**Information Memorandum**

**HOLMES INVESTMENT PROPERTIES PLC**

**Incorporated and registered in England and Wales under Company Number 10292157**

**Admission to the National Stock Exchange of Australia (NSX)**

**Highgate Corporate Advisors Pty Ltd Nominated Adviser**

**Application for up to 2,076 Ordinary Shares** (50 Euro cents / GBP£0.43 per share)

**The text of this Document should be read in its entirety. An investment in Holmes Investment Properties PLC involves a high degree of risk and attention is drawn in particular to the section entitled “Risk Factors” in this Document. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.**

The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the **“Securities Act”**), or under any state securities laws and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S promulgated under the Securities Act) except in certain transactions exempt from registration under the Securities Act.

No person has been authorised to give any information or make any representation other than that contained in this document.

All references in this document to **Sterling** and **£** refer to the currency of the United Kingdom.

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EXPECTED TIMETABLE OF EVENTS

Publication of this document **1st October 2016**

Admission and dealings to commence Ordinary Shares **30th October 2016**

**COMPANY DETAILS ON THE NSX Market**

ISIN ?

Ticker Symbol ?

**FORWARD-LOOKING STATEMENTS**

This Document may contain forward-looking statements. These statements relate to the Company's future prospects, developments and business strategies.

Forward-looking statements are identified by their use of terms and phrases such as "believe", "could", “anticipate”, "intend", "may", "plan", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These statements are primarily contained in Part I of this Document.

The forward-looking statements in this Document are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. Certain risks to and uncertainties for the Company are specifically described in Part II of this Document headed "Risk Factors". If one or more of these risks or uncertainties materialises, or if underlying assumptions prove incorrect, the Company's actual results may vary materially from those expected, estimated, or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements.

These forward-looking statements speak only as at the date of this Document. Neither the Directors nor the Company undertake any obligation to update forward-looking statements or the Risk Factors described in this Document other than as required by the **NSX** Market or by the rules of any other relevant securities regulatory authority, whether as a result of new information, future events or otherwise.

The following definitions apply throughout this Document unless the context otherwise requires

|  |  |
| --- | --- |
| “Admission” | Admission of the Ordinary Shares of the Company to trading on the NSX Market in accordance with the NSX Market Rules |
| “Information Memorandum” or “Document” | This document |
| “Admission Date” | The effective date of Admission |
| “Articles” | The articles of association of the Company, as amended from time to time |
| “Board”  “CD”I  “CDN” | The board of directors of the Company whose names appear on page 2 of this Document  means a CHESS Depositary Interest with each CDI being a unit of beneficial interest in one corresponding share registered in the name of CDN  means CHESS Depositary Nominees PTY Ltd Acc [ ] |
| “Companies Act” | Means the Companies Act 2006 |
| “Company” | Holmes Investment Properties PLC, a company incorporated in England and Wales under Company Number **10292157** |
| “Directors” | The executive and non-executive directors of the Company at the date of this Document whose names are set out on pages 2 and 11 of this Document and “Director” means any one of them |
| “FCA” | The Financial Conduct Authority |
| “NSX” | Means National Stock Exchange of Australia Ltd |
| “NSX Market Rules” or “the Rules” | The Rules for Issuers containing application requirements for admission to NSX Market and requirements as to the continuing obligations of Issuers once admitted and the guidance notes |
| “Net Asset Value” | The total assets of the Company less its liabilities (including accrued but unpaid fees) |
| “Sterling” or “£” | The official currency in the United Kingdom |

**Letter from the Chairman**

When I retired from professional tennis many years ago, I saw an opening in the leisure market. I felt I could give the same opportunity that I had to millions of people. Until then many perceived that high quality tennis and leisure clubs were the preserve of a few. I believed I could open the market to a much broader population. So, I found locations and started to build David Lloyd sports and racket clubs in towns and cities across the UK. The company that still bears my name today was purchased for £925M in 2007 and again for £750 million in 2013 and has been followed by many competitors. By 2015, 9.2 million people were members of leisure clubs in the UK, that’s 14.3% of the population, a statistic I am very proud of.

The leisure market continues to diversify and new opportunities have come along in different sports. I am now committed to making these available to a broader population. My new idea could therefore, be an even more popular proposition than my successful forays in sports and leisure in the past.

My plan is to put fun, energetic, rare-to-find activities together, led by an incredible trampoline offer, where over 100 trampolines are connected for guests to bounce and somersault around the whole venue. There will be complementary sports, such as zip-wire adventures, climbing “cardio” walls, soft play for the under 5s and internal crazy golf courses, which are great fun for everyone.

The benefits of these simple-to-learn sports are they can be enjoyed by individuals and families and at all ages. The other good news is that these activities can be delivered in small spaces, which can be found in easy-to-get-to locations.

In leisure centres today, food is almost an after-thought, with regimented bland pizza and chips on offer, not for enjoyment but for fast consumption which is quickly forgotten! Themed restaurants have proven that food can be interesting, healthy and entertaining. Fun, fresh, quality food can be offered anywhere with proper application, and that’s exactly what I aim to do in our new sports and leisure venues.

My new business proposition offers two bites of the monetary cherry: Delivering hard-to-find sporty activities and fun, fresh food situated on relatively low cost, small scale sites in convenient locations that will appeal to all ages, all individuals and all families. Add in my brand name; known and trusted in this arena for more than 30 years, and I believe we will have a fast growing business very quickly. In fact, I already have the first venue open, in the suburbs of London. It was cash positive from day one of launch, a gross profit was achieved in month one and my aim is that all investment will be paid back by the end of year one. When I add my name to the concept, I hope it will grow its popularity further. Our first adventure park, the MegaJump centre in London, overseen by my son, Scott and I is already a post-revenue company.

As our first venue has made a net profit before tax, I want to offer the brand to the whole country, and in the future, across Europe too. Therefore, I need to act fast to ensure market leadership. The challenge for me, and why I have come to the market, is raising money to purchase a number of sites and fitting out the new centres. Land costs in UK towns and cities are now significantly higher in relative terms to when I started out in 1982. Therefore, the success of the venture is as dependent on property skills as much as it is leisure operating skills. The property element is the catalyst for the operation. That’s why I have teamed up with a group of senior property professionals to form Holmes Investment Properties Plc (HIP Plc). HIP Plc will be led by the Holmes family. Like me, they have run eponymous businesses for many decades. Mr Holmes senior started his surveying company back in the 1950s. Then Robert Holmes, his son, began his highly successful property investment company in Wimbledon Village in 1987. Robert’s sons, James and Nick Holmes, are involved in their father’s agency, their own property dealings, and now HIP Plc.

This listing brings the property element to the market. Holmes Investment Properties will fund sites and the development then charge a pre-agreed, long-term contractual rent of 8% per annum on each site to the operating company, David Lloyd Adventure Parks (DLAP). Each site will have a 50-year minimum contract between HIP and the DLAP operating company. We have faith in the sixty years of property experience that the Holmes family have delivered. With a ready-made market, HIP Plc will have a head start working with a post-revenue company with another well-known, successful family brand name. I will act as Executive Chairman for DLAP and be connected with HIP as non-executive Chairman for the property company, as well as 15% shareholder in HIP Plc. I hope you can support our new adventure; I think it will be very exciting for all of us.

David Lloyd

Chairman,

Holmes Investment Properties

**2.Details of the offer**

**2.1Description of the offer**

**This Information Memorandum invites investors to apply for a total of [ ] COIs. The Offer is for the issue of [ ] COIs at the Offer Price of [ ] per COI.**

Each CDI entitles its holder to one underlying Share. All Shares represented by CO is offered under this Information Memorandum will rank equally with the existing Shares already on issue in the Company, and entitle the holder to one to vote per Share held.

The [ ] CO is and the underlying Shares will represent [ ] of the [ ] issued Shares in the Company at the completion of the Offer.

2.2 What are COIs?

The Company is incorporated in the United Kingdom, which does not recognize the CHESS which does not recognize the CHESS system of holding securities or electronic transfer of legal title to shares. To enable companies to have their securities cleared and settled electronically through CHESS, depository interests called CHESS Depository Interests (COIs) are issued. COI Holders receive all of the economic benefits of actual ownership of the underlying shares. COIs are traded in a manner similar to shares of Australian companies listed on the NSX.

CDIs will be held in uncertificated form and settled/transferred through CHESS. No share certificates will be issued to CDI Holders. Shareholders cannot trade their Shares on NSX without first converting their Shares into COIs.

Each COI represents one underlying Share. The main difference between holding CDls and Shares is that CDI holders hold the beneficial ownership in the Shares instead of the legal title. CDN, a subsidiary of the Australian Stock Exchange Limited (ASX), will hold the legal title to the underlying Shares. The Shares underlying the CDls will be registered in the name of CDN and will be held on behalf of and for the benefit of the CDI Holder. CDls will be CHESS approved from the date of official quotation in accordance with the Listing Rules and the ASX Settlement Operating Rules. The Shares underlying the CDls will rank equally with the Shares currently on issue in the Company. A summary of the key rights attaching to COis and shares is set out under the headings "Rights and Obligations Attaching to Shares" and "Rights of CDI Holders” in Part IV, sections 1 and 2.

COI Holders can choose to have their CDls converted to a direct holding of Shares, however, if they do so they will no longer be able to trade on NSX. Similarly, subject to any restrictions under applicable law, holders of Shares may choose to convert their Shares to CDls to enable them to trade on NSX.

**EXECUTIVE SUMMARY**

**KEY HIGHLIGHTS**

Holmes Investment Properties brings together two well-known family names – The Holmes and the Lloyd families; experts in their respective fields, to establish a unique company that creates value and dividend returns through property investment delivered within the fast growing leisure market.

HIP Plc’s family-backed management brings experience, specialist market knowledge and relationships with high-quality development partners acting as the property company to the David Lloyd Adventure Parks operating company. HIP Plc has an exclusive long-term contractual relationship with DLAP, which will deliver a pipeline of an initial twelve planned adventure parks venues over the next five years, with aspirations for a total of eighty centres throughout the UK with the possibility of further growth into Europe. Mr David Lloyd, on behalf of the David Lloyd Adventure Parks operating company is already searching for sites in 35 targeted UK cities in an effort to open the next centres by January 2018.

The key highlights of the Company include:longer term, constant growth ofstment with returns over the medium term rather short term.p the longer term, constant growth of

A long-term contractual relationship with the DLAP Company and brand, which is backed by one of the most successful names in the UK leisure market. Mr David Lloyd built and managed the most profitable leisure centre organisation in the UK, based on value of each property at £8.2M per centre (source: TDR Capital on sale in 2013), the most number of members (DL Website) and the highest profit per club (David Lloyd annual accounts, 2012).

The first Adventure Park (called MegaJump), already open in North London will exceed a profit before tax of £600,000 in its opening year, a significantly higher than average return compared to the main leisure operators in the UK including Virgin Active (£464,000 per club, source Virgin Active annual accounts average) and Bannatyne’s leisure centres (average £121,000 per annum per club. Annual accounts 2015, average profit per club).

In addition, there is a shareholder link with David Lloyd confirmed as non-executive Chairman of Holmes Investment Properties. HIP Plc will also have a 15% shareholding, (contracted prior to HIP Plc’s listing) in the David Lloyd Adventure Parks operating company to complete the strength of relationship. longer term, constant growth ofstment with returns over the medium term rather short term.p the longer term, constant growth of longer term, constant growth ofstment with returns over the medium term rather short term.p the longer term, constant growth of longer term, constant growth ofstment with returns over the medium term rather short term.p the longer term, constant growth of longer term, constant growth ofstment with returns over the medium term rather short term.p the longer term, constant growth of

A “ longer term, constant growth ofstment with returns over the medium term rather short term.p the longer term, constant growth ofcontract with a purpose” to fund, purchase and build at least twelve David Lloyd Adventure Parks Centres over the next four years. The aspiration is for up to eighty adventure parks across the UK, with the possibility of expanding into mainland Europe too. Holmes Investment Properties will own each site and will have a minimum 50-year lease with the MegaJump Company with a guaranteed 8% yield with upwards only rent reviews (Appendix 4: contract).

HIP Plc has executives and employees with over 30 years’ experience in the leisure market; in particular Mr David Lloyd plus the expertise of Mr Lloyd’s son, ex-Managing Director of David Lloyd Leisure Centres, Mr Scott Lloyd plus the benefit of an ex-Walt Disney World theme park executive.

HIP Plc will have aloyd acting as non-executive Chairman of Holmes InvestmetnProperties.g leisure market, as well asdelivers g term contractual rccess to the proven real estate expertise in the UK property market through Mr Nicolas Holmes, partner at Robert Holmes & Co, and Mr Martin Helme, CEO of Robert Holmes, which is a long established market-leading premium property investment and development in London. Furthermore, Mr Charles Gregory is the Chairman of London Commercial properties, a property development company in the UK.

The summary of the Offer is below:

PART I

INFORMATION ON THE COMPANY

**Introduction**

Holmes Investment Properties Plc was recently incorporated on 22nd July 2016 in England and Wales as a public limited company with registration number 10292157.Its Registered Office is at 106 Mount Street, London W1K 2TW

**Principal Activities**

Holmes Investment Properties has been established exclusively to fund and build new leisure centres for the operating company known as David Lloyd Adventure Parks (DLAP).

The current plan is for DLAP to open twelve venues by 2021 for which HIP Plc will finance the purchase of the land plus develop the infrastructure and shell of the property. The operating company, DLAP will be responsible for the discovery of sites, planning permission, fit out, management and marketing of each centre.

The Company will be an exclusive partner with the David Lloyd Adventure Parks operating company, in which HIP Plc will have a 15% shareholding. A full contractual relationship between the Company and DLAP has been concluded. The DLAP relationship ensures that HIP Plc has a ready-made demand for its services.

Holmes Investment Properties will raise the finance for each adventure park through equity and borrowings. HIP Plc has confirmed borrowings of £42M to date. (Appendix 5). This will allow borrowing covering 60% of the price of land acquisition and for 100% of the development of the land.

HIP Plc will then charge an 8% rent on a minimum 50-year contract with DLAP with upward only rent reviews. HIP Plc will be full owners of the land.

The Directors are of the opinion that the funds raised are sufficient for the Company to carry out its business plan, to identify and carry out due diligence on potential acquisitions and investment targets and to provide working capital for the Company’s initial operations in line with its strategy.

**3. The Market**

The UK leisure market was worth £4.08 billion in 2014 (source: Savills), up 3.9% on 2013, with at least 6,112 leisure facilities in the UK and continues to grow by more 150 venues annually.

In 2016, the UK is in the seventh year of economic growth (Bank of England report) and consumers are spending more of their disposable income on leisure-based activities. This has led to a resurgence from leisure activities as a plethora of diverse new entrants are seeking space in the UK; offering activities such as adventure golf, laser combat and high-wire, zip wires and trampolining.

In DLAP’s primary leisure offering, trampolining, The International Association of Trampoline Parks (IATP) estimates that by the end of this year there will be more than 550 indoor trampoline parks open worldwide. Compare this to more than 100,000 leisure centres around the globe and the opportunity is huge and will grow fast in the western world over the next 5 years. A tipping point has been reached and the market is ripe for exploitation.

A number of overseas trampolining operators have begun to establish themselves although none yet have more than 5 centres. This includes Gravity, Gravity Zone, Gravity Force and Skyzone, who are all on the search for new sites. There are at least 43 trampoline focussed clubs, with as many as 19 additional centres planned. The market is small, but growing fast, with the number of venues forecast to grow by 50% in the next year or so, therefore the opportunity is very much of the moment.

Samantha Lyster, Journalist at Property Week says: “Trampoline parks already seem to be catching landlords’ attention, and if more property owners become convinced of their potential, trampolining could be poised to become the country’s new fitness craze.”

Steve Henderson, retail director at Savills, says “The first Gravity trampoline park at Xscape in Yorkshire, has had a very positive effect on footfall figures…the parks are an ideal way for landlords to fill space that doesn’t appeal to retailers and we are now looking for additional units between 6,000 sq ft and 16,000 sq ft in high footfall areas such as shopping centres, high streets and retail or leisure parks.”

Transaction volumes in the core UK leisure markets of leisure parks, restaurants, health & fitness, bingo/bowl and cinemas was £3.29B in 2014. Development has been driven by increased consumer spend.

Holmes Investment Properties Plc have agreed to finance the property investment in the business, by the acquisition of suitable sites - subject to planning - and building the Park with an agreed sale and leaseback arrangement with Megajump with a minimum 50-year contract. The plan is to raise the capital to develop the model in twelve sites across the UK, from 35 potential cities as follows:

Bath Leeds

Bedford Maidenhead

Borehamwood Middlesborough

Bournemouth New Malden

Bradford Newquay

Braintree Orpington

Brighton Oxford

Cambridge Reading

Canterbury Swindon

Chigwell Tonbridge

Crawley Sunderland

Croydon Uxbridge

Durham Watford

Exeter Weybridge

Harlow Winchester

Ilford Windsor

Leatherhead Worcester

York

Map

Once the twelve centres are open with revenue flowing in, the plan is to accelerate the strategy with a longer term aim to build up to eighty adventure parks in the UK, and then beyond into Europe, with a further opportunity for a franchising model further afield.

Holmes Investment Properties have secured funding to purchase the first twelve sites and build venues for new sites. This will cover 60% of the cost of land purchase and 100% of the building costs.

**3.1. The Adventure Parks proposition**

Central to all adventure parks will be trampolining. The first adventure park, MegaJump is the ultimate family trampoline destination with sessions and activities to suit everyone. The Company’s premier site was launched in January 2016 located in London. It has a 12,000 Sq ft. jump zone where customers bounce their way through 117 interconnected trampolines. With the significant financial and end-user satisfaction with the first site, the Company is now looking to expand the business.

The management team believe that David Lloyd Adventure Parks provide the safest trampoline equipment possible and features only UK designed and manufactured equipment. Trampoline parks have proved to be a very successful business in the US, which had about forty such attractions in 2011. Management understands that number has increased significantly to an estimated three hundred either in operation or under construction. The management team believe that there is generally an increased emphasis on lifestyle-based activities and the desire to take part in something different, the market for active leisure and lifestyle-oriented entertainment is one of the fastest growing sectors of the leisure industry.

The Directors believe that a strategy focused on acquiring sites allowing purpose built venues will build competitive advantage and build sustainable value. The creation of larger venues with a total operating area of up to 60,000 Sq. ft. will allow the provision of complementary facilities such as rope courses, dodge ball, climbing “cardio” walls, crazy golf, zip line and outdoor facilities for the summer.

The David Lloyd Adventure Parks model is scalable across the whole of the UK and Europe. The rate of expansion of adventure parks in Europe is slower than the UK, creating a potentially significant opportunity for the Company. This is a post-revenue Company with demonstrable proof of concept with significant growth prospects and led by a highly experienced and competent management team

**3.2 Investment strategy**

**3.2.1 Use of proceeds**

The proceeds from the equity raised by listing will fund and build the first twelve venues. HIP’s total cost of acquisition and build per property is a planned £3.1M. The site acquisition cost will average £600k and the build costs per site will be approximately £2.5M. HIP Plc has secured borrowing for the first twelve sites as follows: For 60% of the purchase cost and 100% of the build cost. Therefore, for each site, HIP Plc will use just £240k of the equity per site to acquire the land in addition to building out the site. Therefore, to develop twelve sites for opening and ready to pay 8% rent – typically £480k per annum per site - HIP Plc will use just £2.88M of the equity raised. In the first year, post-listing, equity will be used for overheads amounting to £50k to year-end 30th April 2017 and then £354k as working capital until revenue covers costs from December 2017 and repays costs by May 2018.

The Adventure Park operating company will find land and agree a purchase price with the owner (and HIP). Pre-purchase, the operating company will gain planning permission. Post-planning permission, Holmes Investment Properties will then use the proceeds of the equity, with confirmed borrowings, to acquire the sites. The planning permission will increase the value of the site to £2M. Based on an investment of £3.1m per site, HIP will revalue each site at £6.2m within 18 months. The site will be leased back to DLAP on an 8% yield with a 50-year minimum contract. On listing, the HIP Plc would be given an allocation of 15% in the Ordinary Shares of the operating company, adding further to the financial returns and valuation of HIP Plc.

Based on the preliminary illustrative financial model, HIP’s investment could generate a cumulative £45m in profit before tax after 5 years.

The operating company will target areas where there are sites suitable for leisure venue:

* Where more than 1 million people can get to the site within 45 minutes by car or public transport.
* Brownfield sites preferred.
* For purchase with likelihood of planning permission including car parking.
* Sites suitable for an adventure park, which is accessible and easy to see from road network.

**3.3 Competition**

The known property companies that are supporting leisure companies in the UK is M&G investments, which has a sale and lease back deal with Bannatyne’s Leisure Centres. The 39 sites purchased by M&G Investments for £92M. There are 19 operators of Trampoline parks in the UK, with 43 known current venues, whilst KPMG claim there maybe up to 90 current centres.

**4. BUSINESS STRATEGY**

**4.1 Immediate Plan - first 2 years**

Source, purchase & fit out six adventure parks from the 35 cities chosen by the David Lloyd Adventure Parks operating company in conjunction with HIP Plc.

**4.2 Medium-term plan – years 3 and ahead**

Roll out the adventure park concept to six more sites by end of 2019, in time for the Tokyo Olympics excitement in Summer 2020.

**5. Management experience**

The Directors will manage the business and have overall responsibility for the Company’s activities including its property investment activities and reviewing the performance of the Company.

The Company will not employ a large number of professional staff, as the Directors believe that it will be cost effective for these services to be contracted.

In addition to the above, the Company has at its disposal the services of Robert Holmes & Co Limited, who have built a strong reputation for selling and acquiring buildings and sites for development, refurbishment and investment in southwest London. They have a team of very experienced property experts within the company, each with nearly 30 years’ experience of sourcing land and building projects, putting together development teams of planners and development consultants, chartered surveyors, architects and structural engineers to ensure that the maximum potential returns on the value of buildings and development land is realized.

Over the years Robert Holmes & Co has built up excellent relationships with a wide number of reputable, national and local development companies, including, The Berkeley Group, Octagon, Shanly Homes, Chester Row, London Square, Groveland Estates, Indigo Scott & Kubik Developments as well as many others.

As well as the Robert Holmes expertise, the directors have direct experience property development with David Lloyd as Chairman, (David Lloyd Leisure and David Lloyd Signature Homes), and Martin Helme as CEO (financing for Caridon Property and development in Brentford, and Charles Gregory, Chairman of London Commercial Properties.

The current composition of the Board and Senior Management is as follows:

**6. Board of Directors**

**David Lloyd (Age 71, Independent Non-Executive Chairman)**

Mr. Lloyd was born on 3rd January 1948 in the Great Britain. Mr. Lloyd and his younger brother, John Lloyd were two of the most successful British tennis players throughout the 1970s and 1980s.

Following retirement from professional tennis, Mr. Lloyd worked for a number of years as a coach at a tennis club in Canada. Here he got the idea of creating his own tennis and health club in the UK and on his return to Britain, he founded the David Lloyd Leisure Clubs, opening the first club in Heston, near Hounslow in west London, in 1982. It was a pioneering concept in health and fitness: family oriented clubs with an emphasis on tennis. The business was floated on the London Stock Exchange in 1992 and by 1995, there were 18 David Lloyd Leisure clubs, when Whitbread Plc acquired the company for a reported £200 million, a record in the City at that time, incorporating it into its Restaurants & Leisure Division. Lloyd remained as managing director of the division until 1996.

Mr. Lloyd, together with his son Scott, went on to create Next Generation fitness clubs and in 2007, London & Regional Properties in partnership with Bank of Scotland, acquired David Lloyd Leisure from Whitbread and incorporated Next Generation into the group for £925M.

Mr Lloyd has specific experience in finding sites and in particular developing eighteen significant leisure centres, some of the biggest leisure venues in the country. Mr Lloyd found sites, gained planning permission and funding, and built each of his first eighteen David Lloyd Centres from scratch. Mr Lloyd has thirty years’ experience in successful, large leisure-orientated building projects in the UK and across the world, creating highly valuable top-quality venues.

In 2013 the David Lloyd group was purchased by TDR Capital for £750M and now includes 91 UK and European David Lloyd Leisure Clubs including two exclusive Harbour Clubs and five David Lloyd Studios, with a membership of around 440,000 and employing some 6,000 staff. (Company website). The average David Lloyd leisure centre was valued at £8.2M, far higher than any competitor sites, which are valued on average between £3-4M. (Source: Virgin Active Annual Accounts 2015/Bannatyne’s public statement 2015).

David Lloyd is arguably the most successful leisure operator in the UK. David Lloyd Clubs are valued at £8.2M per club (when purchased by TDR Capital) and had a higher profit than competitors (last public figures available 2012). David Lloyd clubs also have more members per club, higher revenue per club and it is believed higher profitability per club than all of its competitors.

Following the sale of the leisure business, Mr. Lloyd turned his attention to real estate and developed the highly acclaimed Sugar Hill Resort in Barbados, where purchasers included superstars, Sir Cliff Richard, John Lodge of the Moody Blues and famous entertainers.

He later founded David Lloyd Resorts, a holiday property shared-ownership concept. More recently, David Lloyd Signature Homes, was established, a property sales business specializing in French Alpine ski properties and also featuring high quality properties in St Tropez, Monaco, a wine estate near Cap d'Agde in the Languedoc region, city centre apartments in Lisbon Portugal and a beach-front resort in Mauritius.

**Mr. Martin Helme, Director**

Mr Helme is Group Chief Executive of the Robert Holmes group of companies, and is tasked with managing the group’s expansion. He qualified as a Chartered Accountant with Arthur Andersen and spent 10 years in senior Finance Director roles in the UK and the Far East with blue chip Plc companies, and was Group FD of a quoted distributor of fashion and textile group.

In 1990, he organised a management buy in of the retail company Global Village and wholesale business and built this up with a multi-branch network across southern England. More recently, he opened another retail business based in South East and he has further specialised in UK property development companies and raised £50 million for a developer in London of commercial to residential conversions.

**Nicolas Holmes, Director**

Nick joined the family business, Robert Holmes & Co full time recently to maintain service excellence in the age of technology. Customer expectations now includes device-driven communications and Nick is driving this forward to maintain current clientele and expand the company’s client base. Aged 40, he provides family succession together with the two existing directors. Nick has always focused on building client relationships and sales. Nick has an entrepreneurial spirit, proven by the building up of his own art gallery in Chelsea, where he had a loyal following of customers and artists. Since 2014, Nick has been actively involved in developing properties and acting as a Director in HIP Plc will be a seamless extension of his current duties and business activities.

**Mr. Bernard Sumner, Company Secretary**

Bernard begun his career in chartered accountancy and then took up a position in banking in 1969 and spent the next twenty years with United Kingdom and Canadian banks specializing in commercial banking and corporate finance. During that time, he became professionally qualified in banking and also as a company secretary.

In the late 1980s he set himself up as a financial consultant assisting companies in arranging bank and equity funding.

He joined a corporate advisory services company in 2003 and has acted for a wide range of companies either listed or preparing to list on the ‘small cap’ markets of the London Stock Exchange, as Company Secretary, looking after statutory and compliance issues, and providing financial management services.

In 2010 Buckingham Corporate Services Ltd was incorporated, which is owned and controlled by him and his colleague Julie Eve and through which those same services continue to be provided.

**Charles Gregory, Director**

**Details here for Mr Gregory.**

**7. Conflicts of Interest**

The Directors’ roles are not exclusive to the Company and the Directors may be directors of companies with similar business interests. The Directors will act with honesty and integrity and will seek to promote the success of the Company for the investors when selecting investments and making business decisions.

Each of the Directors have a statutory duty (i) under section 175 of the Companies Act 2006 to avoid a situation in which he has, or can have, a conflict of interest or a possible conflict of interest with the Company's interests; (ii) under section 177 to declare an interest in a proposed transaction or arrangement with the Company and (iii) under section 182 to declare an interest in an existing transaction or arrangement with the Company and the Directors shall adhere to these statutory requirements.

**8. Corporate Governance**

The Directors recognise the importance of corporate governance and intend, in so far as is practicable given the Company’s size and the constitution of the Board, to comply with the main provisions of the QCA Corporate Governance Code for Small and mid-sized Companies 2013. An Audit Committee will be established comprising of the Chairman and Bernard Sumner as the senior non exec Director. No Remuneration Committee will be established; remuneration will be decided by the whole board. The Directors will ensure that the Company maintain policies and procedures, and have the requisite skills available and arrangements in place, to ensure that the requirements of the listing status on NSX Market are met for all accounting matters associated with the Company.

**9.Dissemination of Regulatory News**

The Directors and Senior Management have arrangements in place to disseminate regulatory information to the market in accordance with the NSX Rules and applicable laws and regulation. Regulatory information to the Company is also available to the general public through the NSX website https://www.**nsx**a.com.au/

**10. Working Capital**

The Directors are of the opinion that, having made due and careful consideration, consider the Company to have sufficient working capital for its requirements that is for at least the next 12 months from the date of Admission

**11. Dividend Policy**

The Company is primarily seeking to achieve capital growth for its Shareholders and it is the Board’s intention during the current phase of the Company’s development to retain future distributable profits and only recommend dividends when appropriate and practicable. The Directors do not intend to declare a dividend until the Company has achieved sufficient profitability and that it is commercially prudent to do so having regard to the resources needed for the Company’s growth.

**12.Share Option Scheme**

The Company does not operate any share option scheme.

**13.Lock-in Deed**

Shareholders will be locked in until one year after listing.

**14.Share Dealing Code for Directors**

The Company has adopted and will operate a share dealing code to prevent the Directors and any applicable employees from dealing in Ordinary Shares during close periods in accordance with the NSX Market Rules.

[is this applicable in NSX, I would assume so as most markets require a close period.]

**15.** **The Withdrawal of the UK from the European Union (“Brexit”)**

On Friday 24th June, the UK electorate decided to leave the European Union. Since the referendum was announced in February, estate agents across the country have reported some amount of uncertainty in the market.

**Uncertainty not materialised**

The Treasury doomsday pre-referendum prediction that house prices will fall by up to 18% has not materialised. “Real estate markets always prefer certainty,” says Stephen Solomons from law firm Blake Morgan. “The last few months have led to a slowdown in transactions. Now we know the result we expect to see the real estate markets pick up rapidly.”

**House Prices**

The UK Property Transactions Statistics state that property sales continue to climb (Source: HMRC, 21st September 2016). House prices YOY continue to climb. The biggest long term survey going back 64 years states that house prices are up 5.2% in August 2016 and up 0.6% versus July 2016.

The August 2016 RICS Residential Market Survey results says confidence continues to recover gradually across the sector. Prices and sales volumes are now expected to rise going forward, both at the three and twelve month time horizons, with a more stable trend in activity driving the improvement in sentiment. The headline price indicator edged higher during August, with a net balance of +12% of respondents reporting an increase in prices. (RICS, August Residential Market Survey).

**Interest rates**

The Bank of England has cut interest rates to a record low of just 0.25%. Lower interest rates always support asset prices and this has fuelled the dramatic growth in prices over the last 8 years. These low rates are expected to continue for the indefinite future.

**Only a short-term impact**

The EU relationship is a political problem that will find a political solution. – it is not about the economics. There is likely to be a wobble as the future for the UK’s relationship with Europe remains unclear, but prices and market activity are expected to settle quickly.

Most commentators are in agreement that the UK will continue to be a global powerhouse in the long-term, and will therefore continue to attract investment, including in the property market.

**PART II**

**RISK FACTORS**

In addition to the usual risks associated with an investment in a business at an early stage of its development, the Directors have identified the risks described below, which could potentially have an adverse effect on the Company. It should be noted that the risks described below are not the only risks faced by the Company; there may be additional risks that the Directors currently consider not to be material or of which they are unaware.

A prospective investor should consider carefully whether an investment in the Company is suitable for him/her in the light of his/her personal circumstances and the financial resources available to him/her. If you are in any doubt as to the action you should take, you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities (**Not sure of the wording for this on NSX)**

**Factors that may affect the Company’s ability to fulfil its obligations under the Ordinary Shares**

**The Company is newly formed and has a limited operating history**

Despite the Directors’ extensive experience, the Company was newly formed on 22nd July 2016 and has no trading and no operating history from which to assess its future expected performance and success. Accordingly, the Company has no historical financial statements and meaningful operating or financial data with which to evaluate the Company and its performance. Consequently, the Company’s intended business and operations may not prove to be successful in the near future, if at all. Any future success will depend upon many factors, several of which may be beyond the Company’s control, or which cannot be predicted at this time. Whilst the Directors are confident about the Company’s prospects, there is no certainty that anticipated revenues or growth can be achieved. If the Company is not successful in achieving its commercial objectives, the Company’s business and financial condition would be materially adversely affected.

**Risks related to investments in small business**

**1. Investment in small companies carries greater risks than investment in larger companies.**

There can be no assurance as to how long it will take for the Company to invest all of the sums to be raised hereby and the longer the period the greater the likelihood that the Company’s results of operations will be materially adversely affected. Many factors outside the control of the Directors could influence the performance of the Company and Investors may therefore realise less than the original amount invested or lose their investment entirely.

**2. Risks relating to the Company Investment range and performance**

The Company will be dependent upon the Directors successful implementation of the Company’s investment strategy, and ultimately on its ability to create a property portfolio capable of generating attractive returns. This implementation in turn will be subject to a number factors, including market conditions and the timing of investments relative to market conditions which are inherent in the property development industry, many of which are beyond the control of the Company and difficult to predict. A key factor influencing the Company’s investment returns will be the performance of the UK property market.

**3. Dependence on availability of capital**

Whilst it is not anticipated that the Company will borrow to make finance acquisition and development costs, the Company may do so. Should the Company require further additional funds, these may not be available.

Borrowing exposes the Company to movements in loan interest rates and the possibility that if the values of properties fall, the Company’s capital repayment commitments may exceed the capital value of the Company’s assets.

**4. The Company may not identify all risks and liabilities in respect of an investment**

The Company has no prior operating history and none of Company’s investments have been acquired. Whilst the Directors and, in particular, their appointed advisers, have a large amount of experience in the property acquisition and development industry there can be no guarantee that the Directors possess all of the skills necessary in order to carry out the investment strategies of the Company. The activity of identifying, completing and realising on attractive real estate related investments involves a high degree of uncertainty, this may impact on the profitability of the investment.

**5. Competition**

Competition may exist that has not been mentioned in this Document or that the Company may not be aware of and which may adversely affect the Company’s business. The property development industry is a competitive industry and there may be developments that the Company is not aware of that may compete with the Company’s offerings and products.

**6. Risk to changes in regulation**

The Company will be under a duty to comply with any new rules, regulations and laws applicable to ownership of real estate property, including changes to planning laws and environmental factors. Approvals, licences and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental offices. The Company must comply with existing standards, laws and regulations that may entail greater or lesser costs and delays, depending on the nature of the activity to be permitted and the permitting authority. New laws and regulations could have a material adverse impact on the Company's results of operations and financial condition. The Company's intended activities will be dependent upon the grant and maintenance of appropriate licences, leases, permits and regulatory consents which could subsequently be withdrawn or made subject to limitations. There can be no assurance that they will be granted, renewed or, if so, on what terms.

**7. Operational Risk**

Operational risk and losses can result from external and internal failures or inadequacies, failure to comply with regulatory requirements and conduct of business rules, natural disasters or the failure of external systems, for example, those of the Company's contractual counterparties.

Terrorist acts, other acts of war or hostility and geopolitical, pandemic or other such events may result in economic and political uncertainties which could have a material adverse effect on the United Kingdom and international economic conditions and more specifically on the Company's results of operations, financial condition or prospects. Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that the Company will be unable to comply with its obligations as a company with securities admitted to the NSX Market.

**8. Dependence on key personnel**

The Company's future performance and success is substantially dependent on the continued services and continuing contributions of its Directors and senior management. Although the Company has agreed contractual arrangements to secure the services of the Directors, the retention of these services cannot be guaranteed. The loss of the services of any of the Company's executive officers or senior management could have a material adverse effect on the Company's business.

The Company's future success will also depend on its ability to attract and retain additional suitably qualified and experienced employees. There can be no guarantee that the Company will be able to attract and retain such employees, and failure to do so could have a material adverse effect on the financial condition, results or operations of the Company.

**9.Taxation**

This document has been prepared in accordance with current UK tax legislation, practice and concession and interpretation thereof. Any change in the Company’s tax status or in taxation legislation could affect the Company’s ability to provide returns to Ordinary Shareholders or alter post tax returns to Ordinary Shareholders. Statements in this document concerning the taxation of Ordinary Shareholders are based on current tax law and practice which is subject to change. The taxation of an investment in the Company depends on the individual circumstances of investors.

**10.Changes in interest rates**

Changes in interest rates could adversely affect the results of the Company’s operations by increasing finance costs. Any increase in interest rates would increase debt service costs and would adversely affect the Company’s cash flow. Changes in interest rates could therefore have an adverse effect on the Company’s business, results of operations, financial condition and/or prospects. In addition, if interest rates on any future borrowing entered into are higher than the rates applicable to existing debt, then the Company’s profitability may be affected.

**11.Risk of damage to reputation and negative publicity**

The Company’s ability to retain existing management contracts and client relationships and to attract new business is dependent on the maintenance of its reputation. The Company is vulnerable to adverse market perception as it operates in an industry where a high level of integrity and client trust is paramount. Any perceived, actual or alleged mismanagement, fraud or failure to satisfy the Company’s responsibilities, or the negative publicity resulting from such activities or the allegation by a third party of such activities (whether well founded or not) associated with the Company, could have a material adverse effect on the financial condition, results or operations of the Company.

**12. Litigation**

Legal proceedings may arise from time to time in the course of the Company’s businesses. The Directors cannot preclude that litigation may be brought against the Company and that such litigation could have a material adverse effect on the financial condition, results or operations of the Company.

**Risks related to the market generally**

**13.NSX Market**

The Ordinary shares will be traded on the NSX Market. Admission to the NSX Market should not be taken to imply that there is or will be a liquid market in the Ordinary Shares. NSX Market is a market designed for small and growing companies. Both types of company carry higher than normal financial risk and tend to experience lower levels of liquidity than larger companies. Any changes to the regulatory environment, in particular the Rules could, for example, affect the ability of the Company to maintain a trading facility for the Ordinary shares on the NSX Market.

**The secondary market generally**

1. The Ordinary Shares may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Ordinary Shares easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. The Ordinary Shares are designed for specific investment objectives or strategies. As such, the Ordinary Shares generally will have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Ordinary Shares.

2. [Not sure if there are market Makers on NSX] will be appointed as registered market-maker in respect of the Ordinary Shares from the date of admission of the Ordinary Shares to trading. Market-making means that a person will quote prices for buying and selling the Ordinary Shares during trading hours. However, the appointed market maker may not continue to act for the life of the Ordinary Shares. In such circumstances the Board will seek to appoint a replacement market-maker as soon as possible but any delay in such appointment could have an adverse impact on your ability to sell the Ordinary Shares.

**3. Realisation from sale of the Ordinary Shares may be less than original investments**

Ordinary Shareholders who choose to have their Ordinary Shares at any time prior to their maturity, may receive a price from such sale which is less than the original investment made. Factors that will influence the price may include, but are not limited to, market appetite, inflation, and the time of redemption, interest rates and the current financial position and an assessment of the future prospects of the Company.

**4. Exchange rate risks and exchange controls**

The Company will pay principal and interest on the Ordinary Shares in Sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than Sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of Sterling or revaluation of the investor's currency) and the risk that authorities with jurisdiction over the investor's currency may impose or modify exchange controls. An appreciation in the value of the investor's currency relative to Sterling would decrease (i) the investor's currency-equivalent yield on the Ordinary Shares, (ii) the investor's currency-equivalent value of the principal payable on the Ordinary Shares and (iii) the investor's currency-equivalent market value of the Ordinary Shares. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

**5. The Withdrawal of the UK from the European Union (“Brexit”)**

The Board note the material uncertainty as to the possible economic consequences of a withdrawal by the United Kingdom from the European Union. In particular, the Board notes speculation that may reduce both land values and property sales. However, 3 months after the referendum there is no sign of any slow-down. Reference is made to Part II, section 20 for the Board’s expanded view on this matter. The Board are confident that demand for property will not diminish.

**The investment opportunity described in this document may not be suitable for all recipients of this Document. Investors are strongly recommended to consult an investment adviser authorised under the Financial Services and Markets Act 2000 who specialises in investments of this nature before making a decision to invest.**

PART III

FINANCIAL INFORMATION

**David Lloyd Adventure Parks leisure venues**

The company will develop twelve sites over a 4-year period and monitor progress during the development phase. During this phase Return on Capital Employed varies between 25 and 62.3% pa, assuming a 60% gearing.

During the mature phase ROCE drops to 20.8%, and at this point, the company will decide either to continue to develop more sites in the UK and Europe, or it will return capital to shareholders.

**£ Millions - rounded 2016/7 2017/8 2018/9 2019/20 2020/1 2021/2**

Revenue - rent 0 0.5 2.0 3.2 5.1 5.9

Net Income incl. planning gain 0 0.5 12.0 9.4 15.0 17.1

EBITDA

Profit before Tax 0 0 10.5 7.7 12.7 14.5

Re-valuation Reserve 0.6 3.0 19.1 30.2 47.9 62.2

Shareholders’ Funds (Net Assets) 0.6 8.9 23.6 37.8 55.8 70.5

PART IV

ADDITIONAL INFORMATION

INCORPORATION OF THE COMPANY

The Company was incorporated in England and Wales on 22nd July 2016 with registered number **10292157** as a Public Limited Company.

The liability of members is limited.

The principal legislation under which the Company operates is the Companies Act 2006 and the regulations made there under.

The registered office of the Company is 106 Mount Street, London W1K 2 TW. The Company’s principal place of business is currently at 106 Mount Street, Mayfair.

**SHARE CAPITAL OF THE COMPANY**

The Company’s authorised and issued capital is, at the date of this Document, and will be on Admission, as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Authorised** |  | **Issued** |  |
|  | **£** | **Number** | **£** | **Number** |
| **Ordinary Shares** | 50,000 | 50,000 | 50,000 | 50,000 |
|  | **Proposed** |  | **Current** |  |
| **Ordinary shares units of £1.00** | [ ] | [ ] | 0 | 0 |

The issued ordinary share capital of the Company is owned as follows:

No shares of the Company are under option or agreed conditionally or otherwise to be put under option.

The Ordinary Shares of the Company rank pari passu in all respects and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the company

The principal terms of the Ordinary shares are as follows:

The Ordinary shares are denominated in amounts of 50 Euro Cents.

The Ordinary shares have a minimum raise of £3M, net of expenses.

**3.** Directors’ Shareholding & Interests

3.1.1 David Lloyd was appointed as non-Executive Chairman on 1st October 2016 by a contract for services dated 30th September 2016. He has been appointed for an initial period of one year and is entitled to charge an annual fee for his services of £2,083 payable monthly in arrears. He holds 2,679 shares in the company – 15% of shareholding.

3.1.2 Martin Helme was appointed as Non-Executive Director on 1st September 2016 by a contract for services dated 1st July 2016. He has been appointed for an initial period of one year and is entitled to charge an annual fee for his services of £2,083 payable monthly in arrears. He holds Nil shares in the company.

3.1.3 Nicolas Holmes was appointed as Non-Executive Director on 1st October 2016 by a contract for services dated 30th September 2016. He has been appointed for an initial period of one year and is entitled to charge an annual fee for his services of £2,083 payable monthly in arrears. He holds Nil shares in the company.

3.1.4 Bernard Sumner was appointed as Non-Executive Director on 1st October 2016 by a contract for services dated 30th September 2016. He has been appointed for an initial period of one year and is entitled to charge an annual fee for his services of £2,083 payable monthly in arrears. He holds Nil shares in the company.

3.1.5 Charles Gregory was appointed as Non-Executive Director on 1st October 2016 by a contract for services dated 30th September 2016. He has been appointed for an initial period of one year and is entitled to charge an annual fee for his services of £2,083 payable monthly in arrears. He holds Nil shares in the company.

Save as disclosed in this Document there are no service agreements or agreements for the provision of services existing or proposed between the Directors and the Company.

The interests of the Directors in the issued share capital of Company at Admission are:

Name percentage of No of Ordinary Shares

current issued share capital

David Lloyd 15% 2,679

**Grosvenor Management** 70% 24,111

**Tom Millar** 5% 893

**James Stewart**  20% 3,572

**Listing** 5% 893

Other than in the Company over the previous five years:

Current Directorships Previous Directorships

**Mr David Lloyd**

David Lloyd Associates 29th June 1981 to date

Bridgestate Development Ltd, 4th April 1997

Erastake Developments Ltd, 13th Feb 1998

Erastake Property Ltd, 5th June 2009

Matchruby Ltd, 11th Oct 1999

David Lloyd Developments Ltd, 9th Aug 2007

Levingston Blue SL, 2nd Jan 2007

The Platinum Flight Club Ltd, 27th July 2002

The David Lloyd Estate at Nirvana, Westcliffe on Sea Ltd, 10th Nov, 2014

**Dormant**

David Lloyd Academy

David Lloyd Tennis Academy

David Lloyd Academy of Sporting Excellence Limited

The David Lloyd Gallery Ltd

David Lloyd Sports Village

David Lloyd Branding Ltd

David Lloyd Estates Ltd,

**Martin Helme**

Yorkstar Developments Ltd, 18th March 2016

Patch Pub Company, 12th Sept 2014

Spacessence Ltd, 12th May 2009

**Nicolas Holmes**

CPS Ventures 25th Feb 2016 to date

**Bernard Sumner**

**Charles Gregory**

4.2 At the date of this Document, none of the Company’s Directors:

Is currently or has over the previous five years been a director or partner of any companies and partnerships other than those which are disclosed above;

Has any unspent convictions in relation to indictable offences;

Has been involved in any bankruptcy or individual voluntary arrangements;

Except as noted above, has been involved as a director of a company which has gone into receivership or been the subject of any compulsory liquidations, creditors’ voluntary liquidations, administrations, company voluntary arrangements or any composition or arrangement with its creditors generally or any class of its creditors at the time of or within the 12 months preceding such events; or

Has been the subject of any public criticism by any statutory or regulatory authority (including recognised professional bodies) or has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

**Memorandum and Articles of Association of the Company**

The Articles of Association of the Company provides that its object are unrestricted.

The Articles of Association of the Company were adopted on [ ]. These are available for inspection at the Company’s offices during normal business hours on any weekday (except Saturdays, Sundays and public holidays) until one month from the date of Admission of the Ordinary shares Stock on NSX Market.

**Litigation**

So far as the Company is aware, there are no legal or arbitration proceedings, active, pending or threatened

against, or being brought by, the Company which are having, or may have, a significant effect on the financial position of the Company.

7. **Working Capital**

In the opinion of the Directors, having made due and careful enquiry, the working capital available to the Company will be sufficient for a period of at least twelve months following Admission.

**8. Material Contracts**

The following contracts (not being contracts entered into in the ordinary course of business) has been entered into by the Company and is or may be material in the context of the Company:

Add all material contracts, (probably just the advisers’ agreements)

Contract with Robert Holmes & Co Limited

Contract with David Lloyd Adventure Parks

**9. Taxation**

To Be agreed

**10. Adviser’s Fees**

The Company and the Nominated Adviser entered into an agreement relating to the services to be provided by the Nominated Adviser in relation to the Admission. Pursuant to this agreement, the Nominated Adviser is entitled to, a fee of [ ].

The Company and [Solicitors] entered into an agreement relating to legal services to be

provided to the Company in relation to Admission. Pursuant to this agreement, the Company has agreed to pay [ ] a fee of [ ]

The Company and [Auditors] entered into an agreement relating to legal services to be

provided to the Company in relation to Admission. Pursuant to this agreement, the Company has agreed to pay [ ] a fee of [ ]

11.**Rights of CDI Holders**

With the exception of voting rights CDI Holders have the equivalent rights as holders of ordinary Shares whereby the security is registered in their own name. This means that all economic benefits such as dividends, bonus issues, rights issues or similar corporate actions flow through to the CDI Holder as if the CDI Holder were the legal owner.

The ASX Settlement Operating Rules require the Company to give notices to CDI Holders of general meetings of shareholders. The notice of meeting must include a form permittingthe CDI Holder to direct CDN to cast proxy votes in accordance with the CDI Holder's written directions. COi Holders cannot vote directly at Shareholder meetings.

The COi Holder must convert their COis into certificated shares prior to the relevant meeting in order to vote at the meeting in person.

**11.1 Converting from a CDI to a Share**

COi Holders may at any time convert their holding of COis (tradeable on NSX) to certificated Shares:

1. For CO is held through the issuer sponsored sub-register, contacting Board Room in Australia directly to obtain the applicable request form. The removed holding would then be registered into the same address that appeared on the Australian COi register; or

2. For COis held on the CHESS sub-register, contacting their controlling participant (generally a stockbroker), who will liaise with BoardRoom in Australia to obtain and complete the request form. Upon receipt of a request form, the relevant number of COis will be cancelled and Shares will be transferred from CON into the name of the COi Holder and a registered share certificate be issued. This will cause your Shares to be registered on the certificated Samoan Register of Members and trading will no longer be possible on NSX.

A holder of Shares may also convert their Shares to COis, subject to any escrow arrangements, by contacting BoardRoom or their stockbroker (or applicable controlling participant). In this case, the Shares registered in the Shareholder's name will be transferred to CON and a holding statement in respect of the COis will be issued to the COi Holder. The COis will be tradeable on NSX.

**12.General**

Save as otherwise disclosed in this Document, there has been no significant change in the trading or financial position of the Company since 22nd July 2016 being the date of incorporation of the Company.

Save as disclosed in this Document, no fees are payable in excess of £10,000 (however satisfied) in respect of services provided to the Company during the period of 12 months prior to the publication of this Document.

Save as disclosed in this Document, the Directors are unaware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year.

Save as disclosed in this Document, there are no investments in progress and there are no future investments on which the Directors have already made firm commitments which are significant to the Company.

The Company’s accounting reference date is [ ]

The promoters of the Company are its Directors.

The Directors confirm that the financial information disclosed under Part III has been prepared in accordance with the law applicable to the Company, and that they accept responsibility for it.

The Directors of the Company, whose names appear in this Document, accept full responsibility for the information contained in this Document. The Directors (who have taken all reasonable care to ensure that such is the case) believes that the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Highgate Corporate Advisors Pty Ltd has given and has not withdrawn its written consent to the issue of this Document with the inclusion of its name in the form and context in which it appears.

**13.Documents Available for Inspection**

Copies of the following documents will be available for inspection at the offices of the Company during normal business hours on any weekday (Except Saturdays, Sundays and public holidays) and shall remain available for at least one month after Admission:

(i) The Memorandum and Articles of Association of the Company;

(ii) The consent letter of Highgate Corporate Advisors Pty Ltd;

(iii) The audited Annual Financial Statements for the Company and its subsidiary; and

(iv) The Material Contracts referred to in paragraph 8 of this Document; and this Document.

14. Availability of Documents

This document is available for review on the Company’s website at www.HipPlc.com In addition, hard copies of this document may be collected from the Company’s registered office and the offices of Highgate Corporate Advisors Pty Ltd

**1st October 2016**