciary duties) their employment will be terminable with immediate effect without the requirement for notice or payment in lieu thereof.

7.4.2 Non-Executive Directors' Letters of Appointment

Each of the Non-Executive Directors has been appointed by letters of appointment. Details of the terms of each Non-Executive Director's appointment with the Company are set out below.

<i>Name</i>	<i>Date of commencement of appointment</i>	<i>Committee Chairmanships/ Other Board Positions</i>	<i>Non-executive fee per annum (£)</i>
Peter Boddy	24 June 2016	Chairman	80,000
Nick Backhouse	14 June 2016	Senior Independent Director Chairman of the Audit Committee	50,000
Claire Tiney	14 June 2016	Chairwoman of the Remuneration Committee	45,000
Bill Priestley	24 June 2016	N/A	N/A

Peter Boddy (Chairman)

Peter Boddy's appointment as Chairman is subject to the terms of a letter of appointment agreed between him and the Company dated 24 June 2016, which takes effect from Admission. Peter is entitled to receive an annual fee of £80,000 (plus all reasonable expenses properly incurred in connection with the appointment) for a minimum of 3 days per month (and otherwise as may be required by the business).

Peter's appointment shall continue for an initial term of 3 years (requiring re-election at the Company's next AGM and at any subsequent AGM as required by the Articles or as the Board resolves) and may be terminated at any time upon 1 months' written notice given by either party. The appointment may also be terminated pursuant to the Articles or as otherwise required by law.

Nick Backhouse (Senior Independent Director)

Nick Backhouse's appointment as Non-Executive Director, Senior Independent Director and Chairman of the Audit Committee is subject to the terms of a letter of appointment agreed between him and the Company dated 14 June 2016. Nick is entitled to receive an annual fee of £50,000, plus all reasonable expenses properly incurred in connection with the appointment, for a minimum of 2 days per month (and otherwise as may be required by the business).

Nick's appointment shall continue for an initial term of 3 years (requiring re-election at the Company's next AGM and at any subsequent AGM as required by the Articles or as the Board resolves) and may be terminated at any time upon 1 months' written notice given by either party. The appointment may also be terminated pursuant to the Articles or as otherwise required by law.

Claire Tiney (Non-Executive Director)

Claire Tiney's appointment as Non-Executive Director and Chairwoman of the Remuneration Committee is subject to the terms of a letter of appointment agreed between her and the Company dated 14 June 2016. Claire is entitled to receive an annual fee of £45,000 (plus all reasonable expenses properly incurred in connection with the appointment) for a minimum of 2 days per month (and otherwise as may be required by the business).

Claire's appointment shall continue for an initial term of 3 years (requiring re-election at the Company's next AGM and at any subsequent AGM as required by the Articles or as the Board resolves) and may be terminated at any time upon 1 months' written notice given by either party. The appointment may also be terminated pursuant to the Articles or as otherwise required by law.

Bill Priestley (Non-Executive Director)

Bill Priestley's appointment to the Board by Electra Private Equity Partners 2006 Scottish LP pursuant to the terms of the Relationship Agreement is subject to the terms of a letter of appointment agreed between him and the Company dated 24 June 2016, which takes effect from Admission. Bill will not receive a fee or any remuneration for the appointment although will receive reimbursement of reasonable expenses incurred in the proper performance of his duties.

Bill's appointment shall continue for an initial term of 3 years (requiring re-election at the Company's next AGM and at any subsequent AGM as required by the Articles or as the Board resolves) and may be terminated at any time upon 1 months' written notice given by either party. The appointment may also be terminated pursuant to the Articles, upon termination of the Relationship Agreement or as otherwise required by law.

7.4.2.1 General terms

The Non-Executive Directors' appointment letters also include:

- (a) a confidentiality clause that is without limit in time; and
- (b) non-solicit and non-poaching covenants (for employees and persons with whom they have had significant dealings or contact in the 12 months prior to termination) for the duration of their appointment pursuant to the terms of their letters of appointment and a 1 year period post-termination.

Termination provisions

Each of the Non-Executive Directors' appointments are terminable in certain circumstances (as set out above), including upon a failure to be re-elected by shareholders.

7.4.3 Directors' indemnity insurance

The Company has customary directors' indemnity insurance in place in respect of each of the Directors.

7.4.4 Senior Managers

Melanie Dickinson (Talent Director)

Melanie Dickinson entered into a service agreement with TOBC on 28 January 2013, which was novated to Kendallco Limited on 5 September 2014. Melanie is entitled (subject to Admission) to receive an annual salary of £110,000. Melanie is also entitled to participate in the Company's medical insurance and permanent health insurance schemes (in place from time to time) and to receive 5.6 working weeks of holiday per annum. Melanie will receive defined pension contributions which, on Admission, will equal 5 per cent. of salary.

Mathew Hart (Commercial Director)

Mathew Hart entered into a service agreement with Kendallco Limited dated 22 October 2014. Mathew is entitled (subject to Admission) to receive an annual salary of £140,000. Mathew is also entitled to participate in the Company's medical insurance and permanent health insurance schemes (in place from time to time) and to receive 5 working weeks of holiday per annum. Mathew will receive defined pension contributions which, on Admission, will equal 5 per cent. of salary.

7.4.4.1 General terms

The Senior Managers' service agreements also include:

- (a) a confidentiality clause that is without limit in time;

- (b) non-solicit and non-poaching covenants for a 6 month period (extended to a 12 month period for those senior employees or consultants with whom the relevant Senior Manager has personal dealings); and
- (c) a non-compete restrictive covenant for a 6 month period.

7.4.4.2 *Termination provisions*

All of the Senior Managers' service agreements are terminable on 6 months' written notice served by either party. The Company has a contractual right to place them on garden leave during all or part of their notice period. In the event of gross misconduct (including a breach of fiduciary duties) their employment is terminable with immediate effect without the requirement for notice or payment in lieu thereof.

7.5 **Overview of remuneration policy going forward**

- 7.5.1 In anticipation of Admission, the Remuneration Committee undertook a review of the Group's remuneration policy for senior management, including the Executive Directors, in order to ensure that it is appropriate for the listed company environment. In undertaking this review, the Remuneration Committee sought independent, specialist advice.
- 7.5.2 The Company's remuneration strategy is to provide pay packages that attract, retain and motivate high-calibre talent to help ensure its continued growth and success as a listed company.
- 7.5.3 The Company's remuneration strategy aims to encourage and support a high performance culture; reward achievement of the Group's corporate strategy and delivery of sustainable growth, and align the interests of the Executive Directors, senior management and employees to the long-term interests of shareholders; whilst ensuring that remuneration and incentives adhere to the principles of good corporate governance and support good risk management practice and sustainable Company performance.
- 7.5.4 Consistent with this remuneration strategy, the Remuneration Committee has agreed a structure for future remuneration arrangements for Executive Directors and senior management, taking into account an evolving market and best practices. Remuneration will be set at a level that is considered by the Remuneration Committee to be appropriate for the size and nature of the business. Performance-related pay will be based on stretching targets, and will form an important part of the overall remuneration package. There will be an appropriate balance between short and longer-term performance targets linked to delivery of the Group's business plan.
- 7.5.5 The Company intends to deliver this policy for senior management, including Executive Directors, via a remuneration framework which combines base salary, pension contributions, benefits, an annual bonus plan and share-based awards under the LTIP.
- 7.5.6 It is intended that the following arrangements will form part of the remuneration policy from Admission and, as required by the Companies Act, will be put forward for to formal approval for use going forward by Shareholders at the first annual general meeting ("**AGM**") of the Company following Admission:

7.5.6.1 *Base salary*

The base salaries for Executive Directors and senior management will depend on their experience and the scope of their role as well as having regard to practices at peer companies of equivalent size and complexity. In considering the base salary (and other elements of remuneration) of Executive Directors and senior management, due regard will be taken of the pay and conditions of the workforce generally. Base salaries will typically be reviewed on an annual basis. Base salaries on Admission for Stephen Burns and Laurence Keen are £250,000 and £170,000 respectively. In setting the base salaries, the Remuneration Committee recognises that these are below the market median, but has given regard to the material shareholding in the Company of the current Executive Directors and a desire to focus the remuneration

structure on a long-term strategy.

7.5.6.2 *Pension*

Stephen Burns and Laurence Keen will both receive pension contributions of 5 per cent. of salary per annum.

7.5.6.3 *Annual Bonus Plan*

Executive Directors and senior management are eligible to participate in an annual bonus plan, with bonuses primarily linked to the Company's annual financial performance. The maximum opportunity for the Executive Directors is 100 per cent. of salary for both Stephen Burns and Laurence Keen. 50 per cent. of the bonus awarded will be delivered up in front cash, and 50 per cent. will be delivered into shares deferred for two years.

7.5.6.4 *LTIP*

Awards under the LTIP will normally be granted annually to Executive Directors and selected senior management. It is expected that these awards will vest at the end of a three-year period subject to the recipient's continued employment at the date of vesting and satisfaction of financial performance conditions to be measured over three financial years. It is anticipated that the first awards to be granted under the LTIP to the Executive Directors (and other selected members of senior management) will be made after the first AGM. The maximum value of the Ordinary Shares underlying the initial LTIP Awards may not exceed 100 per cent. of an individual's annual salary based on the market value on the date of grant. The detail of the performance metrics, targets and weightings will be set at the time awards are granted. Further details of the LTIP are provided in paragraph 9 of this Part XV (*Additional Information*).

7.5.6.5 *Minimum Shareholding Requirement*

While the current Executive Directors have significant shareholdings in the Company, the Remuneration Committee wishes to ensure that a shareholding guideline is in place to cater for future Executive Directors who may not hold Ordinary Shares. Accordingly, the Remuneration Committee has adopted formal shareholding guidelines that will encourage the Executive Directors to build up over a five year period and then subsequently hold a shareholding equivalent to 150 per cent. of their base salary. This policy ensures that the interests of Executive Directors and those of Shareholders are closely aligned.

7.5.6.6 *Recruitment policy*

New executive directors and members of the Group's senior management will be offered remuneration packages in line with the Company's remuneration policy in force at the time. In addition to the above elements of remuneration, the Remuneration Committee may, in exceptional circumstances, consider it appropriate to grant an award under a different structure in order to facilitate the buyout of outstanding awards held by an individual on recruitment. Any buyout award would be limited to what the Remuneration Committee considers to be a fair estimate of the value of awards foregone when leaving the former employer and will be structured so as to take into account other key terms, such as vesting schedules and performance targets, of the awards which are being replaced.

The Remuneration Committee will keep the remuneration arrangements for the Executive Directors and key senior management under review taking into consideration business strategy over the period; overall corporate performance; market conditions affecting the Company; and evolving best practice.

7.5.6.7 *Chairman and Non-Executive Director fees*

The Chairman's and the other Non-Executive Directors' fees will be set at a level to reflect the amount of time and level of involvement required in order to carry out their duties as members of the Board and its committees, and to attract and retain non-executive directors of a high calibre with relevant commercial and other experience. Fee levels are set by reference to non-executive director fees at companies of similar size and complexity and general increases for salaried employees within the Group. The fee paid to the Chairman is determined by the Remuneration Committee, while the fees for other Non-Executive Directors are determined by the Board as a whole. On Admission, a single all-inclusive fee will be paid to the Chairman and Non-Executive Directors. However, the Company may review the structure of these fee arrangements following Admission so that fees could comprise a "basic fee" plus additional fees for acting as Senior Independent Director and as Chairman of the Board's audit and remuneration committees. The Chairman will, from Admission, receive an annual fee of £80,000. Nick Backhouse will receive a fee of £50,000. Claire Tiney will receive a fee of £45,000. The Company has agreed to pay Electra Partners a fee of £50,000 per annum for so long as a non-executive director appointed by Electra Private Equity Partners 2006 Scottish LP pursuant to the Relationship Agreement remains on the Board. Non-Executive Directors are not eligible to participate in any of the Company's incentive arrangements.

The details of the Company's Executive Director remuneration arrangements, including the operation of the Company's incentive plans and payments made under them, will be set out each year in a remuneration report contained in the Company's annual report. The Company will be required to submit its remuneration policy (as it relates to the Directors) to a binding vote of Shareholders at the Company's first AGM. It is the current intention of the Remuneration Committee that the remuneration policy for Directors will apply for three years from its date of approval. Accordingly, the Company will outline the detail of its future policy relating to the Directors' remuneration, including participation in the annual bonus plan and LTIP, in its annual report and accounts for the financial year ending 30 September 2016.

7.6 ***Directors' and Senior Managers' remuneration***

For FY2015, the aggregate total remuneration paid (including contingent or deferred compensation) and benefits in kind granted (under any description whatsoever) to each of the Directors and the Senior Managers by members of the Group was approximately £906,000.

7.6.1 Under the terms of their service contracts, letters of appointment and applicable incentive plans, in FY2015, the Directors and Senior Managers were remunerated as set out below:

<i>Name</i>	<i>Base salary</i>	<i>Fees</i>	<i>Benefits¹</i>	<i>Bonus²</i>	<i>Total (exc. pension)</i>	<i>Pension</i>	<i>Total (inc. pension)</i>	<i>Date of joining the Group</i>
Directors								
Peter Boddy	£55,000	nil	nil	n/a	£55,000	nil	£55,000	05/09/2014
Stephen Burns	£160,000	nil	£1,674	£120,000	£281,674	5%	£295,758	31/10/2011
Laurence Keen	£130,000	nil	£1,467	£105,000	£236,467	5%	£248,290	16/06/2014
Bill Priestley	nil	nil	nil	nil	nil	nil	nil	05/09/2014
Senior Managers								
Melanie Dickinson	£95,000	nil	£1,419	£67,500	£163,919	5%	£172,115	15/10/2012
Mathew Hart	£115,000	nil	£1,281	£77,500	£193,781	5%	£203,470	19/01/2015

7.6.2 There is no arrangement under which any Director or Senior Manager 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 Prospectus.

¹ Benefits are for private healthcare and are based on the amount for the tax year to April 2016.

² Bonus based on remuneration package as at November 2015.

- 7.6.3 No amounts have been set aside or accrued by the Group to provide pension, retirement or other benefits to the Directors or Senior Managers.

7.7 **Conflicts of interest**

- 7.7.1 Certain of the Directors are directors of one or more of the Company's subsidiary companies. These directorships and shareholdings potentially give rise to a conflict of interest between the relevant Director's duties to the Company and their duties to, or interests in, the relevant subsidiary company. For example, if the Group has offered to provide capital to one of its subsidiary companies on which one of its Directors sits on the board, that Director owes certain duties to the subsidiary company in his capacity as a director when that company considers such offer, such as the duty to avoid conflicts of interest, to exercise independent judgement and to promote the success of the company for the benefit of its members as a whole. It may be that in seeking to exercise such duties, this conflicts with the same duties that Director owes to the Company. In such circumstances, the Director will ensure that he declares all such conflicts in accordance with the Companies Act and may be required to abstain from taking part in the discussions and/or voting on any decisions to be taken in respect thereof. In the same way, if a Director is a shareholder in a subsidiary company to which the Group is considering providing capital, it may be that his personal interests are potentially in conflict with the duties that Director owes to the Company in considering the merits of the provision of such capital. Again, such Director will fully declare all such conflicts of interest in accordance with the Companies Act and may be required to abstain from taking part in the discussions and/or voting on any decisions to be taken in respect thereof.
- 7.7.2 Bill Priestley is Chief Investment Partner at Electra Partners LLP (which is the manager of Electra Private Equity Partners 2006 Scottish LP), which will, immediately following Admission, control 17.8 per cent. of the voting rights in the Company.
- 7.7.3 Save as referred to in paragraph 7.7.1 and 7.7.2 above, there are no actual or potential conflicts of interest between the Directors' duties to the Company and their private interests and other duties.

7.8 **Directors' and Senior Managers' confirmations**

- 7.8.1 During the last five years, no Director or Senior Manager has:
- 7.8.1.1 been convicted in relation to a fraudulent offence;
 - 7.8.1.2 been associated with any bankruptcy, receivership or liquidation while acting in the capacity of a member of the administrative, management or supervisory body or senior management of any company;
 - 7.8.1.3 been subject to any official public incrimination and/or sanction by statutory or regulatory authorities (including designated professional bodies);
 - 7.8.1.4 been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer;
 - 7.8.1.5 been a partner in a partnership which, while he was a partner or within 12 months of his ceasing to be a partner, was put into compulsory liquidation or administration or which entered into any partnership or voluntary arrangement, or had a receiver appointed over any partnership asset;
 - 7.8.1.6 had a receiver appointed with respect to any assets belonging to him; or
 - 7.8.1.7 been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or which entered into any company voluntary arrangement or any composition or arrangement with its creditors generally or any class of creditors, at any time during which he was a director of that company or within 12 months after his ceasing to be a director.

8. Significant Shareholders and the Selling Shareholders

- 8.1 As at the date of this Prospectus, the Directors were aware of the following persons who, in addition to the Directors and Senior Managers set out in paragraph 7.2.1 of this Part XV (*Additional Information*), directly or indirectly, were interested in three per cent. or more of the Company's capital or voting rights:

Shareholders	Following Reorganisation and immediately prior to Admission		Immediately following Admission	
	Number of Ordinary Shares	Percentage of issued Ordinary Share Capital	Number of Ordinary Shares	Percentage of issued Ordinary Share Capital
Electra Private Equity Partners 2006 Scottish LP	88,176,746	58.78%	26,702,364	17.80%
Electra Investments Limited	45,351,952	30.23%	0	0%

(Noting that these shareholders are affiliated entities)

8.2 Selling Shareholders:

- 8.2.1 Pursuant to the Offer, 113,283,274 Ordinary Shares will be sold by or behalf of the Selling Shareholders. The interests in Ordinary Shares of the Selling Shareholders immediately prior to Admission, together with their interests in Ordinary Shares immediately following Admission is set out below:

Shareholder	Number of issued Ordinary Shares immediately prior to Admission	Percentage of issued ordinary share capital immediately prior to Admission	Number of issued immediately following Admission	Percentage of issued ordinary share capital immediately following Admission
Electra Private Equity Partners 2006 Scottish LP	88,176,746	58.78%	26,702,364	17.80%
Peter Boddy	1,439,326	0.96%	863,596	0.58%
Stephen Burns	5,460,068	3.64%	3,276,041	2.18%
Laurence Keen	2,458,875	1.64%	1,475,325	0.98%
Melanie Dickinson	1,612,937	1.08%	967,763	0.65%
Mathew Hart	2,568,549	1.71%	1,541,130	1.03%
Mark Francis	650,650	0.43%	390,390	0.26%
Adrian Pritchard	650,650	0.43%	390,390	0.26%
William Etherington	650,650	0.43%	390,390	0.26%
Darryl Lewis	650,650	0.43%	390,390	0.26%
Electra Investments Limited	45,351,952	30.23%	0%	0%

8.3 Immediately after Admission:

- 8.3.1 save as disclosed in paragraph 8.1 above, the Company is not aware of any persons who, directly or indirectly, jointly or severally, will exercise or could exercise control over the Company;
- 8.3.2 the Company is not aware of any arrangements, the operation of which may, at a subsequent date, result in a change of control of the Company; and
- 8.3.3 none of the Shareholders set out above has or will have different voting rights.

9. Share incentive plans

9.1 *The LTIP*

9.1.1 *Status*

The LTIP is a discretionary executive share plan. Under the LTIP, the Board may, within certain limits and subject to any applicable performance conditions, grant to eligible employees: (i) nil cost options over Ordinary Shares ("**Options**") and/or (ii) conditional awards (i.e. a conditional right to acquire Ordinary Shares) ("**Conditional Awards**") and/or (iii) Ordinary Shares which are subject to restrictions and the risk of forfeiture ("**Restricted Shares**") together the "**LTIP Awards**". Where the participant becomes entitled to the Ordinary Shares, the LTIP Award is said to have vested.

9.1.2 *Eligibility*

All employees (including executive directors) of the Group are eligible for selection to participate in the LTIP at the discretion of the Board, although it is intended that the LTIP will be operated for senior management.

9.1.3 *Grant of LTIP Awards*

The Board may grant LTIP Awards over Ordinary Shares to eligible employees with a maximum total market value in any financial year of up to 200 per cent. of the relevant individual's annual base salary. It is anticipated that the first grant of LTIP Awards will be made at or shortly after Admission. The initial grant to each Executive Director will be over Ordinary Shares with a market value of 100 per cent. of salary.

LTIP Awards may be granted at any time other than when prevented by dealing restrictions. However, no LTIP Awards may be granted more than 10 years from the date when the LTIP is adopted, which is expected to be shortly before Admission.

9.1.4 *Limits*

The LTIP may operate over new issue Ordinary Shares, treasury shares or Ordinary Shares purchased in the market. The rules of the LTIP provide that, in any period of 10 calendar years, not more than 10 per cent. of the Company's issued ordinary share capital may be issued under the LTIP and under any other employees' share scheme operated by the Company. Ordinary Shares issued out of treasury under the LTIP will count towards this limit for so long as this is required under institutional shareholder guidelines.

9.1.5 *Awards not transferable*

LTIP Awards are not transferable other than to the participant's personal representatives in the event of the participant's death provided that awards and Ordinary Shares may be held by the trustees of an employee as nominee for the participants.

9.1.6 *Holding period*

At its discretion, the Board may grant LTIP Awards subject to a holding period of a maximum of two years following vesting.

9.1.7 *Performance and other conditions*

The Board may impose performance conditions on the vesting of LTIP Awards. Where performance conditions are specified for LTIP Awards, the underlying measurement period for the conditions will ordinarily be three years.

Any performance conditions applying to LTIP Awards may be varied, substituted or waived if the Board considers it appropriate, provided the Board considers that the new performance conditions are reasonable and are not materially less difficult to satisfy than the original conditions (except in the case of waiver). The Board may also impose other conditions on the vesting of LTIP Awards.

9.1.8 *Malus*

The Board may decide, at the vesting of LTIP Awards or at any time before, that the number of Ordinary Shares subject to an LTIP Award will be reduced (including to nil) on such basis that the Board in its discretion considers to be fair and reasonable in the following circumstances:

- 9.1.8.1 discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group company;
- 9.1.8.2 the assessment of any performance condition or condition in respect of an LTIP Award was based on error, or inaccurate or misleading information;
- 9.1.8.3 the discovery that any information used to determine the number of Ordinary Shares subject to an LTIP Award was based on error, or inaccurate or misleading information;
- 9.1.8.4 action or conduct of a participant which amounts to fraud or gross misconduct; or
- 9.1.8.5 events or the behaviour of a participant have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to the participant.

9.1.9 *Vesting and exercise*

LTIP Awards will normally vest, and LTIP Options will normally become exercisable, on the third anniversary of the date of grant of the LTIP Award to the extent that any applicable performance conditions have been satisfied and to the extent permitted following any operation of malus or clawback. LTIP Options will remain exercisable for a period determined by the Board at grant which will not exceed 10 years from grant.

9.1.10 *Clawback*

The Board may apply clawback to all or part of a participant's LTIP Award in substantially the same circumstances as apply to malus (as described above) during the period of two years following the vesting of an LTIP Award. Clawback may be effected, among other means, by requiring the transfer of Ordinary Shares, payment of cash or reduction of LTIP Awards.

9.1.11 *Cessation of employment*

Except in certain circumstances, set out below, a LTIP Award will lapse immediately upon a participant ceasing to be employed by or holding office with the Group.

If a participant ceases to be employed because of ill-health, injury, disability, redundancy, retirement with the agreement of his employer, the participant being employed by a company which ceases to be a Group company or being employed in an undertaking which is transferred to a person who is not a Group company or in other circumstances at the discretion of the Board (each, an "**LTIP Good Leaver Reason**"), the participant's LTIP Award will ordinarily vest on the date when it would have vested if the participant had not so ceased to be a Group employee or director, subject to the satisfaction of any applicable performance conditions measured over the original performance period and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between grant and the participant's cessation of employment as a proportion of the normal vesting period.

If a participant ceases to be a Group employee or director for an LTIP Good Leaver Reason, the Board can alternatively decide that the participant's LTIP Award will vest early when the participant leaves. If a participant dies, a proportion of the participant's LTIP Award will normally vest on the date of death. The extent to which an LTIP Award will vest in these situations will be determined by the Board at its absolute discretion taking into account, among other factors, the period of time the LTIP Award has been held and the extent to which any applicable performance conditions have been satisfied at the date of cessation of employment and the

operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between grant and the participant's cessation of employment as a proportion of the normal vesting period.

To the extent that LTIP Options vest for an LTIP Good Leaver Reason, they may be exercised for a period of six months following vesting (or such longer period as the Board determines) and will lapse at the end of that period. To the extent that LTIP Options vest following death of a participant, they may normally be exercised for a period of 12 months following death and will lapse at the end of that period.

9.1.12 Corporate events

In the event of a takeover, scheme of arrangement, or winding-up of the Company, the LTIP Awards will vest early. The proportion of the LTIP Awards which vest will be determined by the Board taking into account, among other factors, the period of time the LTIP Award has been held by the participant and the extent to which any applicable performance conditions have been satisfied at that time.

To the extent that LTIP Options vest in the event of a takeover, scheme of arrangement, or winding-up of the Company they may be exercised for a period of six months measured from the relevant event (or in the case of takeover such longer period as the Board determines) and will otherwise lapse at the end of that period.

In the event of a demerger, distribution or any other corporate event, the Board may determine that LTIP Awards will vest. The proportion of the LTIP Awards which vest will be determined by the Board taking into account, among other factors, the period of time the LTIP Award has been held by the participant and the extent to which any applicable performance conditions have been satisfied at that time. LTIP Options that vest in these circumstances may be exercised during the period as the Board determines and will otherwise lapse at the end of that period.

If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may (with the consent of the acquiring company) alternatively decide that LTIP Awards will not vest or lapse but will be replaced by equivalent new awards overshares in the new acquiring company.

9.1.13 Variation of capital

If there is a variation of share capital of the Company or in the event of a demerger or other distribution, special dividend or distribution, the Board may make such adjustments to awards granted under the LTIP, including the number of Ordinary Shares subject to awards and the option exercise price (if any), as it considers to be fair and reasonable.

9.1.14 Dividend equivalents

In respect of any LTIP Award, the Board may decide that participants will receive a payment (in cash and/or additional Ordinary Shares) equal in value to any dividends that would have been paid on the Ordinary Shares which vest under the LTIP Award by reference to the period between the time when the LTIP Award was granted and the time when the LTIP Award vested. This amount may assume the reinvestment of dividends and exclude or include special dividends or dividends in specie.

9.1.15 Alternative settlement

At its discretion, the Board may decide to satisfy awards granted under the LTIP with a payment in cash or Ordinary Shares equal to any gain that a participant would have made had the relevant award been satisfied with Ordinary Shares.

9.1.16 Rights attaching to Ordinary Shares

Except in relation to the award of Ordinary Shares subject to restrictions, Ordinary Shares issued and/or transferred under the LTIP will not confer any rights on any participant until the

relevant award has vested or the relevant option has been exercised and the participant in question has received the underlying Ordinary Shares. Any Ordinary Shares allotted when an option is exercised or an award vests will rank equally with Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their issue). A participant awarded Ordinary Shares subject to restrictions will have the same rights as a holder of Ordinary Shares in issue at the time that the participant acquires the Ordinary Shares, save to the extent set out in the agreement with the participant relating to those Ordinary Shares.

9.1.17 *Amendments*

The Board may, at any time, amend the provisions of the LTIP in any respect. The prior approval of the Company at general meeting will be required in the case of any amendment to the advantage of participants which is made to the provisions relating to eligibility, individual or overall limits, the persons to whom an award can be made under the LTIP, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to such prior approval, save that there are exceptions for any minor amendment to benefit the administration of the LTIP, to take account of the provisions of any proposed or existing legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Company and/or its other Group companies. Amendments may not normally adversely affect the rights of participants except where participants are notified of such amendment and the majority of participants approve such amendment.

9.1.18 *Overseas plans*

The Board may, at any time, establish further plans based on the LTIP for overseas territories. Any such plan will be similar to the LTIP, as relevant, but modified to take account of local tax, exchange control or securities laws. Any Ordinary Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation under the relevant plan.

9.1.19 *Pensionable Benefits*

The benefits received under the LTIP are not pensionable.

9.2 **The SIP**

9.2.1 It is intended to operate the SIP after Admission.

9.2.2 *Status*

The SIP is an all-employee plan which has been designed to satisfy the conditions set out in schedule 2 to the Income Tax (Earnings & Pensions) Act 2003 so that Ordinary Shares may be provided to employees of the Group in a tax-efficient manner.

The SIP will operate through a UK resident trust ("**SIP Trust**") which will be administered by professional third party trustees ("**Trustees**"). The Trustees will acquire Ordinary Shares (by subscription or purchase on the market) which are then held on behalf of participants in the SIP ("**Participants**").

9.2.3 *Eligibility*

All UK resident employees who have been employed within the Group for a minimum qualifying period specified by the Board in relation to any particular proposed award (not being more than 18 months or such other period as may be specified by the legislation from time to time) are eligible to participate in the SIP on similar terms.

9.2.4 *Limits*

The SIP may operate over new issue Ordinary Shares, treasury shares or Ordinary Shares purchased in the market. The rules of the SIP provide that, in any period of 10 calendar years, not more than 10 per cent. of the Company's issued share capital may be issued under the SIP and any other employees' share scheme operated by the Company. Ordinary Shares issued out of treasury under the SIP will count towards these limits for so long as this is required

under institutional shareholder guidelines. Ordinary Shares issued or to be issued pursuant to awards granted before Admission or within 42 days beginning on Admission will not count towards these limits. In addition, awards which are renounced or lapsed will be disregarded for the purpose of these limits.

9.2.5 *Types of award which may be granted*

Under the SIP, the Board may make the following types of award:

- 9.2.5.1 free share award;
- 9.2.5.2 partnership share award; and/or
- 9.2.5.3 matching share award,

Dividend shares may also be acquired.

The Board may make different types of award in different financial periods. The principal features of these different types of award are as follows:

9.2.6 *Free Shares*

Awards of free Ordinary Shares ("**Free Shares**") may be made to Participants up to a maximum value of £3,600 per Participant in each tax year (or such other maximum from time to time permitted by the legislation). Free Shares must be offered to all Participants on similar terms but the number awarded can be determined by reference to the employee's remuneration, length of service, number of hours worked and/or the satisfaction of fair and objective performance criteria.

9.2.7 *Partnership Shares*

The Board may allow Participants the opportunity to purchase Ordinary Shares ("**Partnership Shares**") out of their pre-tax salary, up to a maximum of £1,800 per tax year or 10 per cent. of pre-tax salary if lower (or such other limits from time to time permitted by the legislation). The purchase price will be deducted from salary subject to a minimum specified by the Board, which may not be greater than £10 on any occasion (or such other amount from time to time specified by the legislation).

The salary allocated to Partnership Shares can be accumulated for a period of up to 12 months ("**Accumulation Period**") or Partnership Shares can be purchased out of deductions from the Participant's pre-tax annual basic salary when those deductions are made. A Participant and the Company may agree to vary the amount of salary deductions and the intervals of those deductions. If there is an Accumulation Period, the number of Ordinary Shares purchased shall be determined by dividing the Participant's aggregate pay deducted during the Accumulation Period by the market value of the Partnership Shares.

Once acquired, Partnership Shares may be withdrawn from the SIP by the Participant at any time.

9.2.8 *Matching Shares*

Where Participants purchase Partnership Shares, they may be given up to two free Ordinary Shares ("**Matching Shares**") for every purchased Partnership Share. If Matching Shares are allocated, all Participants who have purchased Partnership Shares must be awarded Matching Shares on the same basis.

9.2.9 *Dividend Shares*

Participants may be required or permitted to purchase additional Ordinary Shares ("**Dividend Shares**") using dividends received by them in respect of their Ordinary Shares held under the SIP.

9.2.10 *Holding period and cessation of employment*

All Free Shares and Matching Shares must normally remain within the SIP Trust for a period of 3-5 years, as specified by the Board at the time the awards are made, unless the Participant ceases to be employed within the Group.

If a Participant ceases to be an employee within the Group by reason of death, injury or disability, redundancy, retirement, by reason of a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006 or by reason of the Participant's employing company ceasing to a member of the Group (each a **"Good Leaver"**) his Free Shares and/or Matching Shares will be transferred to him (or to his personal representative).

The Board may, in its discretion, provide that if a Participant ceases to be an employee of the Group within a period specified by the Board at the date the award is made in circumstances when he is not a Good Leaver, his Free Shares and Matching Shares will be forfeited and he will have no further entitlement to them.

9.2.11 *Rights attaching to Ordinary Shares*

Ordinary Shares held under the SIP shall, subject to the provisions of the SIP, rank *pari passu* in all respects with other Ordinary Shares (except for rights arising by reference to a record date prior to their issue).

Where Ordinary Shares are held under the SIP by the Trustee on behalf of a Participant, the Trustee must obtain from, and comply with, any voting instructions given by the Participant and otherwise, save as required or permitted by the SIP, deal with a Participant's Shares only in accordance with his directions.

9.2.12 *Corporate events*

In the event of a general offer being made to Shareholders (or similar takeover event taking place) during a holding period, Participants will be able to direct the Trustee as to how to act in relation to their Ordinary Shares held in the SIP. In the event of a corporate re-organisation, any Ordinary Shares held by Participants may be replaced by equivalent shares in a new holding company.

9.2.13 *Variation of share capital*

Ordinary Shares, or rights to them, acquired by Participants on a variation of share capital of the Company will usually be treated in the same way as the Ordinary Shares acquired or awarded under the SIP, in respect of which the rights were conferred and as if they were acquired or awarded at the same time.

9.2.14 *Amendments to the SIP*

The Board may alter the SIP but certain alterations cannot take effect without the approval of Shareholders in general meeting, unless they are minor amendments to the benefit of the administration of the SIP, to take account of changes in legislation, are to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants in the SIP or for any member of the Group, being amendments to the class of eligible employees, the limits on the number of new Ordinary Shares which may be issued under the SIP, the maximum entitlement of an individual Participant, the price payable for Ordinary Shares by a Participant, the adjustments that may be made in the event of any variation to the share capital of the Company and the basis for determining any Participant's entitlement to Shares. No alteration to the SIP can be made which would adversely prejudice (to a material extent) the rights attaching to Shares acquired by the Participants.

9.2.15 *Pension benefits*

Awards under the SIP are not pensionable

9.3 **The SAYE Plan**

9.3.1 It is intended to operate the SAYE Plan after Admission.

9.3.2 *Status*

The SAYE Plan is an all-employee savings related share option plan which has been designed to meet the requirements of Schedule 3 of the Income Tax (Earnings and Pensions) Act 2003 so that Ordinary Shares can be acquired by UK employees in a tax-efficient manner.

9.3.3 *Eligibility*

Each time that the Board decides to operate the SAYE Plan, all UK resident tax-paying employees of the Company and its subsidiaries participating in the SAYE Plan must be offered the opportunity to participate. Other employees may be permitted to participate. Participants invited to participate may be required to have completed a minimum qualifying period of employment (which may be up to five years) before they can participate, as determined by the Board in relation to any award of an option under the SAYE Plan.

9.3.4 *Savings contract and grant of option*

In order to participate in the SAYE Plan, an employee must enter into a linked savings contract with a bank or building society to make contributions from salary on a monthly basis over a three or five year period. A participant who enters into a savings agreement is granted an option to acquire Ordinary Shares under the SAYE Plan ("**SAYE Option**").

The number of Ordinary Shares over which an SAYE Option may be granted is limited to the number of Ordinary Shares that may be acquired at the SAYE Option exercise price out of the proceeds of the linked savings contract. The exercise price per Ordinary Share will be the amount determined by the Board which will not be less than 80 per cent. (or such other percentage as is permitted by the applicable legislation) of the market value of an Ordinary Share on the date specified by the Board for the purposes of the relevant invitation. Contributions may be made between £5 a month and the maximum permitted under the applicable legislation (currently £500 a month) or up to such lesser sum as the Board may determine. At the end of the three or five year savings contract, employees may either withdraw their savings on a tax free basis or utilise such sum and any bonus or interest due under the savings contract to acquire Ordinary Shares under the linked SAYE Option granted to the participant under the SAYE Plan.

Invitations may be issued during the 42 days beginning on: (i) Admission; (ii) the day after the announcement of the Company's results for any period; (iii) any day on which the Board determines that circumstances are sufficiently exceptional to justify the grant of an option at that time; or (iv) the day after the lifting of any dealing restrictions.

No SAYE Options may be granted more than 10 years from the date when the SAYE Plan is adopted, which is expected to be shortly before Admission.

SAYE Options are not transferable and may only be exercised by the relevant employee or, in the event of death, their personal representatives.

9.3.5 *Limits*

The SAYE Plan may operate over new issue Ordinary Shares, treasury shares or Ordinary Shares purchased in the market. The rules of the SAYE Plan provide that, in any period of 10 calendar years, not more than 10 per cent. of the Company's issued ordinary share capital may be issued under the SAYE Plan and under any other employees' share scheme operated by the Company. Ordinary Shares issued out of treasury under the SAYE Plan will count towards these limits for so long as this is required under institutional shareholder guidelines. Ordinary Shares issued or to be issued pursuant to awards granted before Admission or within 42 days beginning on Admission will not count towards these limits. In addition, awards which are renounced or lapse will be disregarded for the purposes of these limits.

9.3.6 *Exercise of SAYE Options*

SAYE Options may normally only be exercised for a period of six months following the maturity of the related savings contract. If not exercised by the end of this period, the relevant SAYE Options will lapse.

SAYE Options may be exercised earlier with the proceeds of savings made under the linked savings contract and any interest due in certain specified circumstances including death, retirement, cessation of employment due to injury, disability or redundancy, by reason of a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006 or if the relevant employment is employment by an associated company by reason of a change of control or other circumstances ending that company's status as an associated company or on death.

9.3.7 *Corporate events*

In the event of a takeover, scheme of arrangement, or winding-up of the Company, SAYE Options may normally be exercised early with the proceeds of savings made under the linked savings contract and any interest due.

If there is a corporate event resulting in a new person or company acquiring control of the Company, SAYE Options may in certain circumstances be replaced by equivalent new options over shares in the acquiring company.

9.3.8 *Variation of capital*

If there is a variation of share capital of the Company, the Board may make such adjustments to SAYE Options, including the number of Ordinary Shares subject to SAYE Options and the SAYE Option exercise price, as it considers to be fair and reasonable.

9.3.9 *Rights attaching to Ordinary Shares*

Ordinary Shares issued and/or transferred under the SAYE Plan will not confer any rights on any participant until the relevant SAYE Option has been exercised and the participant in question has received the underlying Ordinary Shares. Any Ordinary Shares allotted when an SAYE Option is exercised will rank equally with Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their issue).

9.3.10 *Amendments*

The Board may, at any time, amend the provisions of the SAYE Plan in any respect. The prior approval of Shareholders at a general meeting must be obtained in the case of any amendment to the advantage of participants which is made to the provisions relating to eligibility, individual or overall limits, the persons to whom an SAYE Option can be granted, the price at which Ordinary Shares can be acquired on exercise of an SAYE Option, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to such prior approval, save that there are exceptions for any minor amendment to benefit the administration of the SAYE Plan, to take account of the provisions of any proposed or existing legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Company and/or its other Group companies. Amendments may not adversely affect the rights of participants except where participants are notified of such amendment and the majority of participants approve such amendment.

9.3.11 *Overseas plans*

The Board may, at any time, establish further plans based on the SAYE Plan for overseas territories. Any such plan will be similar to the SAYE Plan, as relevant, but modified to take account of local tax, exchange control or securities laws. Any Ordinary Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation under the SAYE Plan.

9.3.12 *Benefits not pensionable*

The benefits received under the SAYE Plan are not pensionable.

10. Related party transactions

- 10.1 Save as described in note 25 (Related Party Transactions) of Part XI (*Historical Financial Information*), paragraph 13 of this Part XV (*Additional Information*) and in paragraph 10.2 below, there are no related party transactions between the Company or members of the Group that were entered into during FY2013, FY2014 and FY2015 and during the period between 1 October 2015 and 15 September 2016 (being the latest practicable date prior to the publication of this Prospectus).
- 10.2 On 16 September 2016, the Company, the Principal Selling Shareholder and Electra Partners entered into the Relationship Agreement the principal purpose of which is to ensure that the Company is capable of carrying on business independently at all times. See paragraph 13.2 of this Part XV (*Additional Information*) for further details of the Relationship Agreement.

11. Significant subsidiaries and principal investments

- 11.1 The Company is the principal holding company of the Group. The principal subsidiaries of the Company are as follows as at 15 September 2016 (being the latest practicable date prior to the publication of this Prospectus), each of which is considered by the Company to be likely to have a significant effect on the assessment of the assets and liabilities, the principal position and/or the profits and losses of the Group:

<i>Name</i>	<i>Year of incorporation</i>	<i>Place of incorporation</i>	<i>Current Ownership interest (direct and indirect)</i>	<i>Nature of business</i>
KanyeCo Limited	2014	England	100%	Holding Company
KhloeCo Limited	2014	England	100% ¹	Holding Company
KourtneyCo Limited	2014	England	100% ²	Holding Company
KendallCo Limited	2014	England	100% ³	Holding Company
Bowling Acquisitions Holdings Limited	2010	England	100% ⁴	Holding Company
Blu Bidco Limited	2015	England	95% ⁵	Holding Company
The Original Bowling Company Limited	2004	England	100% ⁶	Operating Company
Mable Entertainment Limited	1973	England	100% ⁷	Dormant Company
AMF Bowling (Eastleigh) Limited	2009	England	100% ⁷	Dormant Company
Milton Keynes Entertainment Company Limited	1984	England	100% ⁸	Dormant Company
Bowlplex Limited	1976	England	100% ⁹	Operating Company
Wessex Support Services Limited	1980	England	100% ¹⁰	Dormant Company
Wessex Superbowl (Germany) Limited	1996	England	100% ¹⁰	Operating Company
Bowlplex Properties Limited	2005	England	100% ¹⁰	Dormant Company
Bowlplex European Leisure Limited	2005	England	100% ¹⁰	Dormant Company

¹ Directly held subsidiary of KanyeCo Limited.

² Directly held subsidiary of KhloeCo Limited.

³ Directly held subsidiary of KourtneyCo Limited.

⁴ Directly held subsidiaries of KendallCo Limited.

⁵ Remaining 5 per cent. held by Mr Tracy Standish, see paragraph 3.2.9 of Part XV (*Additional Information*) for the details.

⁶ Directly held subsidiary of Bowling Acquisitions Holdings Limited.

⁷ Directly held subsidiaries of The Original Bowling Company Limited.

⁸ Directly held subsidiary of Mable Entertainment Limited.

⁹ Directly held subsidiary of Blu Bidco Limited.

¹⁰ Directly held subsidiaries of Bowlplex Limited.

- 11.2 The Group does not currently have any other investments other than the subsidiaries and subsidiary undertakings listed above.

12. Presentation of statistical data and other information

The auditors of the Company for the period covered by the historical financial information set out in Part XI (*Historical Financial Information*) have been KPMG, whose registered address is at 58 Clarendon Road, Watford WD17 1DE. The historical financial information set out in Part XI (*Historical Financial Information*) has been audited.

13. Material contracts

The following material contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of Group within the two years immediately preceding the date of this Prospectus and/or have been entered into by members of the Group and contain provisions under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this Prospectus:

13.1 Placing agreement

On 16 September 2016 the Company, the Directors, the Selling Shareholders and Investec entered into the Placing Agreement. Pursuant to the Placing Agreement:

- 13.1.1 the Selling Shareholders have agreed, subject to certain conditions, to sell their Offer Shares at the Offer Price;
- 13.1.2 Investec has agreed, subject to certain conditions, to use its reasonable endeavours to procure purchasers for the Offer Shares held by the Selling Shareholders;
- 13.1.3 each of the Selling Shareholders has agreed that Investec may deduct from the proceeds of the Offer payable to such Selling Shareholder a commission of 2.00 per cent. of the amount equal to the Offer Price multiplied by the aggregate number of Offer Shares to be sold by the relevant Selling Shareholder pursuant to the Offer plus a discretionary commission of up to 1.00 per cent. of the amount equal to the Offer Price multiplied by the aggregate number of Offer Shares to be sold by the relevant Selling Shareholder pursuant to the Offer;
- 13.1.4 the obligations of Investec to use its reasonable endeavours to procure purchasers at the Offer Price for the Offer Shares held by the Selling Shareholders are subject to certain conditions. These conditions include, among other things, the absence of any material breach of warranty under the Placing Agreement and Admission occurring at or before 8.00 a.m. on 21 September 2016 (or such later time and/or date as Investec may notify to the Company in writing, being not later than 8.30 a.m. on 10 October 2016). In addition, Investec has the right to terminate the Placing Agreement, exercisable in certain circumstances, prior to Admission;
- 13.1.5 each of the Company, the Directors and the Selling Shareholders have given certain warranties and undertakings, subject to certain limits, to Investec;
- 13.1.6 the Company has given an indemnity to Investec;
- 13.1.7 the Company has agreed to pay or cause to be paid (together with, in each case, any related VAT) a fee of £250,000 to Investec (conditional on Admission) as well as certain costs, charges, fees and expenses of, or in connection with, or incidental to, amongst other things, the Placing and/or Admission; and
- 13.1.8 the Company has appointed Investec as its sole sponsor (subject to and in accordance with the terms of the Placing Agreement).

13.2 Relationship Agreement

- 13.2.1 On 16 September 2016, the Company, the Principal Selling Shareholder and Electra Partners entered into a relationship agreement (the “**Relationship Agreement**”) conditional on Admission. The principal purpose of the Relationship Agreement is to ensure that the Company is capable at all times of carrying on its business independently of the Principal

Selling Shareholder and its manager Electra Partners (the “**Electra Shareholders**”) and their associates.

- 13.2.2 Under the terms of the Relationship Agreement, the Electra Shareholders agree, and in respect of their affiliates agree to procure, that, *inter alia*:
- 13.2.2.1 all transactions and arrangements between: (i) the Electra Shareholders or any of their affiliates; and (ii) any member of the Group are conducted at arm’s length and on normal commercial terms;
 - 13.2.2.2 the Electra Shareholders and their affiliates will not take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules;
 - 13.2.2.3 the Electra Shareholders and their affiliates will not propose or procure a resolution of the shareholders of the Company which is intended or appears to be intended to circumvent the proper application of the Listing Rules;
 - 13.2.2.4 the Electra Shareholders and their affiliates will not exercise any of their voting rights in a manner which would prejudice the ability of the Company to carry on its business independently or otherwise be inconsistent with the purposes of the Relationship Agreement or the Listing Rules;
 - 13.2.2.5 the Electra Shareholders and their affiliates will abstain from voting on any resolution to approve a transaction between: (i) a member of the Group; and (ii) the Electra Shareholders and any of their affiliates;
 - 13.2.2.6 the Electra Shareholders will comply with all provisions of the Listing Rules, Disclosure and Transparency Rules, the requirements of the London Stock Exchange, FSMA, the Market Abuse Regulation and the Criminal Justice Act; and
 - 13.2.2.7 the Electra Shareholders and their affiliates will not knowingly engage in, cause or authorise any conduct which might reasonably be expected to prejudice the Company’s ability to carry on its business or the business of the Group independently of the Electra Shareholders and their affiliates.
- 13.2.3 Under the Relationship Agreement, the Electra Shareholders are entitled to appoint: (i) one non-executive director to the Board; and (ii) one person to attend as an observer at each meeting of the Board and each meeting of the Remuneration Committee, Audit Committee and Nomination Committee. The Company has agreed to pay Electra Partners a fee of £50,000 per annum for so long as a non-executive director appointed by Electra Private Equity Partners 2006 Scottish LP pursuant to the Relationship Agreement remains on the Board.
- 13.2.4 The Relationship Agreement further provides, *inter alia*, that:
- 13.2.4.1 the Electra Shareholders shall procure that the Electra Director shall not vote at any meeting of the directors in relation to any matter which is the subject of any conflict or potential conflict of interest between the Group and the Electra Shareholders (or their affiliates); and
 - 13.2.4.2 the Company undertakes not to redeem or purchase any of its own securities if such purchase would impose an obligation upon the Electra Shareholders (together with their concert partners if any) to make a mandatory offer pursuant to rule 9 of the Takeover Code unless such purchase has been ‘whitewashed’ (as set out in the Takeover Code).
- 13.2.5 The Relationship Agreement will continue in effect until the earlier of:
- 13.2.5.1 the Electra Shareholders and any of their associates (when taken together) holding less than 10 per cent. of the issued share capital of the Company; and
 - 13.2.5.2 the date on which the Ordinary Shares cease to be admitted to listing on the premium segment of the Official List, upon which it will terminate.

13.3 **Lock-in Deeds**

On 16 September 2016, the Principal Selling Shareholder, Investec and the Company entered into a lock-in deed pursuant to which the Principal Selling Shareholder has agreed to the following lock-up arrangements with Investec as follows:

- 13.3.1 For a 6 month lock-up period from the date of Admission, the Principal Selling Shareholder has agreed that, subject to certain customary exceptions, it will not directly or indirectly transfer the legal and/or beneficial ownership (or any interest therein) of any Ordinary Shares held by it immediately after Admission (or any Ordinary Shares which may accrue to it as a result of such holding) or enter into any transaction with the same economic effect as any of the foregoing; and
- 13.3.2 For a further 6 months after the initial lock-up period ends, the Principal Selling Shareholder has undertaken that, subject to certain customary exceptions, it will not directly or indirectly transfer the legal and/or beneficial ownership (or any interest therein) of any Ordinary Shares held by it immediately after Admission (or any Ordinary Shares which may accrue to it as a result of such holding) or enter into any transaction with the same economic effect as any of the foregoing otherwise than through Investec;

On 16 September 2016, the Management Selling Shareholders, Investec and the Company entered into a lock-in deed pursuant to which each of the Management Selling Shareholders has agreed to the following lock-up arrangements with Investec as follows:

- 13.3.3 For a 12 month lock-up period from the date of Admission, each of the Management Selling Shareholders has agreed that, subject to certain customary exceptions, he or she will not (and shall procure that none of his or her connected persons shall) directly or indirectly transfer the legal and/or beneficial ownership (or any interest therein) of any Ordinary Shares held by him or her immediately after Admission (or any Ordinary Shares which may accrue to him as a result of such holding) or enter into any transaction with the same economic effect as any of the foregoing; and
- 13.3.4 For a further 12 months after the initial lock-up period ends, each of the Management Selling Shareholders has undertaken that, subject to certain customary exceptions, he or she will not (and shall procure that none of his or her connected persons shall) directly or indirectly transfer the legal and/or beneficial ownership (or any interest therein) of any Ordinary Shares held by him or her immediately after Admission (or any Ordinary Shares which may accrue to it as a result of such holding) or enter into any transaction with the same economic effect as any of the foregoing, otherwise than through Investec (subject to certain customary exceptions).

13.4 **Acquisition of the business and assets of Hollywood Bowl by TOBC**

- 13.4.1 On 7 August 2010 TOBC entered into an asset purchase agreement between (1) Mitchells & Butlers Retail Limited, (2) Mitchells & Butler Retail (No. 2) Limited (together the “**M&B Sellers**”), (3) TOBC (as buyer) and (4) BAHF (as guarantor) (the “**HB Agreement**”) pursuant to which TOBC acquired the business and assets of Hollywood Bowl for £27,000,000.
- 13.4.2 Pursuant to the HB Agreement, a set of mutual and customary undertakings and indemnities were given in relation to obligations and associated liabilities in relation to the transfer of any employees who were retained by the M&B Sellers. TOBC also benefits from indemnities from the M&B Sellers who agreed to indemnify TOBC in respect of any liabilities and costs arising in connection with:
 - 13.4.2.1 all liabilities of Mable Entertainment Limited or Milton Keynes Entertainment Company Limited resulting from the leases of the properties other than those transferred under the agreement (including any fines, penalties, demands, services charges and rents);
 - 13.4.2.2 the failure of the M&B Sellers to comply with their obligations to remain responsible for all retained liabilities under the HB Agreement and all claims or debts owed up to and until completion (i.e. 13 August 2010);

- 13.4.2.3 any material costs or losses flowing from a breach of the operating licences prior to completion; and
- 13.4.2.4 any claim that the business infringes or the business assets infringe the patent registered under patent publication number W02009052832 “protection device for a bowling machine”.

In addition TOBC gave an indemnity to the M&B Sellers for:

- 13.4.2.5 all liabilities which the sellers may incur in connection with the transferred business (other than the leasehold properties) incurred after the completion date (i.e. 13 August 2010) as a result of the failure of TOBC to comply with its obligations to remain responsible for all transferred liabilities; and
- 13.4.2.6 any material costs or losses flowing from a breach of the operating licences following completion but prior to the transfer of the licences to TOBC becoming effective.

The maximum liability in respect of the indemnities given by the Sellers is an amount equal to 100 percent of the consideration paid by TOBC.

- 13.4.3 The M&B Sellers provided certain customary business warranties, in each case such warranties and covenants are subject to customary limitations on liability, such as de minimis thresholds, and liability caps.

13.5 **Acquisition of Bowling Acquisitions Holdings Limited**

- 13.5.1 On 5 September 2014, Kendallco Limited (“**Kendallco**”) entered into a sale and purchase agreement with each of AMF Bowling Holdings Limited (“**AMF**”), CBPE VIII Investco Limited (ultimately owned by CBPE Capital LLP) (“**CBPE**”) and various individual sellers (the individual sellers being the “**Management Sellers**”) (together with AMF and CBPE, the “**Sellers**”) to acquire the entire issued share capital of Bowling Acquisitions Holdings Limited (“**BAHL**”).
- 13.5.2 The total consideration was £53,829,683 payable in cash on completion in addition to procurement of the repayment of the certain loan notes issued by the target group in the amount of £29,711,906. The acquisition was financed by investment in Kanyeco Limited (“**Kanyeco**”) and Khloeco Limited (“**Khloeco**”) by Electra Private Equity Partners 2006 Scottish LP and Electra Investments Limited and a banking facility provided by Lloyds Bank Plc and Barclays Bank Plc.
- 13.5.3 All of the Sellers provided certain customary warranties (as to title and capacity) and leakage covenants to Kendallco, and the Management Sellers provided customary business warranties. In each case, such warranties and covenants are subject to limitations on liability, such as de minimis thresholds, and liability caps typical of a transaction of that nature. Kendallco also has the benefit of the customary tax indemnity from the Management Sellers in relation to the historic tax liabilities of the BAHL group of companies.
- 13.5.4 The Sellers provided customary non-compete covenants to Kendallco.
- 13.5.5 As part of the sale, a transitional services side letter was entered into AMF and TOBC in relation to various administrative services to be undertaken by TOBC. To the fullest extent permitted by law, TOBC’s liability under or in connection with that letter and/or the provision of the services thereunder is limited to £2 in aggregate.

13.6 **Acquisition of Bowlplex Limited by Blu Bidco Limited**

- 13.6.1 On 9 April 2015, Blu Bidco Limited (“**Blu Bidco**”) entered into a conditional sale and purchase agreement to acquire the entire issued share capital of Bowlplex Limited (“**Bowlplex**”) from SIG Number 2 Limited (a UK corporate entity ultimately owned by Royal Bank of Scotland Plc) (“**SIG**”) and various individual sellers (the “**Individual Sellers**”) (the “**Bowlplex SPA**”).

- 13.6.2 Under the terms of the Bowlplex SPA, the acquisition of Bowlplex was conditional upon clearance from the Competition and Markets Authority (“**CMA**”) within a period of 8 months from exchange (9 April 2015). Following consideration and review by the CMA, the CMA accepted an undertaking from TOBC pursuant to section 73 of the Enterprise Act 2002 as an alternative to referral of the transaction to a Phase 2 investigation (the “**Undertaking**”). The Undertaking (further described in paragraph 13.7 of this Part XV (*Additional Information*)) was published on the CMA website on 1 December 2015 requiring that TOBC procure the sale of the Divestment Business (as defined in the Undertaking). The Divestment Business consisted of five Bowlplex sites situated in Braehead (Glasgow), Castleford, Camberley, Dudley and Nantgarw (Cardiff) and one TOBC site situated in Avonmeads (Bristol) (the “**Divestment Business**”). The Bowlplex SPA completed immediately prior to the sale of the Divestment Business on 9 December 2015.
- 13.6.3 The total consideration consisted of a base consideration amount of £22,040,096 payable in cash on completion as well as an amount for the actual cash profit realised in the period between exchange and completion (in the amount of £1,717,000). Blu Bidco was also required to procure repayment of (i) the outstanding bank debt; and (ii) the loan notes issued to SIG in the amount of £7,567,318.40. All such payments were made at completion save in relation to Tracy Standish who, pursuant to the terms of the Bowlplex SPA, was to receive part payment in consideration securities issued by Blu Bidco.
- 13.6.4 All of the Sellers provided certain customary warranties (as to title and capacity) and leakage covenants to Blu Bidco and, Sean Cooper (one of the Individual Sellers), also provided customary business warranties in relation to the Bowlplex group and operations, in each case such warranties and covenants being subject to limitations on liability, such as de minimis thresholds, and liability caps.
- 13.6.5 Pursuant to the terms of the Bowlplex SPA, indemnities were given by the Sellers in favour of Blu Bidco in relation to certain disputes. The Bowlplex SPA provided for the indemnities to be backed by (and limited to) an aggregate amount of £250,000, £100,000 of which was placed into escrow at completion. In each case, the disputes have now been settled.
- 13.6.6 Certain of the Individual Sellers provided customary non-compete and related covenants under the terms of the Bowlplex SPA.
- 13.7 ***Undertaking given by The Original Bowling Company Limited to the CMA***
- 13.7.1 As noted in paragraph 13.6 of this Part XV (*Additional Information*), in connection with the acquisition of Bowlplex, TOBC gave an undertaking to the CMA pursuant to section 73 of the Enterprise Act 2002. The Undertaking was published on the CMA website on 1 December 2015.
- 13.7.2 The majority of the terms of the Undertaking relate to the process for divestment, transfer of information and the requirements regarding the CMA's approval of the proposed purchaser although the Undertaking also restricts the future actions of TOBC and its Group of Interconnected bodies Corporate (being defined under section 129(2) of the Enterprise Act 2002) for a period of 10 years following completion. The Undertaking restricts the ability of the Group to have any interest (whether by shares, votes or other control) over the Divestment Business without the prior written consent of the CMA.
- 13.7.3 TOBC is required to procure that members of its Group of Interconnected bodies Corporate also comply with the provisions of the Undertaking accordingly.
- 13.8 ***Disposal of assets by The Original Bowling Company Limited and Bowlplex Limited***
- 13.8.1 In connection with the Bowlplex SPA, the Undertaking and the requirements of the CMA described in paragraph 13.7 of this Part XV (*Additional Information*), on 30 November 2015 each of Bowlplex and TOBC entered into the following conditional sale and purchase agreements with Tenpin Limited (“**Tenpin**”) for the sale of the Divestment Business:

- 13.8.1.1 a sale and purchase agreement between TOBC and Tenpin Limited for the sale of the entire issued share capital of TOBC Newco Limited for a total consideration payable by Tenpin of £1 (with an obligation to procure repayment of the inter-company loan amount of £1,350,000, being the consideration payable pursuant to the business transfer agreement between Bowlplex and Bowlplex Newco (described below) and the working capital receivable amount of £44,827) (the **"TOBC Newco SPA"**);
 - 13.8.1.2 a sale and purchase agreement between Bowlplex and Tenpin Limited for the sale of the entire issued share capital of Bowlplex Newco Limited for a total consideration payable by Tenpin of £1 (with an obligation to procure repayment of the inter-company loan amount of £8,850,000, being the consideration payable pursuant to the business transfer agreement between Bowlplex and Bowlplex Newco (described below) and the working capital receivable amount of £81,249) (the **"Bowlplex Newco SPA"**); and
 - 13.8.1.3 a sale and purchase agreement between Bowlplex Limited and Tenpin Limited for the business and assets of the ten-pin bowling site operated by Bowlplex in Braehead (Glasgow) for a total consideration payable by Tenpin of £2,800,000 and a premium of £48,517 (the **"Braehead BTA"**),
- (together, the **"Gibson Sale Agreements"**), in each case subject to: (i) the completion of the Bowlplex SPA; (ii) CMA approval of Tenpin as purchaser; and (iii) completion of each of the other Gibson Sale Agreements.

- 13.8.2 The Gibson Sale Agreements each completed on 9 December 2015 immediately following completion of the Bowlplex SPA.

Pre-completion business transfers

- 13.8.3 In order to ensure that each of TOBC Newco and Bowlplex Newco held the requisite assets to adequately divest the Divestment Business from the Group, the following business transfer agreements were entered into by each of TOBC and Bowlplex (respectively) on 28 November 2015:
 - 13.8.3.1 a business transfer agreement for the sale of the business and assets of the ten-pin bowling site operated by TOBC in Avonmeads (Bristol) to TOBC Newco for a total consideration payable by TOBC Newco of £1,350,000 (the **"TOBC BTA"**); and
 - 13.8.3.2 a business transfer agreement for sale of the business and assets of the ten-pin bowling site operated by Bowlplex at each of Castleford, Camberley, Dudley and Nantgarw (Cardiff) to Bowlplex Newco for a total consideration payable by Bowlplex Newco of £8,850,000 (the **"Bowlplex BTA"**).
- 13.8.4 As a result of the pre-completion transfers and pursuant to the terms of each of the TOBC Newco SPA and the Bowlplex Newco SPA, the seller, in each case, granted certain indemnities to Tenpin in each case to pay an amount on demand equal to all losses and expenses relating to:
 - 13.8.4.1 the transfer of the business pursuant to the terms of the Bowlplex BTA or the TOBC BTA (as applicable); and
 - 13.8.4.2 any liability of the target company (as applicable) to pay an amount in respect of tax attributable to the period prior to, or arising as a result of, completion.

In each case the liability of the seller was limited to the amount of consideration paid under the relevant Gibson Sale Agreement.

- 13.8.5 In relation to the TOBC SPA only, an indemnity was also granted to Tenpin in relation to any liability of TOBC Newco to pay certain tax charges associated with any goodwill transferred under the TOBC BTA. This indemnity was limited to an aggregate liability of £270,000.

13.9 **New Facilities Agreement**

- 13.9.1 On 2 September 2016 the Company entered into a new facilities agreement (the “**New Facilities Agreement**”) with Lloyds Bank Plc as arranger, lender and agent (the “**Facility Agent**”). Under the New Facilities Agreement, a term loan facility of £30 million (the “**Term Facility**”), a revolving credit facility of £5 million (the “**Revolving Credit Facility**”) and a capital expenditure facility of £5 million (the “**Capex Facility**”) will be made available to the Company and certain of its subsidiaries. The New Facilities Agreement provides that these facilities will be available to the Company on a certain funds basis subject only to Admission and certain other ancillary matters which are within the sole control of the Company.
- 13.9.2 The Term Facility may be utilised by way of loans for the purpose of (directly or indirectly) refinancing the indebtedness of the Group, financing the transaction costs, associated with Admission and/or financing or refinancing the general corporate purposes of the Group. The Revolving Credit Facility may be utilised by way of loans and/or letters of credit for the purpose of (directly or indirectly) financing or refinancing the general corporate purposes and/or working capital requirements of the Group. The Revolving Credit Facility may also be utilised by way of ancillary facilities and bank guarantees provided by the lenders of the Revolving Credit Facility on a bilateral basis. The Capex Facility may be utilised by way of loans for the purpose of (directly or indirectly) funding capital expenditure of the Group.
- 13.9.3 The Term Facility will be split into two tranches: tranche A constituting 20 per cent. of the quantum of the Term Facility will be repaid in equal bi-annual instalments over the 5 year life of the facility, and tranche B constituting the remaining 80 per cent. will be repaid in one instalment on the date (the “**Termination Date**”) which falls 5 years after the date of signing of the New Facilities Agreement (the “**Signing Date**”). Each loan made under the Revolving Credit Facility will be repayable on the last day of its interest period. The interest period of a loan made under the Revolving Credit Facility can be one, two, three or six months or any such period as agreed by the Facility Agent. The scheduled final maturity date of the Revolving Credit Facility is the Termination Date. The Capex Facility will be available for drawing for the 3 year period after the Signing Date, and each loan made under the Capex Facility will be repaid in one instalment on the Termination Date.
- 13.9.4 The Company shall pay to Lloyds Bank plc (as arranger) an arrangement fee of £600,000 (being 1.5 per cent. of the principal amount of the new facilities). Interest will be payable on amounts drawn by way of loans under the New Facilities Agreement at a margin over LIBOR or, in the case of a loan in euros, EURIBOR ranging between 2.25 per cent. and 1.75 per cent. (depending on the ratio of net debt to EBITDA). Additionally, a commitment fee is payable on unutilised amounts under the Revolving Credit Facility and Capex Facility at a rate of 40 per cent. of the applicable margin. Customary annual fees are payable to the Facility Agent.
- 13.9.5 The facilities under the New Facilities Agreement will be unsecured and will benefit from guarantees from the Company and certain companies of the Group, including those companies which each represent at least 5 per cent. of the EBITDA, revenue and / or the gross assets of the Group (“**Material Companies**”). The Material Companies will, together with the other obligors under the New Facilities Agreement, represent at least 85 per cent. of the EBITDA, revenue and gross assets of the Group. Any Material Companies acquired after the signing of the New Facilities Agreement will be required to accede to the New Facilities Agreement within a practicable time period from such acquisition.
- 13.9.6 Utilisations under the New Facilities Agreement will be subject to satisfaction of certain customary conditions precedent (which shall be limited on a customary certain funds basis from and including the date of the New Facilities Agreement to and including the earlier of (a) 5 Business Days after Admission, and (b) 4 weeks from the date of the New Facilities Agreement).
- 13.9.7 The New Facilities Agreement also contains customary prepayment, cancellation and default provisions and customary representations and warranties (subject to certain exceptions and qualifications) and a financial covenant, including:

- 13.9.7.1 if required by a lender, mandatory prepayment of all utilisations provided by that lender upon the sale of all or substantially all of the business and assets of the Group or a change of control;
- 13.9.7.2 a financial covenant (tested quarterly) which require that the ratio of total debt to EBITDA, when tested, does not exceed a specified level (starting at 1.25:1 and decreasing to 1.00:1) with effect from and including the relevant period ending on or about 30 June 2020;
- 13.9.7.3 a financial covenant (tested quarterly) which requires that the ratio of cashflow to debt service does not exceed 1:1 at any time;
- 13.9.7.4 covenants that impose restrictions on the Group's ability to enter into mergers, incur additional financial indebtedness, make disposals, grant security or make a substantial change to the general nature of the business of the Group (in each case subject to certain exceptions);
- 13.9.7.5 voluntary prepayment of loans or letters of credit (subject to minimum amounts and prior notice);
- 13.9.7.6 events of default including non-payment, failure to comply with financial covenants, breaches of representation and other obligations, insolvency and cross default (in relation to certain other financial indebtedness of the Group, subject to a de minimis threshold), and unlawfulness, invalidity and repudiation of the finance documents (in each case, subject to customary grace periods and thresholds); and
- 13.9.7.7 certain ongoing financial information provisions.

Reorganisation

13.10 the documentation entered into in order to implement the Reorganisation, as summarised at paragraph 3.2 of this Part XV (*Additional Information*).

14. Litigation

There are not and have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during a period covering at least the previous 12 months, which may have, or have had in the recent past, significant effects on the Company and/or the Group's financial position or profitability.

15. Intellectual property

For details in respect of the Group's intellectual property, please refer to paragraph 10 of Part VII (*Information on the Group and Business Overview*).

16. Property/facilities

The Group's head office is located at Focus 31 West Wing, Cleveland Road, Hemel Hempstead Industrial Estate, Hemel Hempstead, Hertfordshire, HP2 7BW. In addition, the Group occupies a further 54 properties, all of which are leasehold and located in the United Kingdom.

<i>Name and Location</i>	<i>Use</i>
Ashford: 43/79 Station Road, Kent TN23 1PP	Centre
Basildon: Unit 19 Festival Way, Festival Leisure Park Basildon SS14 3WB	Centre
Basingstoke: Basingstoke Leisure Park, Basingstoke, RG22 6PG	Centre
Bentley Bridge: Unit 4 Bentley Bridge, Bentley Bridge Way Wednesfield WV11 1BP	Centre
Birmingham (Parkway): Parkway, Birmingham Great Pk, Birmingham B45 9PL	Centre
Birmingham (Broadway Plaza): Broadway Plaza, Ladywood, Middleway, Birmingham, B16 8LP	Centre
Bolton: 25-27 The Link Way, Horwich, Bolton BL6 6JA	Centre
Bracknell: The Point, Skimpedhill Lane, Bracknell RG12 1EN	Centre
Bradford: Bradford Leisure Exchange, Vicar Lane BD1 5AH	Centre
Brighton: Brighton Marina, Brighton, BN2 5UT	Centre

<i>Name and Location</i>	<i>Use</i>
Bristol (Kingswood): Aspects Leisure Park, Longwell Green, Bristol, BS15 9LA	Centre
Bury: 11 Rock Place, Bury BL9 0JX	Centre
Cardiff: The Red Dragon Centre, 1 Hemmingway Rd, CF10 4JY	Centre
Carlisle: Currock Road, Carlisle Cumbria CA2 4AS	Centre
Cheltenham: The Brewery, Henrietta Street GL50 4FA	Centre
Crawley: Unit 2 Crawley Leisure Park, London Road RH10 8LR	Centre
Cribbs Causeway: The Venue, Cribbs Causeway, Bristol BS10 7SR	Centre
Cwmbran: Bowling Alley Leisure, Glyndwr Road, Cwmbran, NP44 1QS	Centre
Dunfermline: Leisure Unit2, 16 Whimbrel Place, Fife Leisure Park, Dunfermline, Fife, KY11 8EX	Centre
Eastleigh: Swan Centre, Eastleigh Hampshire SO50 5SF	Centre
Finchley: Gt North Leisure Pk, Chaplin Square, London N12 0QZ	Centre
Glasgow (AMF): Glasgow Bowl, Springfield The Quay, Glasgow G5 8NP	Centre
Glasgow (HWB): Barrbridge Road, Bargeddie Baillie, Glasgow G69 7TZ	Centre
Gravesend: Imperial Business Park, Westmill, Gravesend DA11 0DL	Centre
Hemel Hempstead: Focus 31 West Wing, Cleveland Road, Hemel Hempstead HP2 7EY	office
High Wycombe: Eden Shopping Centre 9 Denmark Street, High Wycombe HP11 2DB	Centre
Hull: Kingswood Leisure Pk, Gibraltar Road, Hull HU7 3DB	Centre
Leeds: 3 Cardigan Fields Road, Leeds LS4 2DG	Centre
Leicester: Meridian Leisure Pk, Brunstone LE19 1JZ	Centre
Liverpool: Montrose Way, Edge Lane Retail Pk L13 1EW	Centre
Maidstone: Lockmeadow Entertainment Centre, Maidstone, Kent ME16 8SF	Centre
Manchester: Aston Leisure Pk, Foldway, Ashton under Lyne OL7 0PG	Centre
Milton Keynes: XScape MK, Milton Keynes MK9 3XS	Centre
Norwich: Riverside Leisure Park, Norwich, Norfolk NR1 1ED	Centre
Oxford: Ozone Leisure Park, Grenoble Road, Oxford, OX4 4XP	Centre
Peterborough: Sturrock Way, Bretton, Peterborough PE3 8YF	Centre
Poole, Branksome (Poole Road): 382 Poole Rd, Poole, BH12 1DA	Centre
Poole (part of Branksome, Poole Road): The Bowling Bar at the Woodman, Pool Road, Branksome, Poole	Centre (part of)
Poole (Tower Park): Tower Park Leisure Complex, Poole, BH12 4NY	Centre
Portsmouth: Gunwharf Quays, Portsmouth, PO1 3TN	Centre
Rochester: Medway Valley Leisure Park, Rochester ME2 2SS	Centre
Sheffield: Valley Centertainment, Broughton Lane S9 2EP	Centre
Shrewsbury: Brixton Way, Harlescott, Shrewsbury SY1 2HQ	Centre
Stevenage: Unit 5 Stevenage Leisure Pk, Kings Way SG1 2UA	Centre
Stirling: Forth Street, Riverside Stirling FK8 1UE	Centre
Stockton: Aintree Oval, Teesside Leisure Park, Stockton On Tees TS17 7BU	Centre
Surrey Quays: The Mast Leisure Park, 3a Teredo Street, London SE16 7LW	Centre
Taunton: Heron Gate, Taunton, Somerset TA1 2LP	Centre
Tolworth: Kingstone Road, Tolworth, Surbiton KT5 9PB	Centre
Torquay: Torwood Street, Torquay, Devon TQ1 1DZ	Centre
Tunbridge Wells: Knights Park, Longfield Rd, Tunbridge Wells, TN2 3UW	Centre
Washington: Galleries Retail Pk, Washington Tyne & Wear NE38 7SB	Centre
Watford: Woodside Leisure Park, Garston, Watford WD25 7JZ	Centre
Wellingborough: Victoria Retail Park, Wellingborough, Northants NN8 2EF	Centre
Wigan: Wallgate, Wigan WN3 4EA	Centre
Worthing: Worthing Bowl, Marine Parade, Worthing BN11 3PZ	Centre

17. Environmental issues

As far as the Directors are aware, there are no material environmental issues that may affect the Group or the Group's utilisation of its tangible fixed assets.

18. Working capital

The Company is of the opinion that, taking into account the bank facilities available to the Group, the working capital available to the Group is sufficient for its present requirements, that is, for at least 12 months from the date of this Prospectus.

19. No significant change

Save in connection with the Reorganisation, there has been no significant change in the financial or trading position of the Operating Group since 31 March 2016, the date to which the last audited consolidated financial information of the Operating Group was prepared.

20. The Disclosure and Transparency Rules

From Admission and for so long as the Company has any of its share capital admitted to trading on the main market of the London Stock Exchange, or any successor market or any other market operated by the London Stock Exchange, every Shareholder must comply with the notification and disclosure requirements set out in Chapter 5 of the Disclosure and Transparency Rules (as amended and varied from time to time) of the FCA Handbook.

Under the Disclosure and Transparency Rules, a shareholder is required to notify the Company of the percentage of its voting rights if the percentage of voting rights which he holds (directly or indirectly) reaches, exceeds or falls below three per cent. and each one per cent. threshold thereafter up to 100 per cent. The notification must be made within four trading days of the shareholder learning of the acquisition or disposal leading to the increase or decrease in his shareholding.

Shareholders are urged to consider their notification and disclosure obligations carefully as a failure to make the required disclosure to the Company may result in disenfranchisement.

21. Mandatory bids, squeeze out and sell out rules relating to the Ordinary Shares

Other than as provided by the Takeover Code and Chapter 28 of the Companies Act, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules that apply to the Ordinary Shares.

“Interests in shares” is defined broadly in the Takeover Code. A person who has long economic exposure, whether absolute or conditional, to changes in the price of shares will be treated as interested in those shares. A person who only has a short position in shares will not be treated as interested in those shares.

“Voting rights” for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting.

Persons acting in concert (and concert parties) comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. Certain categories of people are deemed under the Takeover Code to be acting in concert with each other unless the contrary is established.

21.1 Mandatory bid

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquirer and its concert parties to shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer (and depending on the circumstances, its concert parties) would be required, except with the consent of the Takeover Panel, to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by an acquisition of shares by a person holding (together with its concert parties) shares carrying between 30 and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person’s percentage of the voting rights in the Company.

21.2 Squeeze out

Under the Companies Act, if an offeror were to acquire 90 per cent. of the Ordinary Shares within four months of making the offer, it could then compulsorily acquire the remaining ten per cent. It would do so by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose shares are

compulsorily acquired under the Companies Act would in general be the same as the consideration that was available under the takeover offer.

21.3 ***Sell out***

The Companies Act also gives minority shareholders in the Company a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of shares to which the offer relates who has not accepted the offer can require the offeror to acquire his shares. The offeror would be required to give any shareholder notice of the shareholder's right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises its rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

21.4 ***Rule 9 disclosures***

Concert party presumptions

Under the Takeover Code, 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 (such as the Company) will generally be presumed to be acting in concert with each other.

On the basis of information provided to the Takeover Panel by the Company, the Takeover Panel has agreed that, notwithstanding such presumption, the Principal Selling Shareholder on the one hand, and the Management Selling Shareholders (or any of them), on the other hand, will not be presumed to be acting in concert with each other.

21.5 ***Company redeeming or purchasing its own shares***

When a company redeems or purchases its own voting shares, under Rule 37 of the Takeover Code any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9 of the Takeover Code. Rule 37 of the Takeover Code provides that, subject to prior consultation, the Takeover Panel will normally waive any resulting obligation to make a general offer if there is a vote of independent shareholders and a procedure along the lines of that set out in Appendix 1 to the Takeover Code is followed. Appendix 1 to the Takeover Code sets out the procedure which should be followed in obtaining that consent of independent shareholders. Under Note 1 on Rule 37 of the Takeover Code, a person who comes to exceed the limits in Rule 9.1 in consequence of a company's purchase of its own shares will not normally incur an obligation to make a mandatory offer unless that person is a director, or the relationship of the person with any one or more of the Directors is such that the person is, or is presumed to be, concert parties with any of the Directors. However, there is no presumption that all the Directors (or any two or more directors) are concert parties solely by reason of a proposed purchase by a company of its own shares, or the decision to seek shareholders' authority for any such purchase.

The Principal Selling Shareholder will not fall within the exception in Note 1 to Rule 37 in that it has the right to appoint a non-executive director to the Board of the Company pursuant to the Relationship Agreement (as described in paragraph 13.2 of this Part XV (*Additional Information*)).

Under Note 2 on Rule 37 of the Takeover Code, the exception in Note 1 on Rule 37 described above will not apply, and an obligation to make a mandatory offer may therefore be imposed, if a person (or any relevant member of a group of persons acting in concert) has acquired an interest in shares at a time when they had reason to believe that such a purchase of their own shares by the company would take place. Note 2 will not normally be relevant unless the relevant person knows that a purchase for which requisite shareholder authority exists is being, or is likely to be, implemented (whether in whole or in part).

21.6 **Other disclosures relating to Shareholders**

Other than as described in paragraph 8 of this Part XV (*Additional Information*) the Company is not aware of any persons who, as at the date of this Prospectus and immediately after Admission, directly or indirectly, jointly or severally, will exercise or could exercise control over the Company.

As of Admission, the Ordinary Shares will be the only class of share capital of the Company. All Shareholders will have equal voting rights and none of the Existing Shareholders will have different voting rights.

22. **General**

- 22.1 The expenses relating to the Admission and Offer, including the UK Listing Authority listing fee, professional fees and expenses and the costs of publication and distribution of documents are estimated to amount to £2.557 million (excluding VAT) and are payable by the Company. The Selling Shareholders have agreed to pay their expenses in connection with the Offer, including Investec's commissions, which are approximately £5.438 million, as well as any stamp duty or SDRT chargeable on the sale of their Ordinary Shares.
- 22.2 The auditors of the Operating Group for FY2013, FY2014 and FY2015 and for the six month period ended 31 March 2016 are KPMG LLP, whose address is 58 Clarendon Road, Watford, WD17 1DE. The auditors are a member firm of the Institute of Chartered Accountants in England and Wales.
- 22.3 Investec has given and has not withdrawn, its written consent to the issue of this Prospectus with the inclusion herein of its name and references to it in the form and context in which they appear.
- 22.4 Pragma has given and has not withdrawn, its written consent to the issue of this Prospectus with the inclusion herein of its name and references to it in the form and context in which they appear.
- 22.5 KPMG is a member firm of the Institute of Chartered Accountants in England and Wales and has given and has not withdrawn its written consent to the inclusion of the report in Part XI (*Historical Financial Information*) and the report in Part XII (*Unaudited Pro Forma Financial Information*), in the form and context in which it appears and has authorised the contents of those parts of this Prospectus which comprise its report for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.
- 22.6 The financial information contained in this Prospectus does not amount to statutory accounts within the meaning of section 434(3) of the Companies Act. There are no arrangements in existence under which future dividends are to be waived or agreed to be waived.
- 22.7 The Company confirms that where information in this Prospectus has been sourced from a third-party, the source of this information has been provided, the information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by that third-party, no facts have been omitted which would render the reproduced information inaccurate or misleading as at the date of this Prospectus.

23. **Documents available for inspection**

Copies of the following documents are available for inspection at the offices of CMS Cameron McKenna LLP, 78 Cannon Street, London, EC4N 6AF and at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months following Admission:

- 23.1 the Articles;
- 23.2 the written consents referred to in paragraphs 22.3, 22.4 and 22.5 of this Part XV (*Additional Information*);
- 23.3 the reports from KPMG set out in Part XI (*Historical Financial Information*) and Part XII (*Unaudited Pro Forma Financial Information*); and

23.4 this Prospectus.

In addition, copies of this Prospectus are available on the Company's website www.hollywoodbowlgroup.com, or through the National Storage Mechanism (NSM) website located at www.morningstar.co.uk/uk/nsm.

Dated: 16 September 2016.

PART XVI

DEFINITIONS

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

“2010 PD Amending Directive”	EU Directive 2010/73/EU
“Adjusted EBITDA”	earnings before income, tax, depreciation and amortisation adjusted for exceptional items
“Admission”	the admission of the Ordinary Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities
“AGM”	annual general meeting
“AMF”	the brand ‘AMF Bowl’ used and operated by the Group at certain of the Centres
“Articles” or “Articles of Association”	the articles of association of the Company adopted (conditional on Admission) on 16 September 2016
“Audit Committee”	the audit committee of the Company established by the Board
“Auditors”	KPMG, being the Company’s auditors
“ATM”	automatic teller machine
“BAHL”	Bowling Acquisitions Holdings Limited, a private limited company incorporated in England and Wales with company number 07323629
“Board” or “Directors”	the board of directors of the Company
“Bowlplex”	Bowlplex Limited, a private limited company incorporated in England and Wales with company number 01250332
“Bowlplex Business”	the business operated at certain of the Centres owned and operated by Bowlplex and its subsidiary companies
“Bowlplex Centres”	the Centres operated under the Bowlplex brand, by Bowlplex or any of its subsidiary companies
“Business Days”	a day (other than a Saturday, Sunday or a public holiday) on which banks in the City of London are open for business generally
“CACI”	CACI Limited, a private limited company incorporated in England and Wales with company number 01649776
“CAGR”	compound annual growth rate
“Category C”	a machine defined as such under the technical standards and section 235 of the Gambling Act 2005, as amended from time to time
“Category D”	a machine defined as such under the technical standards and section 235 of the Gambling Act 2005, as amended from time to time

“Centre”	a ten-pin bowling centre operated by any member of the Group, together the Centres
“Centre Manager”	the general manager of a Centre, employed by any member of the Group
“CMA”	UK Competition and Markets Authority
“Companies Act”	the Companies Act 2006, as amended from time to time
“Company” or “Issuer”	Hollywood Bowl Group plc (a public limited company registered in England and Wales with registered number 10229630)
“CREST”	the UK-based system for the paperless settlement of trades in listed securities, of which Euroclear United Kingdom & Ireland Limited is the operator
“CREST Regulations”	the Uncertificated Securities Regulations 2001
“Criminal Justice Act”	the Criminal Justice Act 1993
“CRM System”	the customer relationship management system operated by the Group
“Customer”	a customer of the Group from time to time
“Disclosure and Transparency Rules”	the disclosure rules and transparency rules of the FCA made under section 73A(3) and 73A(6) of FSMA
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“Electra Partners”	Electra Partners LLP, a limited liability partnership incorporated in the UK with registered number OC320352
“EU”	the European Union
“Executive Directors”	the executive Directors of the Company, being Stephen Burns and Laurance Keen
“Existing Shareholders”	the holders of the Ordinary Shares in issue immediately prior to the sale of the Offer Shares
“F&B”	food and beverage
“FCA”	the UK Financial Conduct Authority
“FSMA”	the Financial Services and Markets Act 2000, as amended
“FY2013”	the financial period ended 30 September 2013
“FY2014”	the financial period ended 30 September 2014
“FY2015”	the financial period ended 30 September 2015
“FY2016”	the financial period ending 30 September 2016
“GDP”	gross domestic product
“Group”	the Company and its consolidated subsidiaries and subsidiary undertakings from time to time and “Group Company” refers to any one of these

“Historical Financial Information”	financial information for the Operating Group for FY2013, FY2014, FY2015 and for the six month period ended 31 March 2016 as set out in Section B of Part XI (<i>Historical Financial Information</i>) of this Prospectus
“Historical Period”	the period from 1 October 2012 until 31 March 2016 (both dates inclusive)
“Hollywood Bowl”	the brand ‘Hollywood Bowl’ used and operated by the Group at certain of the Centres
“Hollywood Bowl Centres”	the Centres operated under the Hollywood Bowl brand
“IASB”	the International Accounting Standards Board
“IFRS”	the International Financial Reporting Standards, as adopted by the European Union
“Investec”	Investec Bank plc, a public limited company incorporated in England and Wales with registered number 00489604
“IPO Deferred Share”	has the meaning set out in paragraph 3.2.4 of Part XV (<i>Additional Information</i>)
“ISIN”	International Securities Identification Number
“KPMG”	KPMG LLP, a limited liability partnership incorporated in the UK with registered number OC301540
“LED”	light emitting diode (light source)
“Listing Rules”	the listing rules of the FCA made under section 74(4) of FSMA, as amended from time to time
“London Stock Exchange”	London Stock Exchange plc (a public limited company registered in England and Wales with company number 02075721)
“LTA”	Landlord and Tenant Act 1954, as amended from time to time
“LTIP”	the Hollywood Bowl Group plc long term incentive plan
“Major Multiples”	operators which operate five or more centres
“Management”	Stephen Burns, Laurence Keen, Melanie Dickinson and Mathew Hart
“Management Selling Shareholders”	Stephen Burns, Laurence Keen, Peter Boddy, Melanie Dickinson, Mathew Hart, Mark Francis, Adrian Pritchard, Darryl Lewis and Will Etherington
“Market Abuse Regulation”	Regulation (EU) No 596/2014 of the European Parliament and of the Council
“Member States”	member states of the EU
“Nomination Committee”	the nomination committee of the Board
“Non-Executive Directors”	the non-executive directors of the Company being Peter Boddy, Nick Backhouse, Claire Tiney and Bill Priestley

“Offer” or “Offering”	the offer of the Offer Shares by the Selling Shareholders to certain institutional investors in the United Kingdom and elsewhere in offshore transactions outside the United States as defined in and made in reliance on, Regulation S, as described in Part XIII (<i>Details of the Offer</i>)
“Offer Price”	160 pence, being the price at which each Offer Share is to be sold under the Offer
“Offer Shares”	those Ordinary Shares being offered for sale by the Selling Shareholders pursuant to the Offer as described in Part XIII (<i>Details of the Offer</i>)
“Offeree”	each investor who applies to acquire Offer Shares under the Offer
“Official List”	the Official List of the FCA
“Operating Group”	Kanyeco Limited and its subsidiaries
“Operating Cashflow Conversion”	cashflow from operations less maintenance capital expenditure and tax
“Ordinary Shares” or “Shares”	the ordinary shares of 47 pence each in the capital of the Company
“Overseas Shareholder”	shareholders with registered addresses outside the United Kingdom
“Payback Period”	the period calculated by (i) comparing the weekly sales data for the relevant Centre with ‘normalised’ group weekly sales for the 52 weeks post the refurbishment (normalisation takes out opened, closed and refurbished sites so that comparison is made with the uninvested constant Centre portfolio); then (ii) taking the differential between the growth of the relevant Centre and the ‘normalised’ group as a proxy for the impact of the capital expenditure, and applying that to the post refurbishment revenue; and (iii) applying a margin to that revenue to calculate the payback period
“Placing Agreement”	the sponsor and placing agreement dated 16 September 2016 entered into between the Company, the Directors, the Selling Shareholders and Investec described in paragraph 13.1 of Part XV (<i>Additional Information</i>)
“Post Reporting Period”	the period from and including 1 April 2016 to 15 September 2016 (being the latest practicable date prior to the publication of this Prospectus)
“PRA”	the Prudential Regulation Authority
“Pragma”	Pragma Consulting Limited
“Pre-Admission Shareholders”	Each of Electra Private Equity Partners 2006 Scottish LP, Electra Investments Limited, Stephen Burns, Mark Francis, Adrian Pritchard, William Etherington, Laurence Keen, Melanie Dickinson, Darryl Lewis, Peter Boddy and Mathew Hart
“Principal Selling Shareholder”	Electra Private Equity Partners 2006 Scottish LP
“Prospectus Directive”	EU Prospectus Directive (2003/71/EC), and amendments thereto, including the 2010 PD Amending Directive
“Prospectus Directive Regulation”	regulation number 809/2004 of the European Commission

“Prospectus Rules”	the prospectus rules of the FCA made under section 73A of FSMA, as amended from time to time
“Refurbished Centres”	those Centres refurbished since the start of FY2014 excluding the Centres located in Cardiff, Hull and Bolton and the recently converted Bowlplex sites
“Registrar”	Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
“Regulation S”	Regulation S under the Securities Act
“Relationship Agreement”	the relationship agreement between the Company, the Principal Selling Shareholder and Electra Partners dated 16 September 2016 and described in paragraph 13.2 of Part XV (<i>Additional Information</i>)
“Relevant Member State”	each member state of the EEA which has implemented the Prospectus Directive
“Remuneration Committee”	the remuneration committee of the Board
“Reorganisation”	the Group reorganisation described in paragraph 3 of Part XV (<i>Additional Information</i>)
“Restricted Jurisdiction”	means Australia, Canada, the Republic of South Africa, New Zealand, Japan and the United States
“RPI”	retail price index
“SAYE Plan”	the Hollywood Bowl Group plc save as you earn plan
“SDRT”	stamp duty reserve tax
“SEC”	the US Securities and Exchange Commission
“Securities Act”	the US Securities Act of 1933, as amended
“SEDOL”	the Stock Exchange Daily Official List
“Selling Shareholders”	the Shareholders who intend to sell Ordinary Shares pursuant to the Offer, being the Principal Selling Shareholder, Electra Investments Limited and the Management Selling Shareholders
“Senior Managers” or “Senior Management”	those persons who are set out as senior managers at paragraph 1.2 of Part VIII (<i>Directors, Senior Management and Corporate Governance</i>)
“Share Plans”	the LTIP, the SAYE Plan and the SIP
“Shareholders”	the holders of the Ordinary Shares in the capital of the Company from time to time
“SIP”	the Hollywood Bowl Group plc share incentive plan
“Statutes”	every statute (including any statutory instrument, order, regulation or subordinate legislation made under it) concerning companies that are incorporated in England and Wales to the extent that it is for the time being in force or (where the context requires) was in force at a particular time, including the Companies Act, the Insolvency Act 1986 and the CREST Regulations

“Takeover Code”	the UK City Code on Takeovers and Mergers
“Takeover Panel”	the panel charged with monitoring compliance with the Takeover Code
“TOBC”	The Original Bowling Company Limited, a private limited company incorporated in England and Wales with company number 05163827
“TOBC Business”	the business operated at certain of the Centres owned and operated by TOBC and its subsidiary companies
“TOBC Centres”	the Centres operated by TOBC or any of its subsidiary companies
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UK Corporate Governance Code”	the UK Corporate Governance Code dated September 2014 issued by the Financial Reporting Council
“United States” or “US” or “USA”	the United States of America, its territories and possessions, or any State of the United States of America and the District of Columbia
“US Persons”	“US Persons” as defined in Regulation S
“VAT”	value added tax



hollywood bowl group