

**THIS DOCUMENT AND THE ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the contents of this document or the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser, duly authorised under the Financial Services and Markets Act 2000 (FSMA) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.**

This document, which comprises: (i) a circular prepared for the purposes of the General Meeting convened pursuant to the Notice of General Meeting set out at the end of this document; and (ii) a prospectus relating to the Ordinary Shares prepared in accordance with the Prospectus Rules, has been approved by the FCA in accordance with section 87A of FSMA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules.

Subject to the restrictions set out below, if you sell or transfer or have sold or transferred all of your Existing Ordinary Shares (other than ex-rights) held in certificated form before 8.00 a.m. on 29 November 2018 (the **Ex-Rights Date**), please send this document, together with the accompanying Form of Proxy and any Provisional Allotment Letter (duly renounced), if and when received, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward delivery to the purchaser or transferee. None of these documents should, however, be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including but not limited to (subject to certain exceptions) the United States and any of the other Excluded Territories. Please refer to Sections 9 and 10 of Part II (*Details of the Rights Issue*) of this document if you propose to send this document and/or the Provisional Allotment Letter outside the United Kingdom. If you sell or have sold or transferred all or some of your Existing Ordinary Shares (other than ex-rights) held in uncertificated form before the Ex-Rights Date, a claim transaction will automatically be generated by Euroclear which, on settlement, will transfer the appropriate number of Nil Paid Rights to the purchaser or transferee. If you sell or have sold or transferred only part of your holding of Existing Ordinary Shares (other than ex-rights) held in certificated form before the Ex-Rights Date, please contact the stockbroker, bank or other agent through whom the sale or transfer was effected immediately. Instructions regarding split applications are set out in Part II (*Details of the Rights Issue*) of this document and in the Provisional Allotment Letter.

**The distribution of this document, any other offering or public material relating to the Rights Issue and/or the Provisional Allotment Letter and/or the transfer of Nil Paid Rights, Fully Paid Rights and/or New Ordinary Shares through CREST or otherwise into a jurisdiction other than the United Kingdom may be restricted by law and therefore persons into whose possession this document (and/or any accompanying documents) comes should inform themselves about and observe any such restrictions. In particular, subject to certain exceptions, this document and the Provisional Allotment Letter should not be distributed, forwarded to or transmitted in or into the United States or any of the other Excluded Territories or into any other jurisdiction where to do so might constitute a breach of any applicable law. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. The Nil Paid Rights, Fully Paid Rights and/or New 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 securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within 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 public offer of Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in the United States.**



## **THE RESTAURANT GROUP PLC**

*(incorporated and registered in Scotland with registered number SC030343)*

### **Proposed Acquisition of Wagamama Group**

**Proposed 13 for 9 Rights Issue of up to 290,430,689 New Ordinary Shares at 108.5 pence per New Ordinary Share to raise approximately £315 million**

### **Notice of General Meeting**

**J.P. Morgan Cazenove**  
(Sponsor, Joint Financial Adviser,  
Joint Corporate Broker and Underwriter)

**This document should be read as a whole. Your attention is drawn to the letter from your Chairman which is set out in Part I (*Letter from the Chairman*) of this document and which contains a recommendation from your Board that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below. The section of this document entitled “Risk Factors” includes a discussion of certain risk factors which should be taken into account when considering the matters referred to in this document.**

**A Notice of General Meeting of the Company, to be held at etc.venues St Paul’s, 200 Aldersgate, London EC1A 4HD at 9.30 a.m. on 28 November 2018, is set out at the end of this document. Whether or not you intend to be present at the General Meeting, you are asked to complete and return the enclosed Form of Proxy in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received by the Registrar, Equiniti Limited, by not later than 9.30 a.m. on 26 November 2018 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). You may also submit your proxy electronically at [www.sharevote.co.uk](http://www.sharevote.co.uk) using the Voting ID, Task ID and Shareholder Reference Number on the Form of Proxy. If you are a member of CREST you may be able to use the CREST electronic proxy appointment service. Proxies sent electronically must be sent as soon as possible and, in any event, so as to be received by not later than 9.30 a.m. on 26 November 2018 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). Completion and return of a Form of Proxy will not preclude you from attending and voting in person at the General Meeting, should you so wish.**

The Existing Ordinary Shares are listed on the premium listing segment of the Official List of the UKLA and traded on the London Stock Exchange’s main market for listed securities. Applications will be made for the New Ordinary Shares to be admitted to the premium listing segment of the Official List of the UKLA and trading on the London Stock Exchange’s main market for listed securities (together, **Admission**). It is expected that Admission will become effective, and that dealings in the New Ordinary Shares (nil paid) on the London Stock Exchange will commence, at 8.00 a.m. on 29 November 2018 (whereupon an announcement will be made by the Company to a Regulatory Information Service).

Subject to, among other things, the passing of the Resolutions at the General Meeting, it is expected that Qualifying Non-CREST Shareholders (other than, subject to limited exceptions, Overseas Shareholders with a registered address in the United States or in any of the other Excluded Territories) will be sent Provisional Allotment Letters on 28 November 2018 and that Qualifying CREST Shareholders (other than, subject to limited exceptions, Overseas Shareholders with a registered address in the United States or in any of the other Excluded Territories) will receive a credit to the appropriate stock accounts in CREST in respect of the Nil Paid Rights to which they are entitled on 29 November 2018. The Nil Paid Rights so credited are expected to be enabled for settlement by Euroclear as soon as practicable after Admission.

**The latest time and date for acceptance of, and payment in full for, the New Ordinary Shares by holders of Nil Paid Rights is expected to be 11.00 a.m. on 13 December 2018. The procedure for acceptance and payment is set out in Part II (*Details of the Rights Issue*) of this document and, for Qualifying Non-CREST Shareholders only, will also be set out in the Provisional Allotment Letter. Qualifying CREST Shareholders should refer to Section 5 of Part II (*Details of the Rights Issue*) of this document.**

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Rights Issue.

RBC Europe Limited is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, and are acting solely for the Company and no one else in connection with this document, the Acquisition and Admission and will not be responsible to anyone other than the Company for providing the protections afforded to clients of RBC Europe Limited nor for providing advice in relation to this document, the Acquisition and Admission. Neither RBC Europe Limited nor any of its respective subsidiaries, branches or affiliates owe or accept any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of RBC Europe Limited, in connection with this document, the Acquisition, Admission, the contents of this document or any other transaction, arrangement or other matter referred to in this document.

J.P. Morgan Securities plc (the **Underwriter**) is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, and is acting solely for the Company and no one else in connection with this document, the Acquisition and Admission and will not be responsible to anyone other than the Company for providing the protections afforded to clients of the Underwriter nor for providing advice in relation to this document, the Acquisition and Admission. Neither the Underwriter nor any of its subsidiaries, branches or affiliates owe or accept any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort,

under statute or otherwise) to any person who is not a client of the Underwriter, in connection with this document, the Acquisition, Admission, the contents of this document or any other transaction, arrangement or other matter referred to in this document.

Save for the responsibilities and liabilities, if any, of the Underwriter under FSMA or the regulatory regime established under FSMA, neither the Underwriter nor any of its affiliates, directors, officers, employees and advisers assume any responsibility whatsoever and make no representations or warranties, express or implied, in relation to the contents of this document, including its accuracy, completeness, verification, fairness or sufficiency or regarding the legality of any investment in the Nil Paid Rights, the Fully Paid Rights, or the New Ordinary Shares by any person under the laws applicable to such person or for any other statement made or purported to be made by the Company, or on the Company's behalf, or by the Underwriter, or on its behalf, and nothing contained in this document is, or shall be, relied on as a promise or representation in this respect, whether as to the past or the future, in connection with the Company or the Acquisition. The Underwriter and each of its affiliates disclaim to the fullest extent permitted by law all and any responsibility and liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this document or any such statement.

The Rights Issue has been fully underwritten by the Underwriter in accordance with the terms and subject to the conditions of the Underwriting Agreement. The Underwriter's obligations under the Underwriting Agreement are conditional upon certain matters being satisfied or not breached prior to Admission. If these conditions are not satisfied or (where permitted) waived by Admission, the Underwriting Agreement will terminate. After Admission, the Underwriter has no right to unilaterally terminate the Underwriting Agreement.

In connection with the Rights Issue, the Underwriter and any of its affiliates may, in accordance with applicable legal and regulatory provisions, take up a portion of the New Ordinary Shares as a principal position and in that capacity may retain, purchase or sell for their own account such securities and any related or other securities and may engage in transactions in relation to the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares and/or related instruments for their own account otherwise than in connection with the Rights Issue. Accordingly, references in this document to Nil Paid Rights, Fully Paid Rights and New Ordinary Shares being offered or placed should be read as including any offering or placement of Nil Paid Rights, Fully Paid Rights and New Ordinary Shares to the Underwriter or any of its affiliates acting in such capacity. In addition, the Underwriter or its affiliates may enter into financing arrangements with investors in connection with which the Underwriter (or its affiliates) may from time to time acquire, hold or dispose of Nil Paid Rights, Fully Paid Rights and New Ordinary Shares. Except as required by applicable law or regulation, the Underwriter does not propose to make any public disclosure in relation to such transactions.

This document does not constitute an offer to sell or issue, or a solicitation of an offer to buy, Ordinary Shares or to take up entitlements to Nil Paid Rights and/or Fully Paid Rights in any jurisdiction in which such offer or solicitation would be unlawful. This document is being sent to holders with registered or mailing addresses in any such jurisdiction only in connection with the General Meeting and, in that context, no part of this document or the Provisional Allotment Letter constitutes, or will constitute, or forms part of any offer to sell, or a solicitation of an offer to buy, Ordinary Shares or to take up entitlements to Nil Paid Rights. All Overseas Shareholders with a registered address in the United States or in any of the other Excluded Territories and any person (including, without limitation, a nominee or trustee) who has a contractual or legal obligation to forward this document or any Provisional Allotment Letter, if received, or other document to any jurisdiction outside the United Kingdom should read Section 9 of Part II (*Details of the Rights Issue*) of this document. Prospective investors must comply with all applicable laws and regulations in force in any applicable jurisdiction, and must obtain any consent, approval or permission required for the purchase, offer or sale of the Nil Paid Rights, Fully Paid Rights and/or New Ordinary Shares under the laws and regulations in force in the jurisdiction to which such prospective investor is subject or in which such prospective investor makes such purchase, offer or sale, and none of the Company, the Underwriter or their respective employees, agents or representatives will have any responsibility therefor.

### **Information to distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (**MiFID II**); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the **MiFID II Product Governance Requirements**), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the New Ordinary Shares, Nil Paid Rights and Fully Paid Rights have been subject to a product approval process, which has determined that such securities are: (i) compatible with an end target market

of investors who meet the criteria of retail and professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the **Target Market Assessment**).

Notwithstanding the Target Market Assessment, distributors should note that: the price of the New Ordinary Shares, Nil Paid Rights and Fully Paid Rights may decline and investors could lose all or part of their investment, the New Ordinary Shares, Nil Paid Rights and Fully Paid Rights offer no guaranteed income and no capital protection; and an investment in the New Ordinary Shares, Nil Paid Rights and Fully Paid Rights is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluation the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Rights Issue. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Underwriter will only procure investors who meet the selling restrictions as set out in the Underwriting Agreement.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Ordinary Shares, Nil Paid Rights and Fully Paid Rights.

Each distributor is responsible for undertaking its own target market assessment in respect of the New Ordinary Shares, Nil Paid Rights and Fully Paid Rights and determining appropriate distribution channels.

#### **Notice to US investors**

The Nil Paid Rights, Fully Paid Rights and/or New Ordinary Shares have not been and will not be registered under the Securities Act, or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within 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 public offer of Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in the United States. The New Ordinary Shares, the Nil Paid Rights, the Fully Paid Rights and the Provisional Allotment Letters have not been approved, disapproved or recommended by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ordinary Shares, the Nil Paid Rights, the Fully Paid Rights and the Provisional Allotment Letters or confirmed the accuracy or completeness or determined the adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Subject to certain limited exceptions, neither this document nor the Provisional Allotment Letter constitutes, or will constitute, or forms part of any offer or invitation to sell, issue or apply for, or any solicitation of any offer to purchase, subscribe for, or take up entitlements to the New Ordinary Shares, Nil Paid Rights or Fully Paid Rights to any person with a registered address, or who is resident or located in, the United States. Notwithstanding the foregoing, the Nil Paid Rights may be offered and delivered to, and the Fully Paid Rights and the New Ordinary Shares may be offered to and acquired by, a limited number of Qualifying Shareholders whom TRG determines, in its sole discretion, are able, based on such procedures and certifications as it deems appropriate, to participate in the Rights Issue pursuant to an applicable exemption from the registration requirements of the Securities Act (each a **Permitted US Shareholder**). Any person in the United States who obtains a copy of this document or a Provisional Allotment Letter and who is not a Permitted US Shareholder is required to disregard them. Permitted US Shareholders that satisfy the Company as to their status may exercise the Nil Paid Rights and the Fully Paid Rights by delivering a properly completed Provisional Allotment Letter to the Receiving Agent in accordance with the procedures set out in this document. Permitted US Shareholders must also complete, execute and return to the Company, an Investor Representation Letter as described in Section 10(D) of Part II of this document, and may be required to make certain certifications in the Provisional Allotment Letter for the Nil Paid Rights and the Fully Paid Rights.

The Underwriter may arrange for the offer of New Ordinary Shares in the United States not taken up in the Rights Issue only to persons reasonably believed to be QIBs within the meaning of Rule 144A in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The New Ordinary Shares, the Nil Paid Rights and the Fully Paid Rights offered outside the United States are being offered in reliance on Regulation S.

**Prospective investors are hereby notified that sellers of the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A thereunder.**

In addition, until 40 days after the commencement of the Rights Issue, an offer, sale or transfer of the New Ordinary Shares, Nil Paid Rights or Fully Paid Rights within the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the Securities Act. The Company is not subject to the periodic reporting requirements of the Exchange Act.

**Any person in the United States who obtains a copy of this document and/or the Provisional Allotment Letter and who is not a QIB is required to disregard it.**

#### **Notice to all investors**

Any reproduction or distribution of this document or the Provisional Allotment Letters, in whole or in part, and any disclosure of its contents or use of any information for any purpose other than in considering an investment in the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares is prohibited. By accepting delivery of this document, each offeree of the Nil Paid Rights, the Fully Paid Rights and/or the New Ordinary Shares agrees to the foregoing.

The contents of this document are not to be construed as legal, business or tax advice. Each prospective investor should consult their own legal adviser, financial adviser or tax adviser for legal, financial or tax advice.

The distribution of this Prospectus and/or the Provisional Allotment Letters and/or the transfer of the Nil Paid Rights, the Fully Paid Rights and/or the New Ordinary Shares into jurisdictions other than the United Kingdom may be restricted by law. Persons into whom possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any jurisdiction. In particular, such documents should not be distributed, forwarded to or transmitted in or into the United States or any other Excluded Territory.

The contents of this document are not to be construed as legal, business, financial or tax advice. None of the Company, the Underwriter nor any of their respective representatives, is making any representation to any offeree or purchaser of the New Ordinary Shares regarding the legality of an investment in the New Ordinary Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each prospective investor should consult his, her or its own legal adviser, business adviser, financial adviser or tax adviser for legal, financial, business or tax advice in connection with the purchase of the New Ordinary Shares. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Rights Issue, including the merits and risks involved.

Investors also acknowledge that: (i) they have not relied on the Underwriter (or any of its affiliates) in connection with any investigation of the accuracy of any information contained in this document or their investment decision; (ii) they have relied only on the information contained in this document in making their relevant decision; and (iii) no person has been authorised to give any information or to make any representation concerning the TRG Group or Nil Paid Rights, Fully Paid Rights or New Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or the Underwriter (or any of its affiliates).

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company. Neither the delivery of this document nor any acquisition or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct at any time after this date.

This document is dated 12 November 2018.

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## SUMMARY

Summaries are made up of disclosure requirements known as ‘Elements’. These Elements are numbered in Sections A-E (A.1-E.7). This summary contains all the Elements required to be included in a summary for this type of 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 the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘not applicable’.

<b>Section A—Introductions and warnings</b>		
<b>Element</b>	<b>Disclosure requirement</b>	<b>Disclosure</b>
A.1	Warning	This summary should be read as an introduction to this document. Any decision to invest in the securities should be based on consideration of this document as a whole by the investor. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.
A.2	Resale or final placement of securities through financial intermediaries	Not applicable. TRG is not engaging any financial intermediaries for any resale of securities or final placement of securities after publication of this document.
<b>Section B—Issuer</b>		
<b>Element</b>	<b>Disclosure requirement</b>	<b>Disclosure</b>
B.1	Legal and commercial name	The Restaurant Group plc.
B.2	Domicile/legal form/legislation under which the issuer operates/country of incorporation	The Company is incorporated in Scotland as a public limited company, limited by shares. TRG’s registered office is situated in Scotland and its registered number is SC030343. The principal legislation under which the Company operates is the Companies Act 2006 and the regulations made thereunder.
B.3	Current operations/principal activities/principal markets	<p><b>TRG</b></p> <p>TRG is a significant participant in the UK casual dining market which operates across 3 business divisions: Leisure, Pubs and Concessions.</p> <p>TRG’s Leisure business comprised 381 casual dining restaurants as at 26 August 2018 which are located across the UK, predominantly in retail and leisure parks. The Leisure business operates under a number of trading brands including Frankie &amp; Benny’s, Chiquito, Coast to Coast, Garfunkel’s, Firejacks, Filling Station and Joe’s Kitchen.</p> <p>TRG’s Pubs business operated 66 pub restaurants as at 26 August 2018, predominantly situated in rural locations and offering locally sourced menus.</p>

		<p>As at 26 August 2018, TRG’s Concessions business had 64 outlets, situated predominantly across 14 major airports and 5 railway stations in the UK and operated more than 30 brands comprising the TRG Group’s own Leisure brands such as Frankie &amp; Benny’s, bespoke concepts, such as the Nicholas Culpeper bar at Gatwick airport and well-known third-party brands, such as Costa Coffee.</p> <p>The TRG Group has also continued its move into the delivery sector and has developed relationships with the 3 main delivery platforms, Just Eat, Deliveroo and Uber Eats. All the TRG Group’s Leisure brands (with the exception of Firejacks) offer delivery, with most also providing a ‘click and collect’ service to make it easier for customers to order takeaway and address off-trade demand in regions where there is no delivery coverage.</p> <p>The TRG Group has also launched 2 online-only brands, “Burger Burger” and “Kick-Ass Burrito”.</p> <p><b>Wagamama</b></p> <p>The Wagamama Group operates a market leading chain of popular restaurants offering fresh, fast-cooked pan-Asian inspired cuisine under its trading brand, “wagamama”.</p> <p>As at 19 August 2018, Wagamama operated 133 directly-operated restaurant sites in the UK and 5 directly-operated restaurant sites in the United States. Wagamama also had 58 franchised restaurant sites across 23 countries internationally, principally in continental Europe, the Middle East and New Zealand.</p> <p>Wagamama generates the majority of its revenues through income from directly-operated restaurants and franchise income, primarily in the form of royalties from its franchise restaurants.</p> <p>As at 19 August 2018, all of Wagamama’s UK sites offer a takeaway service via website, app and phone order in addition to delivery in 100 sites through its exclusive delivery partner, Deliveroo.</p>
B.4a	Most significant recent trends of the Company and its industry	<p><b>TRG</b></p> <p>After 42 weeks’ trading in TRG FY 2018, total sales were down 0.5 per cent. on the comparable period in TRG FY 2017 and like-for-like sales were down 2.2 per cent. Since the announcement of TRG’s results for TRG H1 2018 on 31 August 2018, TRG has continued to make good progress, and like-for-like sales were up 1.4 per cent. in the 14 week period since the end of the FIFA World Cup.</p> <p><b>Wagamama</b></p> <p>The Wagamama Group continues to enhance its position as the only pan-Asian restaurant operator of scale in the United Kingdom and remains confident in its short-term and long-term international growth prospects. In Wagamama FY 2018, Wagamama continued to strengthen both its brand and its team through new local and national marketing campaigns as well as team training and development opportunities. Wagamama also expanded its collection and use of customer feedback with the launch of an upgraded feedback platform and Wagamama expects this investment to add value across all 3 of its business channels (eat-in, take-away and delivery). Wagamama believes that it is well-positioned for another year of continued growth.</p> <p>For the 11 week period from 20 August 2018 to 4 November 2018, Wagamama’s like-for-like sales increased by 12.2 per cent. As of</p>



		<p>4 November 2018, Wagamama’s like-for-like sales had outperformed the market, as measured by the Coffe-Peach tracker, for 233 consecutive weeks.</p> <p>These preliminary financial results are derived from Wagamama’s accounting records and internal management accounts. This information has not been audited, reviewed or compiled, nor have any procedures been performed by Wagamama’s independent auditors with respect thereto.</p>																																										
B.5	Group structure	<p>TRG is the parent company of the TRG Group and, following the Acquisition, will be the parent company of the Enlarged Group, the principal activities of which will be operating casual dining restaurants, pubs and concession outlets.</p>																																										
B.6	Notifiable interests, different voting rights and controlling interests	<p>As at the Latest Practicable Date, the Company had been notified in accordance with DTR 5 of the Disclosure Guidance and Transparency Rules of the following interests in its Ordinary Shares:</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><i>Shareholder</i></th> <th style="text-align: right;"><i>Number of shares</i></th> <th style="text-align: right;"><i>Percentage of total voting rights (per cent.)</i></th> </tr> </thead> <tbody> <tr> <td colspan="3"><i>Fidelity Management &amp; Research</i></td> </tr> <tr> <td>Company .....</td> <td style="text-align: right;">20,080,968</td> <td style="text-align: right;">9.99</td> </tr> <tr> <td>Aberforth Partners LLP .....</td> <td style="text-align: right;">17,105,441</td> <td style="text-align: right;">8.51</td> </tr> <tr> <td>Columbia Threadneedle Investments .....</td> <td style="text-align: right;">16,308,764</td> <td style="text-align: right;">8.11</td> </tr> <tr> <td>J O Hambro Capital Management .....</td> <td style="text-align: right;">15,807,004</td> <td style="text-align: right;">7.86</td> </tr> <tr> <td>Schroder Investment Management Ltd .....</td> <td style="text-align: right;">11,016,584</td> <td style="text-align: right;">5.48</td> </tr> <tr> <td>Royal London Asset Management Ltd .....</td> <td style="text-align: right;">9,879,773</td> <td style="text-align: right;">4.91</td> </tr> <tr> <td>Rathbones .....</td> <td style="text-align: right;">9,263,002</td> <td style="text-align: right;">4.61</td> </tr> <tr> <td>Artemis Fund Managers Ltd .....</td> <td style="text-align: right;">8,682,246</td> <td style="text-align: right;">4.32</td> </tr> <tr> <td>Wellington Management Company .....</td> <td style="text-align: right;">7,436,071</td> <td style="text-align: right;">3.70</td> </tr> <tr> <td>Norges Bank .....</td> <td style="text-align: right;">7,079,909</td> <td style="text-align: right;">3.52</td> </tr> <tr> <td>BlackRock Inc .....</td> <td style="text-align: right;">6,505,239</td> <td style="text-align: right;">3.24</td> </tr> <tr> <td>Polaris Capital Management Inc .....</td> <td style="text-align: right;">6,448,712</td> <td style="text-align: right;">3.21</td> </tr> </tbody> </table> <p>Save as disclosed in this Element of the Summary, TRG is not aware of any other person who, as at the Latest Practicable Date, directly or indirectly, has a holding which is notifiable under English law.</p> <p>TRG is not aware of any persons who, as the Latest Practicable Date, directly or indirectly, jointly or severally, exercise or are entitled to exercise control over TRG nor is the Company aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.</p> <p>None of the Company’s major Shareholders has different voting rights. To the extent known to the Company, the Company is not directly or indirectly owned or controlled by any person or any group of persons.</p>	<i>Shareholder</i>	<i>Number of shares</i>	<i>Percentage of total voting rights (per cent.)</i>	<i>Fidelity Management &amp; Research</i>			Company .....	20,080,968	9.99	Aberforth Partners LLP .....	17,105,441	8.51	Columbia Threadneedle Investments .....	16,308,764	8.11	J O Hambro Capital Management .....	15,807,004	7.86	Schroder Investment Management Ltd .....	11,016,584	5.48	Royal London Asset Management Ltd .....	9,879,773	4.91	Rathbones .....	9,263,002	4.61	Artemis Fund Managers Ltd .....	8,682,246	4.32	Wellington Management Company .....	7,436,071	3.70	Norges Bank .....	7,079,909	3.52	BlackRock Inc .....	6,505,239	3.24	Polaris Capital Management Inc .....	6,448,712	3.21
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B.7	Historical key financial information for the Company	<p><b>TRG</b></p> <p>The selected historical financial information of TRG has been extracted from the TRG audited consolidated financial statements incorporated by reference in this document, with the exception of that outlined below.</p> <p>The selected historical financial information of TRG has been extracted from TRG’s audited consolidated financial statements incorporated by reference into this Prospectus after adjustment for the changes in presentation of Exceptional Items (as discussed in Note 1 to the audited financial statements for the 52 weeks ended 31 December 2017) and the presentation of cash flows related to finance leases (as discussed in Note 7 to the unaudited condensed consolidated interim statements for the 26 weeks ended 1 July 2018).</p> <p>The financial information as at 27 August 2017 and 26 August 2018 and for the 34 week periods then ended has been extracted from the unaudited consolidated interim financial statements of the TRG Group for the TRG 8 Month Interim Period 2018 set out in Section 2 of Part VIII (<i>Historical Financial Information relating to TRG</i>) of this document.</p>																																										

### Summary Consolidated Statement of Profit or Loss

	52 weeks ended 27 December 2015 £'000	53 weeks ended 1 January 2017 £'000	52 weeks ended 31 December 2017 £'000	34 weeks ended 27 August 2017 £'000	34 weeks ended 26 August 2018 £'000
Revenue .....	685,381	710,712	679,282	444,328	439,398
Cost of sales .....	(558,491)	(717,682)	(597,876)	(392,318)	(400,251)
<b>Gross profit / (loss) .....</b>	<b>126,890</b>	<b>(6,970)</b>	<b>81,406</b>	<b>52,010</b>	<b>39,147</b>
Administration costs .....	(37,999)	(40,364)	(35,960)	(26,578)	(16,644)
<b>Operating profit / (loss) .....</b>	<b>88,891</b>	<b>(47,334)</b>	<b>45,446</b>	<b>25,432</b>	<b>22,503</b>
Net interest payable .....	(2,046)	(2,007)	(1,860)	(1,255)	(1,026)
<b>Profit / (loss) on ordinary activities before tax .....</b>	<b>86,845</b>	<b>(49,341)</b>	<b>43,586</b>	<b>24,177</b>	<b>21,477</b>
Tax on profit / (loss) on ordinary activities .....	(17,959)	1,325	(10,653)	(6,039)	(5,826)
<b>Profit / (loss) for the period .....</b>	<b>68,886</b>	<b>(48,016)</b>	<b>32,933</b>	<b>18,138</b>	<b>15,651</b>
<b>EBITDA .....</b>	<b>127,991</b>	<b>62,525</b>	<b>86,145</b>	<b>53,117</b>	<b>51,116</b>

The following table summarises TRG's consolidated profit and loss account for the periods indicated on a Trading Business basis (which refers to a measure excluding Exceptional Items which it is considered would distort the comparability of the TRG Group's results) and presents for the periods indicated TRG's Adjusted EBITDA, a non-IFRS measure used to monitor TRG's financial performance alongside IFRS metrics because the TRG Directors believe it represents the underlying financial performance of the TRG Group. For additional information on non-IFRS measures such as Trading Business figures and Adjusted EBITDA, see "Presentation of Financial Information – Non-IFRS financial information".

### Summary Financial Information – Trading Business

	52 weeks ended 27 December 2015 £'000	53 weeks ended 1 January 2017 £'000	52 weeks ended 31 December 2017 £'000	34 weeks ended 27 August 2017 £'000	34 weeks ended 26 August 2018 £'000
Revenue .....	685,381	710,712	679,282	444,328	439,398
Cost of sales .....	(558,491)	(598,136)	(589,490)	(383,693)	(391,807)
<b>Gross profit .....</b>	<b>126,890</b>	<b>112,576</b>	<b>89,792</b>	<b>60,635</b>	<b>47,591</b>
Administration costs .....	(37,999)	(33,420)	(31,188)	(22,340)	(16,644)
<b>Operating profit .....</b>	<b>88,891</b>	<b>79,156</b>	<b>58,604</b>	<b>38,295</b>	<b>30,947</b>
<b>Adjusted EBITDA .....</b>	<b>127,991</b>	<b>120,965</b>	<b>95,118</b>	<b>61,701</b>	<b>53,382</b>

### Summary Consolidated Statement of Financial Position

	27 December 2015 £'000	1 January 2017 £'000	31 December 2017 £'000	27 August 2017 £'000	26 August 2018 £'000
<b>Non-current assets</b>					
Intangible assets	26,433	26,433	26,433	26,433	26,998
Property, plant and equipment	403,640	345,952	335,029	342,939	332,544
	<b>430,073</b>	<b>372,385</b>	<b>361,462</b>	<b>369,372</b>	<b>359,542</b>
<b>Current assets</b>					
Stock	6,389	5,632	5,930	6,007	5,963
Other receivables	13,366	18,782	14,949	15,764	18,361
Prepayments	15,267	15,824	17,473	11,194	13,637
Cash and cash equivalents	2,983	9,568	9,611	14,274	16,286
Corporation tax receivable	—	688	—	—	—
	<b>38,005</b>	<b>50,494</b>	<b>47,963</b>	<b>47,239</b>	<b>54,247</b>
<b>Total assets</b>	<b>468,078</b>	<b>422,879</b>	<b>409,425</b>	<b>416,611</b>	<b>413,789</b>
<b>Current liabilities</b>					
Overdraft	(838)	—	—	—	—
Corporation tax liabilities	(8,692)	—	(2,129)	(1,519)	(3,623)
Trade and other payables	(125,388)	(121,850)	(124,238)	(127,430)	(133,749)
Other payables—finance lease obligations	(355)	(393)	(164)	(395)	(164)
Provisions	(1,130)	(15,415)	(10,408)	(12,593)	(7,991)
	<b>(136,403)</b>	<b>(137,658)</b>	<b>(136,939)</b>	<b>(141,937)</b>	<b>(145,527)</b>
<b>Net current liabilities</b>	<b>(98,398)</b>	<b>(87,164)</b>	<b>(88,976)</b>	<b>(94,698)</b>	<b>(91,280)</b>
<b>Non-current liabilities</b>					
Long-term borrowings	(30,527)	(37,882)	(31,223)	(33,096)	(35,437)
Other payables—finance lease obligations	(2,956)	(2,950)	(2,548)	(2,947)	(2,470)
Deferred tax liabilities	(12,096)	(4,434)	(5,127)	(3,486)	(4,412)
Provisions	(2,536)	(38,369)	(31,688)	(35,474)	(29,018)
	<b>(48,115)</b>	<b>(83,635)</b>	<b>(70,586)</b>	<b>(75,003)</b>	<b>(71,337)</b>
<b>Total liabilities</b>	<b>(184,518)</b>	<b>(221,293)</b>	<b>(207,525)</b>	<b>(216,940)</b>	<b>(216,864)</b>
<b>Net assets</b>	<b>283,560</b>	<b>201,586</b>	<b>201,900</b>	<b>199,671</b>	<b>196,925</b>
<b>Equity</b>					
Share capital	56,518	56,550	56,551	56,550	56,551
Share premium	25,255	25,542	25,554	25,546	25,554
Other reserves	(11,080)	(9,987)	(7,753)	(8,804)	(7,139)
Retained earnings	212,867	129,481	127,548	126,379	121,959
Total equity	<b>283,560</b>	<b>201,586</b>	<b>201,900</b>	<b>199,671</b>	<b>196,925</b>

### Summary Consolidated Statement of Cash Flows

	52 weeks ended 27 December 2015 £'000	53 weeks ended 1 January 2017 £'000	52 weeks ended 31 December 2017 £'000	34 weeks ended 27 August 2017 £'000	34 weeks ended 26 August 2018 £'000
Cash generated from operations	133,963	122,503	108,030	78,109	60,686
Other operating cash flows	(18,687)	(24,121)	(27,294)	(19,363)	(12,159)
<b>Net cash flow from operating activities</b>	<b>115,276</b>	<b>98,382</b>	<b>80,736</b>	<b>58,746</b>	<b>48,527</b>
Net cash flow from investing activities	(72,664)	(63,061)	(38,447)	(27,548)	(24,504)
Net cash flows used in financing activities	(41,347)	(27,898)	(42,246)	(26,492)	(17,348)
<b>Net increase in cash and cash equivalents</b>	<b>1,265</b>	<b>7,423</b>	<b>43</b>	<b>4,706</b>	<b>6,675</b>
<b>Cash and cash equivalents at end of period</b>	<b>2,145</b>	<b>9,568</b>	<b>9,611</b>	<b>14,274</b>	<b>16,286</b>

#### Revenue

Revenue decreased 1.1 per cent. to £439.4 million in the TRG 8 Month Interim Period 2018 from £444.3 million in the TRG 8 Month Interim Period 2017. This was primarily due to a decline in like-for-like sales,

driven by investments made in price and proposition across Leisure brands in 2017, as well as adverse weather conditions and the World Cup, partly offset by strong like-for-like performance from the Pubs and Concessions businesses.

Revenue decreased 4.4 per cent. to £679.3 million in TRG FY 2017 from £710.7 million in TRG FY 2016. This was primarily due to a 53-week year in the comparable TRG FY 2016 and a 3.0 per cent. decline in like-for-like sales. On a 52-week versus 52-week basis, revenue declined 1.8 per cent. The decline in like-for-like sales was due to investments made in price and proposition across TRG's Leisure brands, particularly in the second half of the year, partly offset by a strong like-for-like sales performance from the Pubs and Concessions businesses.

Revenue increased 3.7 per cent. to £710.7 million in TRG FY 2016 from £685.4 million in TRG FY 2015. This was primarily due to a 53-week year in TRG FY 2016 compared to a 52-week year in TRG FY 2015 and a 3.9 per cent. decline in like-for-like sales as a result of weakness in the major Leisure brands, partly offset by performance in the Pubs and Concessions businesses.

#### *Gross profit*

On a post-Exceptional Item basis, gross profit decreased 24.7 per cent. to £39.1 million in the TRG 8 Month Interim Period 2018 from £52.0 million in the TRG 8 Month Interim Period 2017. Cost of sales for TRG 8 Month Interim Period 2018 included an Exceptional Item of £8.4 million, while cost of sales for TRG 8 Month Interim Period 2017 included an Exceptional Item of £8.6 million, in each case related to onerous lease provisions and impairment of property, plant and equipment. On a Trading Business basis, gross profit decreased 21.5 per cent. to £47.6 million the TRG 8 Month Interim Period 2018 from £60.6 million in the TRG 8 Month Interim Period 2017. This was primarily due to a decline in like-for-like sales as a result of investments made in price in the Leisure business partly offset by strong like-for-like performance from the Pubs and Concessions businesses, and an increase in inflationary cost pressures, particularly in food and drink input costs, labour costs and utilities and occupancy costs.

On a post-Exceptional Item basis, gross profit increased to £81.4 million in TRG FY 2017 from a £7.0 million loss in TRG FY 2016. This was primarily due to the inclusion of a £119.5 million Exceptional Item in the comparable TRG FY 2016 attributable to exit costs from certain underperforming sites and an impairment charge in respect of certain additional sites. On a Trading Business basis, gross profit decreased 20.2 per cent. to £89.8 million in TRG FY 2017 from £112.6 million in TRG FY 2016, primarily due to a 53-week year in the comparable TRG FY 2016 and a decline in like-for-like sales, investments made in more competitive pricing, marketing and product quality, partly offset by cost saving initiatives.

On a post-Exceptional Item basis, gross profit decreased 105.5 per cent. to a £7.0 million loss in TRG FY 2016 from a £126.9 million profit in TRG FY 2015. This was primarily due to the inclusion of a £119.5 million Exceptional Item in TRG FY 2016 attributable to exit costs from certain underperforming sites and an impairment charge in respect of certain additional sites. On a Trading Business basis, gross profit decreased 11.3 per cent. to £112.6 million in TRG FY 2017 from £126.9 million in TRG FY 2016, primarily due to wage rises as a result of an increase in the National Living Wage and food cost inflation.

#### *Cash flows*

Net cash flows from operating activities decreased 17.4 per cent. to £48.5 million in the TRG 8 Month Interim Period 2018 from £58.7 million in the TRG 8 Month Interim Period 2017. This was

	<p>primarily due to a reduction in cash generated from operations (particularly in Leisure locations), a reduction in working capital being partly offset by reduction in administration costs.</p> <p>Net cash flows from operating activities decreased 17.9 per cent. to £80.7 million in TRG FY 2017 from £98.4 million in TRG FY 2016. This was primarily due to a reduction in the cash generated from operations (particularly in Leisure locations), a cash outflow from exceptional onerous lease and restructuring costs partly offset by lower taxes paid in the period.</p> <p>Net cash flows from operating activities decreased 14.7 per cent. to £98.4 million in TRG FY 2016 from £115.3 million in TRG FY 2015. This was primarily due to a reduction in cash generated from operations (particularly in Leisure locations) and a cash outflow relating to Exceptional Items.</p> <p><i>Assets</i></p> <p>TRG's net assets decreased 1.4 per cent. to £196.9 million as at the end of the TRG 8 Month Interim Period 2018 from £199.7 million as at the end of the TRG 8 Month Interim Period 2017.</p> <p>TRG's net assets increased 0.2 per cent. to £201.9 million as at the end of TRG FY 2017 from £201.6 million as at the end of TRG FY 2016.</p> <p>TRG's net assets decreased 28.9 per cent. to £201.6 million as at the end of TRG FY 2016 from £283.6 million as at the end of TRG FY 2015 primarily driven by the £126.5 million Exceptional Item in relation to onerous leases, impairment and restructuring and strategic review costs.</p> <p><i>Subsequent periods</i></p> <p>There has been no significant change in the financial or trading position of the TRG Group since 26 August 2018, being the end of the last financial period of the TRG Group for which unaudited interim financial information has been provided.</p> <p><b>Wagamama</b></p> <p>The selected financial information set out below for Wagamama FY 2016, Wagamama FY 2017 and Wagamama FY 2018 has been extracted without material adjustment from the historical financial information of Wagamama as set out in Section 2 of Part IX (<i>Historical Financial Information relating to Wagamama</i>) of this document. The selected financial information set out below for the Wagamama Interim Period 2017 and the Wagamama Interim Period 2018 has been extracted without material adjustment from the unaudited interim financial information of Wagamama as set out in Section 3 of Part IX (<i>Historical Financial Information relating to Wagamama</i>) of this document.</p>
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### Summary Consolidated Statement of Profit or Loss

	52 weeks ended 24 April 2016 £'000	52 weeks ended 23 April 2017 £'000	53 weeks ended 29 April 2018 £'000	16 weeks ended 13 August 2017 £'000	16 weeks ended 19 August 2018 £'000
Revenue	229,864	266,109	306,713	86,724	97,389
Cost of sales	(186,123)	(217,771)	(265,670)	(73,551)	(85,594)
<b>Gross profit / (loss)</b>	<b>43,741</b>	<b>48,338</b>	<b>41,043</b>	<b>13,173</b>	<b>11,795</b>
Administration costs	(17,884)	(18,196)	(25,543)	(7,194)	(9,350)
<b>Operating profit</b>	<b>25,857</b>	<b>30,142</b>	<b>15,500</b>	<b>5,979</b>	<b>2,445</b>
Net interest payable	(28,499)	(30,129)	(34,490)	(18,183)	(7,267)
<b>Profit / (loss) on ordinary activities</b>					
<b>before tax</b>	<b>(2,642)</b>	<b>13</b>	<b>(18,990)</b>	<b>(12,204)</b>	<b>(4,822)</b>
Tax on ordinary activities	(1,180)	(3,487)	(2,841)	1,257	(1,569)
<b>Loss for the period</b>	<b>(3,822)</b>	<b>(3,474)</b>	<b>(21,831)</b>	<b>(10,947)</b>	<b>(6,391)</b>
<b>EBITDA</b>	<b>34,396</b>	<b>40,521</b>	<b>31,316</b>	<b>9,784</b>	<b>7,559</b>

The following table summarises Wagamama's consolidated profit and loss account for the periods indicated on a Trading Business basis (which refers to a measure excluding Exceptional Items which it is considered would distort the comparability of the Wagamama Group's results) and presents for the periods indicated Wagamama's Adjusted EBITDA, a non-IFRS measure used to assess Wagamama's financial performance alongside IFRS metrics and presented for readers to understand how the TRG Directors will evaluate the performance of the Enlarged Group's business. For additional information on non-IFRS measures such as Trading Business figures and Adjusted EBITDA, see "Presentation of Financial Information – Non-IFRS financial information".

### Summary Financial Information – Trading Business

	52 weeks ended 24 April 2016 £'000	52 weeks ended 23 April 2017 £'000	53 weeks ended 29 April 2018 £'000	16 weeks ended 13 August 2017 £'000	16 weeks ended 19 August 2018 £'000
Revenue	229,864	266,109	306,713	86,724	97,389
Cost of sales	(186,123)	(218,686)	(257,200)	(73,551)	(85,594)
<b>Gross profit</b>	<b>43,741</b>	<b>47,423</b>	<b>49,513</b>	<b>13,173</b>	<b>11,795</b>
Administration costs	(16,817)	(17,628)	(21,085)	(6,012)	(7,795)
<b>Operating profit</b>	<b>26,924</b>	<b>29,795</b>	<b>28,428</b>	<b>7,161</b>	<b>4,000</b>
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>35,463</b>	<b>40,245</b>	<b>42,313</b>	<b>10,966</b>	<b>9,114</b>

(1) Adjusted EBITDA for the 16 weeks ended 19 August 2018 includes a £2.0 million share-based payment charge following a grant of RSUs in May 2018.

### Summary Consolidated Statement of Financial Position

	24 April 2016 £'000	23 April 2017 £'000	29 April 2018 £'000	13 August 2017 £'000	19 August 2018 £'000
<b>Non-current assets</b>					
Intangible assets	145,732	145,911	147,478	146,231	147,285
Property, plant and equipment	82,625	102,634	115,076	107,114	119,691
	<b>228,357</b>	<b>248,545</b>	<b>262,554</b>	<b>253,345</b>	<b>266,976</b>
<b>Current assets</b>					
Stock	1,400	1,628	2,017	1,873	2,264
Other receivables	2,860	2,944	6,097	3,697	5,077
Prepayments	3,922	5,286	7,128	5,154	7,041
Cash and cash equivalents	35,736	34,142	29,371	32,213	23,589
Corporation tax receivable	—	—	—	1,477	—
	<b>43,918</b>	<b>44,000</b>	<b>44,613</b>	<b>44,414</b>	<b>37,971</b>
<b>Total assets</b>	<b>272,275</b>	<b>292,545</b>	<b>307,167</b>	<b>297,759</b>	<b>304,947</b>
<b>Current liabilities</b>					
Corporation tax liabilities	(2,223)	(2,954)	(974)	—	(150)
Trade and other payables	(43,441)	(49,208)	(53,931)	(47,588)	(51,902)
Other payables—finance lease obligations	(90)	(90)	(90)	(90)	(90)
Provisions	(866)	(359)	(816)	(256)	(857)
	<b>(46,620)</b>	<b>(52,611)</b>	<b>(55,811)</b>	<b>(47,934)</b>	<b>(52,999)</b>
<b>Net current liabilities</b>	<b>(2,702)</b>	<b>(8,611)</b>	<b>(11,198)</b>	<b>(3,520)</b>	<b>(15,028)</b>
<b>Non-current liabilities</b>					
Long-term borrowings	(313,659)	(331,649)	(361,967)	(352,959)	(366,417)
Trade and other payables	(2,921)	(3,210)	(3,232)	(3,242)	(3,203)
Other payables—finance lease obligations	(1,080)	(1,078)	(1,076)	(1,077)	(1,074)
Deferred tax liabilities	(3,628)	(3,876)	(4,204)	(3,825)	(4,356)
Provisions	(2,161)	(1,256)	(6,691)	(1,219)	(6,719)
	<b>(323,449)</b>	<b>(341,069)</b>	<b>(377,170)</b>	<b>(362,322)</b>	<b>(381,769)</b>
<b>Total liabilities</b>	<b>(370,069)</b>	<b>(393,680)</b>	<b>(432,981)</b>	<b>(410,256)</b>	<b>(434,768)</b>
<b>Net liabilities</b>	<b>(97,794)</b>	<b>(101,135)</b>	<b>(125,814)</b>	<b>(112,497)</b>	<b>(129,821)</b>
Share capital	20	20	20	20	20
Share premium	19,633	19,633	19,633	19,633	19,633
Other reserves	284	352	(1,668)	163	219
Retained earnings	(117,731)	(121,140)	(143,799)	(132,313)	(149,693)
<b>Total shareholders' deficit</b>	<b>(97,794)</b>	<b>(101,135)</b>	<b>(125,814)</b>	<b>(112,497)</b>	<b>(129,821)</b>

### Summary Consolidated Statement of Cash Flows

	52 weeks ended 24 April 2016 £'000	52 weeks ended 23 April 2017 £'000	53 weeks ended 29 April 2018 £'000	16 weeks ended 13 August 2017 £'000	16 weeks ended 19 August 2018 £'000
Cash generated from operations	37,176	44,458	42,248	10,444	10,382
Other operating cash flows	(1,466)	(3,468)	(9,332)	(4,345)	(3,654)
<b>Net cash flow from operating activities</b>	<b>35,710</b>	<b>40,990</b>	<b>32,916</b>	<b>6,099</b>	<b>6,728</b>
Net cash flow from investing activities	(17,282)	(30,311)	(31,458)	(10,854)	(7,708)
Net cash flows used in financing activities	(11,282)	(12,306)	(6,192)	2,835	(4,826)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>7,146</b>	<b>(1,627)</b>	<b>(4,734)</b>	<b>(1,920)</b>	<b>(5,806)</b>
<b>Cash and cash equivalents at end of period</b>	<b>35,736</b>	<b>34,142</b>	<b>29,371</b>	<b>32,213</b>	<b>23,589</b>

#### Revenue

Revenue increased 12.3 per cent. to £97.4 million in the Wagamama Interim Period 2018 from £86.7 million in the Wagamama Interim Period 2017. This was primarily due to a 8.5 per cent. increase in like-for-like sales in directly-operated United Kingdom restaurants and an increase in the number of restaurants (including franchised restaurants)

	<p>from 178 open at the end of the Wagamama Interim Period 2017 to 196 open at the end of the Wagamama Interim Period 2018.</p> <p>Revenue increased 15.3 per cent. to £306.7 million in Wagamama FY 2018 from £266.1 million in Wagamama FY 2017. This was primarily due to a 53-week year in Wagamama FY 2018, a 7.4 per cent. increase in like-for-like sales in directly-operated United Kingdom restaurants and the increase in the number of restaurants from 172 open at the end of Wagamama FY 2017 to 191 open at the end of Wagamama FY 2018 (net of 2 closures).</p> <p>Revenue increased 15.8 per cent. to £266.1 million in Wagamama FY 2017 from £229.9 million in Wagamama FY 2016. This was primarily due to a 8.2 per cent. increase in like-for-like sales in directly-operated United Kingdom restaurants and the increase in the number of restaurants from 159 open at the end of Wagamama FY 2016 to 172 open at the end of Wagamama FY 2017 (net of 6 closures).</p> <p><i>Gross profit</i></p> <p>Gross profit decreased 10.5 per cent. to £11.8 million in the Wagamama Interim Period 2018 from £13.2 million in the Wagamama Interim Period 2017. This was primarily due to an increase in cost of sales as a result of the addition of new restaurants, additional depreciation commensurate with the addition of new restaurants, like-for-like sales growth affecting variable and semi-variable costs and the impact of cost increases in the supply chain and National Living Wage cost increases partly offset by increased revenues.</p> <p>On a post-Exceptional Item basis, gross profit decreased 15.1 per cent. to £41.0 million in Wagamama FY 2018 from £48.3 million in Wagamama FY 2017. Cost of sales for Wagamama FY 2018 included a £8.5 million increase in onerous lease and impairment provisions related to the creation of new provisions for certain locations and reassessment of other provisions, while cost of sales for Wagamama FY 2017 also included Exceptional Items of a £0.8 million decrease in onerous lease provisions and a £0.1 million decrease in impairment of property, plant and equipment, each related to closed sites. On a Trading Business basis, gross profit increased 4.4 per cent. to £49.5 million from £47.4 million in Wagamama FY 2017. This was primarily due to strong top-line growth, partly offset by the increase in cost of sales as a result of like-for-like sales growth (which increased variable and semi-variable costs), additional depreciation commensurate with the addition of new restaurants, and the impact of cost increases in the supply chain and National Living Wage. There were a number of additional costs in the year relating to repair costs due to a dispute with a supplier, investment in attracting, training and retraining staff and transformational refurbishing of sites that were closed for longer than normal.</p> <p>On a post-Exceptional Item basis, gross profit increased 10.5 per cent. to £48.3 million in Wagamama FY 2017 from £43.7 million in Wagamama FY 2016. Cost of sales for Wagamama FY 2017 also included Exceptional Items of a £0.8 million decrease in onerous lease provisions and a £0.1 million decrease in impairment of property, plant and equipment, each related to closed sites. On a Trading Business basis, gross profit increased 8.4 per cent to £47.4 million from £43.7 million in Wagamama FY 2016. This was primarily due to an increase in like-for-like sales in directly-operated United Kingdom restaurants and the increase in the number of restaurants from 159 open at the end of Wagamama FY 2016 to 172 open at the end of Wagamama FY 2017 (net of 6 closures partly offset by additional depreciation commensurate with the addition of new restaurants).</p>
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		<p><i>Cash flows</i></p> <p>Net cash flows from operating activities increased 10.3 per cent. to £6.7 million in the Wagamama Interim Period 2018 from £6.1 million in the Wagamama Interim Period 2017. This increase was primarily due to a reduction in cash outflows in relation to tax payments of £1.0 million offset by an increase in cash outflows in relation to Exceptional Items of £0.4 million.</p> <p>Net cash flows from operating activities decreased 19.7 per cent. to £32.9 million in Wagamama FY 2018 from £41.0 million in Wagamama FY 2017. This was primarily due to the cash outflows related to Exceptional Items of £5.1 million in Wagamama FY 2018 (comprising payments related to onerous leases on poorly performing sites; severance payments in connection with an executive restructure, primarily to the departed Chief Executive Officer; and costs related to the refinancing of Wagamama’s prior outstanding notes with the issuance of the Wagamama Notes in July 2017) compared to £1.2 million in Wagamama FY 2017 (comprising the cash component of the release of onerous leases in relation to closed sites and payments in relation to the Wagamama Group’s United States expansion) a working capital outflow (as a result of an increase in receivable balances due from franchises and Deliveroo, as a result of growth in these areas) and an increase in tax paid, partly offset by an increase in Adjusted EBITDA.</p> <p>Net cash flows from operating activities increased 14.8 per cent. to £41.0 million in Wagamama FY 2017 from £35.7 million in Wagamama FY 2016. This increase was primarily due to an increase in Adjusted EBITDA of £4.8 million offset by an increase in taxes paid of £2.0 million.</p> <p><i>Assets</i></p> <p>Wagamama’s net liabilities increased 15.4 per cent. to £129.8 million of liabilities as at the end of the Wagamama Interim Period 2018 from £112.5 million of liabilities as at the end of the Wagamama Interim Period 2017 as a result of a loss for the period of £17.3m, partly driven by £13.3 million of Exceptional Items.</p> <p>Wagamama’s net liabilities increased 24.4 per cent. to £125.8 million of liabilities as at the end of Wagamama FY 2018 from £101.1 million of liabilities as at the end of Wagamama FY 2017 as a result of a loss for the period of £21.8m, partly driven by £22.0 million of Exceptional Items.</p> <p>Wagamama’s net liabilities increased 3.4 per cent. to £101.1 million of liabilities as at the end of Wagamama FY 2017 from £97.8 million of liabilities as at the end of Wagamama FY 2016.</p> <p><i>Subsequent periods</i></p> <p>There has been no significant change in the financial or trading position of the Wagamama Group since 19 August 2018, being the end of the last financial period of the Wagamama Group for which unaudited interim financial information has been provided.</p>
B.8	Selected key pro forma financial information	<p>Selected pro forma financial information which illustrates the effect of the Rights Issue, the Debt Financing and the Acquisition on the net assets of the TRG Group as if they had taken place on 26 August 2018 and on the consolidated statement of profit or loss of the TRG Group as if they had taken place on 2 January 2017 is presented below.</p> <p>The unaudited summary pro forma financial information has been prepared in a manner consistent with the accounting policies adopted by the TRG Group in preparing its audited financial statements for TRG FY 2018 and on the basis set out in the notes below and in accordance with Annex II to the PD Regulation.</p>

The unaudited summary pro forma information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the TRG Group's actual financial position or results.

**Unaudited pro forma statement of net assets of the Enlarged Group as at 26 August 2018**

	Adjustments					Unaudited pro forma Enlarged Group
	TRG as at 26 August 2018	Wagamama as at 19 August 2018	Net proceeds of the Rights Issue	Debt financing adjustments	Acquisition adjustments	
	Note 1 £'000	Note 2 £'000	Note 3 £'000	Note 4 £'000	Note 5 £'000	
<b>Non-current assets</b>						
Intangible assets . . . . .	26,998	147,285	—	—	350,489	524,772
Property, plant and equipment . . . . .	332,544	119,691	—	—	—	452,235
	<b>359,542</b>	<b>266,976</b>	<b>—</b>	<b>—</b>	<b>350,489</b>	<b>977,007</b>
<b>Current assets</b>						
Stock . . . . .	5,963	2,264	—	—	—	8,227
Other receivables . . . . .	18,361	5,077	—	—	—	23,438
Prepayments . . . . .	13,637	7,041	—	—	—	20,678
Cash and cash equivalents . . . . .	16,286	23,589	306,370	91,430	(374,229)	63,446
Total current assets . . . . .	<b>54,247</b>	<b>37,971</b>	<b>306,370</b>	<b>91,430</b>	<b>(374,229)</b>	<b>115,789</b>
<b>Total assets</b> . . . . .	<b>413,789</b>	<b>304,947</b>	<b>306,370</b>	<b>91,430</b>	<b>(23,740)</b>	<b>1,092,796</b>
<b>Current liabilities</b>						
Corporation tax liabilities . . . . .	(3,623)	(150)	—	—	—	(3,773)
Trade and other payables . . . . .	(133,749)	(51,902)	—	—	1,083	(184,568)
Other payables—finance lease obligations . . . . .	(164)	(90)	—	—	—	(254)
Provisions . . . . .	(7,991)	(857)	—	—	—	(8,848)
	<b>(145,527)</b>	<b>(52,999)</b>	<b>—</b>	<b>—</b>	<b>1,083</b>	<b>(197,443)</b>
Net current liabilities . . . . .	<b>(91,280)</b>	<b>(15,028)</b>	<b>306,370</b>	<b>91,430</b>	<b>(373,146)</b>	<b>(81,654)</b>
<b>Non-current liabilities</b>						
Long-term borrowings . . . . .	(35,437)	(366,417)	—	(91,993)	144,131	(349,716)
Trade and other payables . . . . .	—	(3,203)	—	—	—	(3,203)
Other payables—finance lease obligations . . . . .	(2,470)	(1,074)	—	—	—	(3,544)
Deferred tax liabilities . . . . .	(4,412)	(4,356)	—	—	—	(8,768)
Provisions . . . . .	(29,018)	(6,719)	—	—	—	(35,737)
	<b>(71,337)</b>	<b>(381,769)</b>	<b>—</b>	<b>(91,993)</b>	<b>144,131</b>	<b>(400,968)</b>
<b>Total liabilities</b> . . . . .	<b>(216,864)</b>	<b>(434,768)</b>	<b>—</b>	<b>(91,993)</b>	<b>145,214</b>	<b>(598,411)</b>
<b>Net assets / (liabilities)</b> . . . . .	<b>196,925</b>	<b>(129,821)</b>	<b>306,370</b>	<b>(563)</b>	<b>121,474</b>	<b>494,385</b>

**Notes**

- (1) The net assets of TRG as at 26 August 2018 have been extracted, without material adjustment, from the TRG unaudited interim financial information as at and for the period ended 26 August 2018 set out in Section 2 of Part VIII (*Historical Financial Information relating to TRG*) of this document.
- (2) The net assets of Wagamama as at 19 August 2018 have been extracted, without material adjustment, from the Wagamama unaudited interim financial information as at and for the period ended 19 August 2018, set out in Section 3 of Part IX (*Historical Financial Information relating to Wagamama*) of this document.
- (3) The net proceeds of the Rights Issue of £306.4 million are calculated at the Latest Practicable Date on the basis that the Company issues 290,430,689 New Ordinary Shares at 108.5 pence per New Ordinary Share, net of estimated expenses (excluding VAT) in connection with the Rights Issue of £8.7 million. The net proceeds of the Rights Issue will be used to part-fund the Acquisition.

		<p>(4) The debt financing adjustment relates to the Debt Facility which is expected to be £130.0 million drawn down at Completion. The net proceeds of the Debt Financing are expected to be £127.4 million, net of estimated expenses of £2.6 million (excluding VAT).</p> <p>The adjustment to cash and cash equivalents comprises the net proceeds of the new Debt Financing and the settlement of existing TRG borrowings of £36.0 million.</p> <p>The adjustment to long-term borrowings reflects the Debt Financing liability of £127.4 million, net of debt financing expenses, less TRG's existing borrowings of £35.4 million, net of unamortised debt transaction costs.</p> <p>As a consequence of the repayment of existing borrowings, the remaining unamortised debt transaction costs of £0.6 million associated with these borrowings offset against the gross borrowing amounts, have been derecognised.</p> <p>(5) The Unaudited Pro Forma Financial Information has been prepared on the basis that the Acquisition will be treated as a business combination in accordance with IFRS 3 Business Combinations. TRG expects to undertake a fair value exercise following Completion and no account has been taken of any fair value adjustments to the acquired assets and liabilities of Wagamama in the Unaudited Pro Forma Financial Information. For the purposes of the Unaudited Pro Forma Financial Information the excess of the purchase consideration over the carrying amount of net assets acquired has been attributed to intangible assets. The calculation of the adjustment to intangible assets is set out below:</p> <table data-bbox="611 768 1410 1137"> <thead> <tr> <th></th> <th style="text-align: right;"><u>£'000</u></th> <th style="text-align: right;"><u>£'000</u></th> </tr> </thead> <tbody> <tr> <td>Consideration paid .....</td> <td></td> <td style="text-align: right;">357,000</td> </tr> <tr> <td>Less carrying value of net liabilities acquired as at 26 August 2018</td> <td></td> <td></td> </tr> <tr> <td>    Wagamama net liabilities .....</td> <td style="text-align: right;">(129,821)</td> <td></td> </tr> <tr> <td>    Borrowings not acquired .....</td> <td style="text-align: right;">144,131</td> <td></td> </tr> <tr> <td>Less estimated transaction costs incurred by the Wagamama Group .....</td> <td style="text-align: right;">(7,799)</td> <td></td> </tr> <tr> <td>    Less: intangible assets derecognised .....</td> <td style="text-align: right;">(145,493)</td> <td></td> </tr> <tr> <td>Pro forma net liabilities acquired .....</td> <td></td> <td style="text-align: right;"><u>(138,982)</u></td> </tr> <tr> <td>Intangible assets on acquisition .....</td> <td></td> <td style="text-align: right;"><u>495,982</u></td> </tr> <tr> <td>Adjustment to intangible assets (before fair value adjustments to assets and liabilities) .....</td> <td></td> <td style="text-align: right;"><u>350,489</u></td> </tr> </tbody> </table> <p>The adjustment to cash includes deductions for the headline cash payment of £357.0 million less the transaction costs associated with the Acquisition (£17.2 million). The adjustment relates to estimated transaction costs of £9.4 million (excluding £0.4 million in connection with the Rights Issue) incurred by the TRG Group, and £7.8 million (excluding £0.3 million paid before 19 August 2018) incurred by the Wagamama Group. Accrued and invoiced transaction costs of £1.1 million incurred by the Wagamama Group have been derecognised from trade and other payables.</p> <p>(6) No adjustment has been made to reflect the trading results of TRG since 26 August 2018 or Wagamama since 19 August 2018.</p>		<u>£'000</u>	<u>£'000</u>	Consideration paid .....		357,000	Less carrying value of net liabilities acquired as at 26 August 2018			Wagamama net liabilities .....	(129,821)		Borrowings not acquired .....	144,131		Less estimated transaction costs incurred by the Wagamama Group .....	(7,799)		Less: intangible assets derecognised .....	(145,493)		Pro forma net liabilities acquired .....		<u>(138,982)</u>	Intangible assets on acquisition .....		<u>495,982</u>	Adjustment to intangible assets (before fair value adjustments to assets and liabilities) .....		<u>350,489</u>
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**Unaudited pro forma statement of profit or loss of the Enlarged Group for the 52 week period ended 31 December 2017**

	TRG results for the 52 weeks ended 31 December 2017 Note 1 £'000	Adjustments			Unaudited pro forma Enlarged Group Note 5 £'000
		Wagamama results for the 53 weeks ended 29 April 2018 Note 2 £'000	Debt financing adjustments Note 3 £'000	Transaction costs Note 4 £'000	
Revenue .....	679,282	306,713	—	—	985,995
Cost of sales .....	(597,876)	(265,670)	—	—	(863,546)
<b>Gross profit .....</b>	<b>81,406</b>	<b>41,043</b>	<b>—</b>	<b>—</b>	<b>122,449</b>
Administration costs .....	(35,960)	(25,543)	—	(17,896)	(79,399)
<b>Operating profit / (loss) .....</b>	<b>45,446</b>	<b>15,500</b>	<b>—</b>	<b>(17,896)</b>	<b>43,050</b>
Net interest payable .....	(1,860)	(34,490)	9,463	—	(26,887)
<b>Profit / (loss) on ordinary activities before tax .....</b>	<b>43,586</b>	<b>(18,990)</b>	<b>9,463</b>	<b>(17,896)</b>	<b>16,163</b>
Tax on profit / (loss) on ordinary activities .....	(10,653)	(2,841)	(2,313)	2,195	(13,612)
<b>Profit / (loss) for the period ..</b>	<b>32,933</b>	<b>(21,831)</b>	<b>7,150</b>	<b>(15,701)</b>	<b>2,551</b>

**Notes**

(1) The income statement of TRG for the 52 weeks ended 31 December 2017 has been extracted, without material adjustment, from TRG's consolidated financial statements as at and for the 52 weeks ended 31 December 2017, as incorporated by reference in Section 1 of Part VIII (*Historical Financial Information relating to TRG*) of this document.

(2) The income statement of Wagamama for the 53 weeks ended 29 April 2018 has been extracted, without material adjustment, from the historical financial information of Wagamama as at and for the 53 weeks ended 29 April 2018, as set out in Section 2 of Part IX (*Historical Financial Information relating to Wagamama*) of this document.

(3) The adjustment to net interest payable reflects:

- the removal of TRG finance costs of £1.1 million associated with TRG's existing borrowings for the 52 weeks ended 31 December 2017 and the removal of Wagamama finance costs of £14.7 million associated with Wagamama's shareholder loan notes for the 53 weeks ended 29 April 2018.
- As a consequence of the repayment of existing borrowings the remaining unamortised debt transaction costs of £1.1 million associated with the existing TRG and Wagamama borrowings are reflected as an expense.
- The pro forma 52 week finance cost associated with the Debt Facility had the Debt Financing been in place from 2 January 2017, a total expense of £5.2 million.

The adjustment to tax on profit / (loss) on ordinary activities reflects the tax charge for the changes in the interest costs shown above, calculated as £2.3 million at TRG's effective tax rate for the period.

These adjustments are expected to have a continuing impact.

(4) Transaction costs of £17.9 million incurred in connection with the Acquisition and the Rights Issue are reflected as an expense. The adjustment relates to estimated transaction costs of £9.8 million (exclusive of VAT) incurred by the TRG Group, and £8.1 million (inclusive of irrecoverable VAT, where appropriate) incurred by the Wagamama Group. The transaction costs exclude estimated expenses which are directly related to the issue of equity in the Rights Issue of approximately £8.3 million which have been accounted for as a deduction from equity. All costs that relate solely to the Acquisition have been expensed in accordance with IFRS 3 Business Combinations.

The adjustment to tax on profit / (loss) on ordinary activities reflects the tax adjustment in relation to the transaction costs, calculated as £2.2 million at TRG's effective tax rate for the period. Estimated tax of £2.0 million relates to the TRG Group and £0.2 million relates to the Wagamama Group.

(5) No adjustment has been made to reflect the trading results of TRG since 31 December 2017 or Wagamama since 29 April 2018.

B.9	Profit forecast and estimate	<p>On 31 August 2018, TRG published its results for TRG H1 2018. In the release accompanying those results, TRG made the following 3 statements in relation to its expectations for TRG FY 2018:</p> <p>(A) “We expect to deliver an adjusted PBT outcome for the full year broadly in-line with current market expectations given the impact of adverse weather and the World Cup.”</p> <p>(B) “Following a positive like-for-like sales performance in recent weeks, we remain on track to deliver an adjusted PBT broadly in line with current market expectations for the full year.”</p> <p>(C) “We expect to deliver an adjusted PBT outcome for the full year broadly in-line with current market expectations given the impact of adverse weather and the World Cup.”</p> <p>Trading since the point at which the above statements were made has been in line with the Company’s plans. TRG therefore confirms that it expects Adjusted PBT for TRG FY 2018 to be not less than £50 million (the <b>TRG Profit Forecast</b>).</p> <p>The TRG Profit Forecast has been properly compiled on the basis of the assumptions below and on a basis consistent with the accounting policies of the TRG Group, which are in accordance with IFRS and are those which the TRG Group anticipates will be applicable for TRG FY 2018. The TRG Directors have prepared the TRG Profit Forecast on the basis of:</p> <p>(A) the unaudited interim financial statements for the TRG 8 Month Interim Period 2018;</p> <p>(B) the unaudited management accounts for the 5 weeks ended 30 September 2018; and</p> <p>(C) the projected financial performance of the TRG Group for the remaining 13 weeks of TRG FY 2018.</p> <p>The TRG Profit Forecast does not take into account any effects of the Acquisition (including associated costs), but does reflect the acquisitions of Ribble Valley Inns Limited and Food &amp; Fuel Limited.</p>
B.10	Qualifications in the audit reports	Not applicable. The audit reports on the historical financial information relating to TRG incorporated by reference into this document are not qualified. The accountant’s report on the historical financial information relating to Wagamama in this document is not qualified.
B.11	Insufficient working capital explanation	Not applicable. TRG is of the opinion that, after taking into account the net proceeds of the Rights Issue, the Debt Facility, the TRG Existing Revolving Credit Facility and other facilities available to TRG, the working capital available for the TRG Group is sufficient for its present requirements, that is, for at least the next 12 months following the date of publication of this document.
<b>Section C—Securities</b>		
<b>Element</b>	<b>Disclosure requirement</b>	<b>Disclosure</b>
C.1	Type and the class of the securities	TRG will issue 290,430,689 New Ordinary Shares of 28.125 pence each in the capital of TRG pursuant to the Rights Issue. The ISIN for the New Ordinary Shares is GB00BG364826.
C.2	Currency of the securities issue	The New Ordinary Shares are priced in Pounds Sterling, and will be quoted and traded in Pounds Sterling.
C.3	Shares issued/value per share	As at the Latest Practicable Date the Company has in issue 201,067,400 fully paid shares of 28.125 pence each.

C.4	Description of the rights attaching to the securities	The New Ordinary Shares will be issued credited as fully paid and will rank <i>pari passu</i> in all respects with the Existing Ordinary Shares in issue at the time they are issued, including in relation to any dividends or other distributions. Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any Ordinary Shares (for example, in the case of joint holders of a share, the only vote which will count is the vote of the person whose name is listed before the other voters on the register for the share), Shareholders shall have the right to receive notice of and to attend and vote at general meetings of TRG. Subject to the provisions of the Companies Act 2006, TRG may from time to time declare dividends and make other distributions on the Ordinary Shares. Shareholders are entitled to participate in the assets of TRG attributable to their shares in a winding up of TRG or other return of capital.
C.5	Restrictions on free transferability of the securities	Not applicable; there are no restrictions on the free transferability of the Ordinary Shares.
C.6	Admission/regulated markets where the securities are traded	Applications will be made to the UKLA and to the London Stock Exchange for New Ordinary Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective on 29 November 2018 and that dealings in the New Ordinary Shares (nil paid) will commence on 29 November 2018.
C.7	Dividend policy	<p>TRG paid total dividends of 17.4 pence per share in respect of TRG FY 2017 (2016: 17.4 pence per share; 2015: 17.4 pence per share). An interim dividend of 6.8 pence per share was paid in relation to TRG H1 2018 (2017: 6.8 pence per share; 2016: 6.8 pence per share).</p> <p>The Board believes that, following Completion, it is appropriate for the Enlarged Group to adopt a policy of paying a dividend covered 2 times by earnings before Exceptional Items. This dividend policy will be reflected in the final dividend that the Company declares for TRG FY 2018.</p> <p>The Board believes that the funding structure and this dividend policy will result in an appropriate balance between delivering shareholder returns, enabling the Company to invest in further growth and enabling the Company to achieve an appropriate deleveraging profile.</p>

#### Section D—Risks

Element	Disclosure requirement	Disclosure
D.1	Key information on the key risks that are specific to the Company or its industry	<p>Changes in consumer discretionary spending and general economic conditions could have a material adverse effect on the business, results of operations and financial condition of TRG, Wagamama and, following Completion, the Enlarged Group.</p> <p>Brexit may result in material disruption to the supply chain of TRG, Wagamama and, following Completion, the Enlarged Group. An introduction of customs duties and tariffs on EU imports into the UK could result in higher costs for suppliers, which may then be passed on to customers. The imposition of customs checks at borders could increase lead times for deliveries of supplies. In addition, TRG and Wagamama are exposed to the risk that they may be unable to retain or attract their existing numbers of non-British EU staff and may need to hire a substantial number of new staff in order to comply with any reduction in immigration or any new labour and immigration laws in the run up to and following Brexit.</p>

		<p>The success of TRG, Wagamama and, following Completion, the Enlarged Group depends on the ability to compete against other national and international restaurant and pub chains, as well as against many regional and local businesses, with respect to price, service, location, type of cuisine, customer experience and food quality.</p> <p>The future performance of TRG, Wagamama and, following Completion, the Enlarged Group depends on the ability to attract consumers and respond to changes in consumer preferences, tastes and purchasing habits.</p> <p>The increasing demand for dine-at-home food deliveries and the growth of online delivery platforms and aggregators may affect the future business and profitability of TRG, Wagamama and, following Completion, the Enlarged Group.</p> <p>TRG and Wagamama are—and, following Completion, the Enlarged Group will be—dependent on frequent and timely supplies of food and drink that meet their specifications at competitive prices. These supplies include fresh food, which is especially susceptible to problems arising from delays in the supply chain process.</p> <p>TRG and Wagamama are—and, following Completion, the Enlarged Group will be—vulnerable to fluctuations in the price of food and drink supplies and transport.</p> <p>Higher labour and other operating costs and shortages in labour could adversely affect the business, results of operations and financial condition of TRG, Wagamama and, following Completion, the Enlarged Group.</p> <p>The business, results of operations and financial condition of TRG, Wagamama and, following Completion, the Enlarged Group may be affected by the ability to extend its leases, find new premises to lease for new site openings or cancel unprofitable leases.</p> <p>The reputation of TRG, Wagamama and, following Completion, the Enlarged Group may be damaged by concerns about food safety, traceability and hygiene and may increase their operating costs and decrease demand for their products.</p> <p>Increased use of social media could create, or amplify the effects of, negative publicity and have an adverse material effect on the business, results of operations and financial condition of TRG, Wagamama and, following Completion, the Enlarged Group.</p> <p>Failure to comply with existing regulations, or the introduction of changes to existing laws and regulations, could have a material adverse effect on the business, results of operations and financial condition of TRG, Wagamama and, following Completion, the Enlarged Group.</p> <p>Weather conditions, such as the exceptionally hot period across many parts of the UK in June and July 2018, local, national or international events, such as the FIFA World Cup (which reduces the number of people going to restaurants during games), and other external incidents can negatively impact the sales of TRG, Wagamama and, following Completion, the Enlarged Group by reducing the number of customers dining or drinking out.</p>
D.3	Key information on the key risks that are specific to the securities	<p>The value of an investment in New Ordinary Shares may be subject to material fluctuations and may not reflect the underlying asset value.</p> <p>Future substantial sales of Ordinary Shares or the perception that such sales might occur, could depress the market price of the Ordinary Shares.</p>

		Any future issue of Ordinary Shares will further dilute the holdings of current Shareholders and could adversely affect the market price of Ordinary Shares.
<b>Section E—Offer</b>		
<b>Element</b>	<b>Disclosure requirement</b>	<b>Disclosure</b>
E.1	Total net proceeds and costs of the issue	The total net proceeds of the Rights Issue amount to approximately £305 million. The total costs, charges and expenses (including fees and commissions) (excluding amounts in respect of VAT) payable by the Company in connection with the Rights Issue amount to approximately £9.7 million and in connection with the Acquisition are estimated to amount to approximately £11.1 million. The Company intends to pay for all expenses arising from, or in connection with, the Rights Issue. There are therefore no expenses to be charged to subscribers of New Ordinary Shares.
E.2a	Reasons for the Rights Issue/use of the proceeds	<p>It is intended that the proceeds of the Rights Issue will be used towards financing the Acquisition, subject to certain conditions being met. Under the terms of the Sale and Purchase Agreement, TRG will make a cash payment of £357 million to the Wagamama Vendors on Completion (expected to consist of £207 million in respect of the consideration for the entire issued share capital of Wagamama, and £150 million in respect of a repayment of shareholder loans), which represents an enterprise value of £559 million.</p> <p>The Acquisition will be funded through:</p> <ul style="list-style-type: none"> <li>• £305 million from the proceeds of the Rights Issue (net of expenses);</li> <li>• up to £220 million from the Debt Facility; and</li> <li>• existing cash on balance sheet.</li> </ul> <p>In the event that Admission is effected but Completion does not then occur, the TRG Directors' current intention is that the proceeds of the Rights Issue will be applied to reducing the Company's net indebtedness on a short-term basis, specifically borrowings under the TRG Existing Revolving Credit Facility, while the TRG Directors evaluate alternative uses of the funds. If no such uses can be found, the TRG Directors will consider how best to return the proceeds to Shareholders. Such a return could carry fiscal costs for certain Shareholders, will have costs for TRG and would be subject to applicable securities laws.</p>
E.3	Terms and conditions of the Rights Issue	<p>The Company proposes to raise gross proceeds of approximately £315 million through the Rights Issue. The New Ordinary Shares are being offered by way of rights to all Qualifying Shareholders on the basis of 13 New Ordinary Shares at 108.5 pence per New Ordinary Share for every 9 Existing Ordinary Shares held and registered in their name at the close of business on the Record Date.</p> <p>Qualifying Shareholders with fewer than 9 Existing Ordinary Shares at the close of business on the Record Date will not receive any New Ordinary Shares. The Rights Issue Price of 108.5 pence per New Ordinary Share represents a discount of approximately 56.9 per cent. to the Closing Price of an Existing Ordinary Share of 251.8 pence on 9 November 2018 (being the latest Business Day prior to the announcement of the Rights Issue) and a 35.1 per cent. discount to the Theoretical Ex-Rights Price based on that Closing Price.</p>



		<p>The New Ordinary Shares will rank for all dividends declared, made or paid after the date of allotment and issue of the New Ordinary Issue Shares and otherwise <i>pari passu</i> with the Existing Ordinary Shares. Application will be made to the UKLA and to the London Stock Exchange for the New Ordinary Shares (nil and fully paid) to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities.</p> <p>The offer of Nil Paid Rights, Fully Paid Rights and/or New Ordinary Shares to persons resident in, or who are citizens of, or who have a registered address in countries other than the United Kingdom may be affected by the laws of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their rights.</p> <p>Qualifying Non-CREST Shareholders with registered addresses in the United States or in any of the other Excluded Territories will not be sent Provisional Allotment Letters and will not have their CREST stock accounts credited with Nil Paid Rights, except where the Company and the Underwriter are satisfied that such action would not result in the contravention of any registration or other legal or regulatory requirement in such jurisdiction.</p> <p>The Company has arranged for the Rights Issue to be fully underwritten by the Underwriter, in accordance with the terms and subject to the conditions of the Underwriting Agreement, to provide certainty as to the amount of capital to be raised. The Underwriting Agreement is not subject to any right of termination after Admission (including in respect of any statutory withdrawal rights).</p> <p>The Rights Issue is conditional on, among other things, (i) the approval of the Resolutions at the General Meeting; (ii) Admission becoming effective by not later than 8.00 a.m. on 29 November 2018 (or such later time and/or date as the parties to the Underwriting Agreement may agree); and (iii) the Underwriting Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms prior to Admission.</p>
E.4	Interests that are material to the issue/ conflicting interests	Not applicable. There are no interests (including conflicts of interest) which are material to the Rights Issue or the Acquisition.
E.5	Name of the offeror/ lock-up agreements	<p>Not applicable. The Rights Issue constitutes an offer of New Ordinary Securities by the Company.</p> <p>Pursuant to the terms of the Underwriting Agreement, subject to certain exceptions, the Company has agreed not to allot or issue any Ordinary Shares without the consent of the Global Co-ordinator during a period of 180 days from the date of settlement of the Underwriter's payment obligations to the Company under the Underwriting Agreement.</p>
E.6	Dilution	If Shareholders do not, or are not permitted under the terms of the Rights Issue to, take up the offer of New Ordinary Shares, they will experience a 59 per cent. dilution (i.e. its, his or her proportionate interest in the Company will drop by 59 per cent.) if the Rights Issue completes (assuming that no Ordinary Shares other than the New Ordinary Shares are issued prior to Completion).
E.7	Estimated expenses charged to the investor	There are no commissions, fees or expenses to be charged to investors by the Company.

## RISK FACTORS

*Any investment in TRG and Ordinary Shares (including New Ordinary Shares), Nil Paid Rights or Fully Paid Rights carries a number of risks. Prospective investors should review this document carefully and in its entirety (together with any documents incorporated by reference into it) and consult with their professional advisers. You should carefully consider the risks and uncertainties described below, together with all other information in this document and the information incorporated into this document by reference, before making any investment decision. Prospective investors should note that the risks relating to the TRG Group, its industry and the Ordinary Shares (including New Ordinary Shares), Nil Paid Rights and Fully Paid Rights summarised in the section of this document headed ‘Summary’ are the risks that the Board believes to be most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares (including New Ordinary Shares), Nil Paid Rights or Fully Paid Rights.*

*A number of factors affect the business, results of operations and financial condition of each of TRG and Wagamama and, following Completion, will affect the Enlarged Group. This section describes risk factors considered to be material in relation to the TRG Group and the Wagamama Group as discrete groups based on information known at the date of this document. Each of these risks will continue to be relevant to the Enlarged Group following Completion.*

*However, these should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. Additional risks and uncertainties that are not presently known, or which are currently deemed immaterial, may also have an adverse effect on the business, results of operations and financial condition of TRG and Wagamama and, following Completion, the Enlarged Group. If any such risks were to materialise, the price of the Ordinary Shares could decline as a consequence and investors could lose all or part of their investment.*

*The information given is as of the date of this document and, except as required by the FCA, the London Stock Exchange, the Listing Rules, the Prospectus Rules or any other applicable law, will not be updated. Any forward-looking statements are made subject to the reservations specified under ‘Forward-Looking Statements’ on page 38 of this document.*

### **RISKS RELATING TO THE BUSINESS AND INDUSTRY IN WHICH TRG AND WAGAMAMA OPERATE AND, FOLLOWING THE ACQUISITION, IN WHICH THE ENLARGED GROUP WILL OPERATE**

#### ***1. Changes in consumer discretionary spending and general economic conditions could have a material adverse effect on the business, results of operations and financial condition of TRG, Wagamama and, following Completion, the Enlarged Group.***

The sales and profitability of TRG and Wagamama are strongly correlated to consumer discretionary spending. The prevailing general economic conditions, interest rates, currency exchange rates, political uncertainty, inflation, lack of real wage growth, unemployment levels, availability of customer credit, taxation rates, stock market performance and consumer confidence can all have an adverse impact on customer spending decisions.

TRG’s sales and profits are derived entirely from the UK, and, in Wagamama FY 2018, Wagamama derived 96.6 per cent. of its turnover from the UK. TRG and Wagamama, therefore, are—and, following Completion, the Enlarged Group will be—particularly exposed to macro-economic conditions and changes in consumer behaviour in the UK. If, for example, economic conditions in the UK decline, customers may choose to eat out less frequently, reduce their spending on eating and drinking out or migrate to competitors who offer lower priced products.

TRG’s casual dining restaurants are located in high streets, shopping centres, retail or mixed commercial parks or close to leisure facilities (such as cinemas and bowling alleys). As a result, a reduction in retail activity or leisure spending generally, or a reduction in the number of consumers visiting the locations where TRG outlets are situated (for example, on account of a move away from high-street shopping in favour of online shopping, the construction of newer, competing shopping centres or the closure of large retailers in the same location) may have a material adverse effect on the business, results of operations and financial condition of TRG and, following Completion, the Enlarged Group.

The majority of TRG’s concession outlets are located in airports and therefore the sales and profitability of TRG’s concessions business are dependent on the number of passengers travelling by air. Soft or weakening

economic conditions in the UK or elsewhere or a reduction in tourism or air travel generally may cause a reduction in air passenger numbers or cause air passengers to reduce the amount they choose to spend at airport concessions, which may have a material adverse effect on the business, results of operations and financial condition of TRG and, following Completion, the Enlarged Group.

**2. *The result of the UK referendum on withdrawal from the European Union may materially adversely affect the business, results of operations and financial condition of TRG, Wagamama and, following Completion, the Enlarged Group.***

Following the decision in the national referendum held on 23 June 2016, the UK Government formally served notice under Article 50 of the Lisbon Treaty on 29 March 2017 triggering the process for the UK to withdraw from the European Union (commonly known as **Brexit**). The terms of withdrawal are subject to a negotiation period that may extend at least until March 2019. The outcome of the referendum, the terms of withdrawal, the on-going negotiations between the UK and the European Union and the political climate in the UK surrounding Brexit have created significant uncertainty around the future relationship between the UK and the EU and the consequences for the UK economy. If economic conditions—or the consumer perception of economic conditions—in the UK weaken as a result of Brexit, this may materially adversely influence customer spending decisions and therefore materially adversely impact the business, results of operations and financial condition of TRG, Wagamama and, following Completion, the Enlarged Group.

TRG and Wagamama are exposed to the risk that they may be unable to retain or attract the same numbers of non-British EU staff and may need to hire a substantial number of new staff in order to comply with any reduction in immigration or any new labour and immigration laws in the run up to and following Brexit. There can be no assurance that TRG, Wagamama or, following Completion, the Enlarged Group will be able to retain or attract the same or similarly skilled employees as are currently employed.

In addition, Brexit may result in material disruption to the supply chain of TRG, Wagamama and, following Completion, the Enlarged Group. An introduction of customs duties and tariffs on EU imports into the UK could result in higher costs for suppliers, which may then be passed on to customers. The imposition of customs checks at borders could increase lead times for deliveries of supplies. Moreover, in the context of weakening economic conditions caused by Brexit, suppliers may encounter difficulty obtaining external financing or may be adversely affected by factors such as inflation or the weakening of the Pound Sterling against the US dollar, the Euro and other major currencies. Suppliers suffering financial difficulties may, at short notice, be unable to fulfil order arrangements, which would cause material disruption to the business of TRG, Wagamama and, following Completion, the Enlarged Group, as a result of which TRG, Wagamama and, following Completion, the Enlarged Group would need to source alternative supply arrangements that may only be available on less advantageous terms. As the majority of the food and drink supplies that TRG and Wagamama purchase are priced in Pounds Sterling, continued weakness of the Pound Sterling may increase food costs when negotiating supplier contracts in the future, as suppliers may pass on higher costs for imported products and ingredients to customers.

Any of these effects of Brexit, and others that cannot be anticipated, could materially adversely impact the business, results of operations and financial condition of TRG, Wagamama and, following Completion, the Enlarged Group.

**3. *The success of TRG, Wagamama and, following Completion, the Enlarged Group depends on the ability to compete effectively with major competitors.***

TRG and Wagamama compete—and, following Completion, the Enlarged Group will compete—against other national and international restaurant and pub chains, as well as against many regional and local businesses, with respect to price, service, location, type of cuisine, customer experience and food quality. Additionally, new competitors frequently enter the casual dining market. Existing or new competitors may have, among other things, greater financial resources, better locations, larger estates, lower operating costs, better facilities, better management, better products, more effective marketing and more efficient operations.

In the UK competitors in the branded casual dining market include Pizza Express, YO! Sushi, Bella Italia, Pho, Prezzo, Jamie's Italian, La Tasca, Nando's, Côte, Las Iguanas, Zizzi, TGI Fridays, ASK Italian, Carluccio's, Byron, Café Rouge, Wahaca and Pizza Hut. The branded casual dining sector also competes for customers with international, national, regional and local 'fast food' restaurants (such as McDonald's and KFC), other casual eating and drinking establishments (such as coffee shops) and convenience and grocery stores. The ability of

TRG, Wagamama and, following Completion, the Enlarged Group to compete effectively will depend on the success of their strategic plans, including how to attract consumers, maintain competitive pricing, manage the complexity of the restaurant operations, respond to competitors' actions, and retain managerial staff. If TRG, Wagamama or, following Completion, the Enlarged Group is unable to maintain its competitive position with respect to price, service, location, type of cuisine, customer experience and food quality, it could experience downward pressure on prices, lower demand for products, reduced margins, an inability to take advantage of new business opportunities and a loss of market share, all of which may have a material adverse impact on the business, results of operations and financial condition of TRG, Wagamama and, following Completion, the Enlarged Group.

The continuing use of discounting and promotional activities in the casual dining sector and in TRG's Leisure restaurants may impact the competitiveness and profit margins of TRG and, following Completion, the Enlarged Group, and any future need to further increase or extend the level of discounting or a failure to continue to maintain competitive pricing may have an adverse impact on the business, results of operations and financial condition of TRG and, following Completion, the Enlarged Group.

***4. The future performance of TRG, Wagamama and, following Completion, the Enlarged Group depends in part on the ability to maintain attractive consumer brands and respond to changes in consumer preferences and perceptions.***

The ability of TRG, Wagamama and, following Completion, the Enlarged Group to compete and achieve future growth plans depends in part on the ability to attract consumers and respond to changes in consumer preferences, tastes and purchasing habits. TRG has in the past responded to changing consumer health and dietary trends, such as by launching an extended range of healthy dishes, upgrading vegetarian and vegan options and introducing a re-designed desserts range in Frankie & Benny's in recognition of increasing consumer awareness of issues relating to obesity and general health. In 2017, TRG implemented initiatives to reduce sugar in its dishes in line with the UK Government's Childhood Obesity Plan and relaunched the Frankie & Benny's children's menu with an increased range of fruit and vegetables on offer. Likewise, in 2017, Wagamama introduced a dedicated vegan menu in response to growing public interest in plant-based diets and 'clean' eating. While TRG and Wagamama continue to look for new ways to innovate their food offerings, if their competitors show greater innovation in these areas, or if they fail to maintain attractive restaurant brands and consumer offerings or to respond appropriately to changes in consumer preferences and perceptions, then TRG, Wagamama and, following Completion, the Enlarged Group may fail to retain or attract new customers which may have a material adverse effect on their business, results of operations and financial condition.

***5. The growth of online delivery platforms and aggregators may affect the future business and profitability of TRG, Wagamama and, following Completion, the Enlarged Group.***

While online food-delivery platforms and aggregators, such as JustEat, UberEats and Deliveroo, are expanding choice and convenience for customers, they continue to bring about rapid change in the market, as increasing numbers of customers choose to order food online for home delivery. TRG and Wagamama have each sought opportunities to grow their businesses through partnerships with online delivery platforms and, in TRG's case, the development of 2 online-only brands, "Burger Burger" and "Kick-Ass Burrito". Nevertheless, it is not possible to accurately predict the long-term effects of the increasing demand for dine-at-home food deliveries on the restaurant industry. If the growth of online delivery platforms and aggregators reduces customer demand for the dining-out experience and TRG and Wagamama are not able to compensate for this by sufficiently exploiting the sales opportunities afforded by online delivery platforms, this may have a material adverse effect on the business, results of operations and financial condition of TRG, Wagamama and, following Completion, the Enlarged Group.

Likewise, partnering with online delivery services reduces the degree of control that TRG and Wagamama have—and, following Completion, the Enlarged Group will have—over the final product received by customers. If, for example, the delivery service reaches the customer late or if the food is cold or otherwise unappetising, a customer may associate this negative experience with TRG or Wagamama, even in cases where the delivery service is the cause. These negative experiences, in the aggregate, could materially adversely affect the brand and reduce revenue of TRG, Wagamama and, following Completion, the Enlarged Group, affecting their business, results of operations and financial condition.

**6. *The growth plans of TRG, Wagamama and, following Completion, the Enlarged Group may fail.***

The growth plans of TRG, Wagamama and, following Completion, the Enlarged Group face challenges including:

- (A) the selection and availability of suitable restaurant and pub locations with acceptable lease terms;
- (B) the selection and availability of suitable acquisition targets;
- (C) attracting customers to new premises;
- (D) the impact of local tax, zoning, licensing, land use and environmental rules and regulations on the ability to develop restaurants and pubs; and
- (E) recruiting qualified staff.

In addition, the growth plans of TRG's Concessions business are dependent on TRG's ability to renew existing concessions and win new concessions (the majority of which are offered by way of competitive tender) on acceptable commercial terms. If TRG fails to win new concessions on acceptable commercial terms or at all, or if TRG, Wagamama or, following Completion, the Enlarged Group fails to locate or secure and develop appropriate sites or acquisition targets, this may impact their ability to achieve their growth plans which may have a material adverse effect on their business, results of operations and financial condition.

**7. *The operating results of TRG and Wagamama depend on the effectiveness of their marketing, advertising and digital media programmes.***

Brand marketing, advertising and digital media content can influence the revenues of TRG, Wagamama and, following Completion, the Enlarged Group. If their marketing and advertising programmes are unsuccessful, TRG, Wagamama and, following Completion, the Enlarged Group may fail to attract new customers or retain existing customers and so their results of operations could be adversely affected. If sales decline, there will be a reduced amount available to spend on future marketing and advertising programmes, but, notwithstanding the decline in sales, TRG, Wagamama and, following Completion, the Enlarged Group may nevertheless need to maintain a certain level of marketing and advertising spend in order to compete effectively and maintain exposure in the market. In such circumstances, their margins may be diminished, which could have a material adverse effect on their business, results of operations and financial condition.

**8. *Shortages or interruptions in food and drink supplies could materially adversely affect the operating results of TRG, Wagamama and, following Completion, the Enlarged Group.***

TRG and Wagamama are—and, following Completion, the Enlarged Group will be—dependent on frequent and timely supplies of food and drink that meet their specifications at competitive prices. These supplies include fresh food, which is especially susceptible to problems arising from delays in the supply chain process, including food safety and hygiene issues. Shortages of, or interruptions in the supply of, products caused by unanticipated demand, problems in production or distribution, disease or food-borne illnesses, inclement weather or logistical issues could adversely affect the availability, quality and cost of food and drink sold in the outlets of TRG, Wagamama and, following Completion, the Enlarged Group.

In particular, TRG is reliant on 1 principal logistics supplier for food deliveries and 1 principal logistics supplier for drink deliveries. Similarly, all of Wagamama's fresh noodles are purchased from 1 supplier, whose supply arrangement is due to expire in April 2020. If any such supplier were to suffer material disruption of service or supply, were to materially fail to meet agreed service levels or were to experience any natural or other disaster to its distribution centre or any other such difficulties, given TRG and Wagamama's high degree of exposure to such suppliers, this may have a material adverse effect on the business, results of operations and financial condition of TRG, Wagamama and, following Completion, the Enlarged Group.

A material disruption of service or supply to the UK (for example owing to disruption to transport links or a terrorist incident) could adversely affect the availability, quality and cost of ingredients and may have an adverse effect on the business, results of operations and financial condition of TRG, Wagamama and, following Completion, the Enlarged Group. See also Risk Factor 2 above on the potential effect of Brexit on the supply chain of TRG, Wagamama and, following Completion, the Enlarged Group.

**9. TRG and Wagamama are—and, following Completion, the Enlarged Group will be—vulnerable to fluctuations in the price of food and drink supplies and transport.**

Food and drink supplies and transport (used to deliver supplies to the outlets of TRG, Wagamama and, following Completion, the Enlarged Group) are vulnerable to price fluctuations. These fluctuations are attributable to, among other things, changes in the supply and demand of crops and other commodities, natural disasters, weather conditions during the growing and harvesting seasons, plant and livestock diseases, labour costs, fuel prices and government-sponsored agricultural and livestock programs. Any pronounced or sustained increase in the price of food and drink supplies and transport may have a material adverse effect on the business, results of operations and financial condition of TRG, Wagamama and, following Completion, the Enlarged Group. See also Risk Factor 2 above on the potential effect of Brexit on the supply chain of TRG, Wagamama and, following Completion, the Enlarged Group.

**10. Higher labour and other operating costs and shortages in labour could adversely affect the business, results of operations and financial condition of TRG, Wagamama and, following Completion, the Enlarged Group.**

Labour costs form a significant part of the cost base of TRG, Wagamama and, following Completion, the Enlarged Group. The labour costs of TRG, Wagamama and, following Completion, the Enlarged Group are vulnerable to factors such as general wage inflation, increases in the National Living Wage and National Minimum Wage, increased employee benefit costs, the apprenticeship levy and shortages of skilled and dependable employees in the hospitality industry. Wage rates for a substantial number of the restaurant staff of TRG and Wagamama are at or just above the minimum wage level in the UK. As minimum wage rates increase, TRG, Wagamama and, following Completion, the Enlarged Group may be required to increase not only the wage rates of their minimum wage employees but also the wages of higher paid employees. Likewise, the business of TRG, Wagamama and, following Completion, the Enlarged Group is vulnerable to increases in other operating costs, such as the revaluation of business rates and higher fuel and energy costs, rents and service charges. Suppliers and service providers may also seek to pass on to TRG, Wagamama and, following Completion, the Enlarged Group increases in their own labour and other operating costs.

In addition, given the high proportion of EU workers in the UK hospitality industry, Brexit may lead to short-term staff shortages and increased labour costs. See also Risk Factor 2 above on the potential effect of the result of the UK referendum on withdrawal from the European Union.

The above factors could have a material adverse effect on the business, results of operations and financial condition of TRG, Wagamama and, following Completion, the Enlarged Group.

**11. Failure to comply with immigration laws and regulations may adversely affect the business.**

TRG and Wagamama regularly attract and retain overseas employees who require visas and work permits. Failure to comply with immigration laws and regulations could result in financial or other sanctions. Immigration laws and regulations are subject to legislative and administrative changes as well as changes in their application standards and enforcement. The operations of TRG, Wagamama and, following Completion, the Enlarged Group may be adversely affected if changes in immigration laws or regulations impair their ability to hire overseas personnel. Brexit is likely to have implications on immigration laws with respect to employees with EU, but not British, citizenship and these changes may have a material adverse impact on the operations of TRG, Wagamama and, following Completion, the Enlarged Group if the ability to hire or retain such employees is restricted.

**12. Restaurant and pub locations may not prove economically viable.**

The physical locations of restaurants and pubs have significant influence on their results of operations. As demographic and economic patterns change, existing locations may not continue to be attractive and profitable. Possible declines in neighbourhoods where restaurants and pubs are located, or adverse economic conditions in surrounding areas, could result in reduced revenue in those locations. In the case of TRG's concessions business, changes to flight arrangements, or changes in the popularity of certain destinations, airline companies or airports, could materially affect the customer footfall at airport terminals where TRG operates concession outlets. These factors could have a material adverse effect on the business, results of operations and financial condition of TRG, Wagamama and, following Completion, the Enlarged Group.

**13. *The Enlarged Group may be subject to substantial increases in rental costs and may be unable to extend its leases or cancel unprofitable leases.***

The operating performance of TRG and Wagamama depends—and, in the case of the Enlarged Group, will depend—in part on the ability to secure leases in desired locations at reasonable rents. As at 26 August 2018, 363 of TRG’s 381 Leisure sites and 29 of TRG’s 66 Pub sites were leasehold. All of Wagamama’s directly-operated estate save for the three airport sites, which are operated under retail concession agreements, is leasehold.

The leases for TRG and Wagamama’s sites generally require that their annual rent be reviewed on an “upwards-only” basis 5 years after the initial signing of the lease, and at the end of every 5-year period thereafter for the duration of the lease. As a result, TRG and Wagamama are unable—and, following Completion, the Enlarged Group will be unable—to predict the amount of any future increases in rental costs or to benefit from any decline in the open market rental value of the sites. The impact of the rent review is limited, however, by virtue of the fact that the process is linked to rents at comparable sites in the open market. Any substantial increase in rental costs could adversely affect the business, results of operations and financial condition of TRG, Wagamama and, following Completion, the Enlarged Group.

Although TRG and Wagamama believe that they will be able to renew their existing leases, they can offer no assurances that they will succeed in obtaining extensions in the future. As at the date of this document approximately 60 per cent. of Wagamama’s UK leasehold sites and over 80 per cent. of TRG’s leasehold sites are protected by the Landlord and Tenant Act 1954, providing automatic renewal rights unless the landlord seeks to take the site for its own occupation or redevelopment. The ability to extend the term of unprotected leases would, however, be subject to commercial negotiation with the landlord.

In addition, leases generally cannot be cancelled at will; therefore, if TRG, Wagamama or, following Completion, the Enlarged Group decides to close an unprofitable site, it may nonetheless be committed to continue performing its obligations under the applicable lease including, among other things, paying the base rent up to the first contractual break point. The Enlarged Group would look to mitigate the impact of any ongoing liabilities through assignment or sub-letting of any sites from which it no longer wishes to trade, subject to any restrictions under the terms of the lease.

Some leases require the tenant to obtain the landlord’s consent prior to undertaking any alterations or refurbishments on the leased premises. Leases usually require a landlord not to unreasonably withhold or delay the giving of consent, so consent can usually be obtained within a reasonable timeline. Delays in obtaining the necessary landlord consent may, however, affect the completion time of refurbishments at restaurants, which could adversely affect the profitability of those sites.

These factors could have a material adverse effect on the business, results of operations and financial condition of TRG, Wagamama and, following Completion, the Enlarged Group.

**14. *Concerns about food safety, traceability and hygiene may damage the reputation of TRG, Wagamama and, following Completion, the Enlarged Group and increase their operating costs and decrease demand for their products.***

Food safety, traceability (including in respect of product origins, ingredients and their attributes, through all stages of production, processing and distribution), hygiene and the perception by customers that products are safe are key to the reputation and business of TRG, Wagamama and the Enlarged Group. As a result, TRG and Wagamama are—and, following Completion, the Enlarged Group will be—subject to food safety risks, in particular food-borne illnesses, new illnesses resistant to preventative measures, contamination or spoilage of fresh produce as a result of inadequate storage or refrigeration, the risk of fraudulent activities in the food chain and counterfeit products, and the potential cost and disruption of a product recall or withdrawal. Additionally, reliance on third-party food suppliers and distributors increases the risk that such incidents could be caused by factors outside the control of TRG, Wagamama or the Enlarged Group. The considerable increase in the use of social media in recent years has compounded the potential scope of the negative publicity that could be generated by such incidents. Whilst TRG and Wagamama maintain systems designed to control food safety and sourcing risks, including health-related training for employees, the occurrence of food-borne illnesses or food safety issues could negatively impact the price and availability of affected ingredients—potentially resulting in disruptions in the supply chain, significantly increased costs and reduced margins—as well as causing reputational damage, which may materially adversely affect the business, results of operations and financial condition of TRG, Wagamama and, following Completion, the Enlarged Group.

***15. TRG and Wagamama are—and, following Completion, the Enlarged Group will be—subject to increasingly stringent health, safety and environmental regulations, which could result in increased costs and fines, as well as the potential for reputational damage.***

TRG and Wagamama are subject to an array of health, safety and environmental regulations (including regulations promulgated and enforced by local, national, European and international authorities) as well as stringent preparation, quality, and nutritional disclosure regulations and standards. In addition, health, safety and environmental regulations are subject to regular change, with a trend towards increasingly stringent requirements. Nutritional disclosure regulations and standards may also change—for example, it may become mandatory to include calorie labelling on menus—which may increase costs and affect consumer behaviour and preferences. Any failure to comply with such health and safety regulations may lead to payment of damages or fines, temporary or permanent site closures, payment of remediation costs and reputational damage. In addition, if the costs of compliance with health, safety and environmental laws and regulations continue to increase and it is not possible to integrate these additional costs into the price of products, any such increases could reduce the profitability of TRG, Wagamama and, following Completion, the Enlarged Group.

Food preparation is associated with numerous potential health and safety hazards to staff, including large ovens, hot surfaces and sharp utensils. TRG, Wagamama and, following Completion, the Enlarged Group risk being subject to employee personal injury claims and investigations by regulatory authorities. Although TRG and Wagamama believe that operations at their sites are conducted in a way that reduces health, safety and environmental risks, there can be no assurance that they have identified all sources of health, safety and environmental risks and the possibility of such incidents occurring cannot be totally eliminated. In addition, future changes in health, safety and environmental laws or regulations may have a material adverse effect on the business, results of operations and financial condition of TRG, Wagamama and, following Completion, the Enlarged Group.

***16. TRG, Wagamama and, following Completion, the Enlarged Group face risks associated with litigation from customers, employees and others in the ordinary course of business.***

Customer claims relating to kitchen hygiene, food allergies and food quality are common in the foodservice industry. TRG, Wagamama and, following Completion, the Enlarged Group also face the risk of claims of illness or injury relating to public liability given that they operate retail commercial establishments that are open to the public. There is also a risk of employment claims based on, among other things, discrimination, harassment, wrongful termination and issues such as rest breaks, meal breaks, overtime compensation, allocation of gratuities among staff and holiday pay.

Regardless of whether a claim is successful, involvement in high profile litigation can cause reputational damage to TRG, Wagamama and, following Completion, the Enlarged Group, as well as diverting financial resources and the attention of key personnel away from operating the business. While TRG and Wagamama have—and, following Completion, the Enlarged Group will have—insurance to cover legal claims, if 1 or more large claims were successful, or if there is a significant increase in the number of claims, the financial consequences and the adverse publicity could have a material adverse effect on their business, results of operations and financial condition.

***17. Increased use of social media could create or amplify the effects of negative publicity and have an adverse material effect on the business, results of operations and financial condition of TRG, Wagamama and, following Completion, the Enlarged Group.***

There has been a marked increase in use of social media platforms in the leisure and hospitality industry, including blogs, social media websites, customer rating websites and other forms of Internet-based communications, which allow individuals to access a broad audience of consumers and other interested persons. Consumers value readily available information concerning retailers and their goods and services, and may act upon or share such information without further investigation, authentication and without regard to its accuracy. As a result, information concerning or affecting TRG, Wagamama and, following Completion, the Enlarged Group may be posted on such platforms at any time, including inaccurate and adverse information that may harm the business or reputation of TRG, Wagamama and, following Completion, the Enlarged Group. For example, inaccurate or adverse reviews about the restaurants of TRG, Wagamama and, following Completion, the Enlarged Group may be published on the internet on social media platforms such as Facebook, Twitter and Instagram and websites such as TripAdvisor. The harm from these reviews and ratings may be immediate, without affording TRG, Wagamama and, following Completion, the Enlarged Group an opportunity for redress



or correction. Furthermore, these reviews may contain criticisms and allegations that are not verifiable, which may limit the ability of TRG, Wagamama and, following Completion, the Enlarged Group to successfully address such reviews. The negative publicity arising from these reviews and customer ratings may counter the effectiveness of marketing and advertising programmes run by TRG, Wagamama and, following Completion, the Enlarged Group and may reduce demand for their offerings, which could have a material adverse effect on their business, results of operations and financial condition.

***18. Failure to comply with existing regulations, or the introduction of changes to existing laws and regulations, could have a material adverse effect on the business, results of operations and financial condition of TRG, Wagamama and, following Completion, the Enlarged Group.***

TRG and Wagamama are—and, following Completion, the Enlarged Group will be—subject to significant government regulation at a national and local level, including various health, sanitation, planning permission, licensing, fire and safety standards. Additionally, TRG and Wagamama are—and, following Completion, the Enlarged Group will be—subject to various UK and EU regulations governing their relationship with employees, including such matters as minimum wage requirements, the treatment of part-time workers, employers' National Insurance contributions, overtime and other working conditions. A failure to comply with 1 or more regulations could result in the imposition of sanctions, including the closing of facilities for an indeterminate period of time, recalling of certain products, or third-party litigation, any of which could have a material adverse effect on the business, results of operations and financial condition of TRG, Wagamama and, following Completion, the Enlarged Group.

Alcoholic beverage control and licensing regulations relate to numerous aspects of the operations of TRG, Wagamama and, following Completion, the Enlarged Group, including the hours of operation, the handling, storage and dispensing of alcoholic beverages and staff training and qualifications. Vendors of alcoholic beverages are subject to licensing and regulation by governmental and local authorities, pursuant to the UK Licensing Act 2003 and related laws and regulations. Changes to licensing and regulation could cause TRG, Wagamama and, following Completion, the Enlarged Group to incur additional costs which they may be unable to pass on to their customers, affecting profit margins, or which may lead to higher prices being charged to customers, making eating out less attractive and leading to a decline in sales. The failure to obtain or renew licences for the sale of alcoholic beverages could have a material adverse effect on the business, results of operations and financial condition of TRG, Wagamama and, following Completion, the Enlarged Group.

Additionally, a change in the VAT or other tax regimes applicable to the business of TRG, Wagamama and, following Completion, the Enlarged Group may result in uncertainty, disruption to operations and implementation costs which they may be unable to pass on to their customers, affecting profit margins, or which may lead to higher prices being charged to customers, making eating out less attractive and leading to a decline in sales.

The EU General Data Protection Regulation and other data protection laws and regulations regulate the collection, storage and use of personal data relating to customers, employees and others. In the ordinary course of business, TRG and Wagamama collect and store—and, following Completion, the Enlarged Group will collect and store—proprietary business information and the personal data of customers, employees, suppliers and franchising partners (which may include, in the case of employees, sensitive personal data, such as medical history and criminal record checks). Any failure to comply with applicable data protection law could result in financial penalties and reputational damage, which could have a material adverse effect on the business, results of operations and financial condition of TRG, Wagamama and, following Completion, the Enlarged Group.

***19. The profitability of TRG's Pubs business—and, to a lesser extent, the profitability of the restaurants operated by TRG and Wagamama—relies heavily on alcoholic drink offerings. If the social acceptability of this offering declines, or if the UK Government introduces strict regulations curbing the sale of alcoholic beverages, the business of TRG and, following Completion, the Enlarged Group could be materially adversely affected.***

The sale of alcohol is critical to the profitability of TRG's Pubs business, and, to a lesser extent, the profitability of the restaurants operated by TRG and Wagamama. TRG's ability to promote this offering is reliant on both general social attitudes toward alcohol and governmental policies regulating the sale of alcohol.

In recent years, increased social and political attention has been directed at the alcoholic beverage industry. This recent attention has focused largely on public health concerns related to alcohol abuse, including drinking and

driving, underage drinking, and health consequences from the misuse of alcoholic beverages. In addition, there have been various well-publicised campaigns encouraging people to refrain from consuming alcohol for a period of time, such as the “Dry January” and “Go Sober for October” initiatives. If the social acceptability of alcoholic beverages were to decline significantly, sales of alcoholic drinks at TRG’s Pubs, as well as at the restaurants of both TRG and Wagamama, could decline significantly.

Revenue at TRG’s Pubs, as well as at the restaurants of both TRG and Wagamama, would also suffer if the UK Government—or, in the case of Wagamama, governments in overseas countries where Wagamama has restaurant sites—were to take actions to discourage alcohol consumption, such as restricting or prohibiting advertising, varying licensing hours, raising the legal drinking age or introducing minimum prices for alcoholic beverages. TRG—and, following Completion, the Enlarged Group—would be materially affected by stricter laws governing drinking and driving, given that the majority of TRG’s Pub sites are located in rural locations largely accessed by car. Governmental measures of this kind could reduce the flexibility of TRG and, following Completion, the Enlarged Group to implement profitable business strategies and could have a material effect on their business, results of operations and financial condition.

**20. *Wagamama and, following Completion, the Enlarged Group may be adversely affected by fluctuations in currency exchange rates.***

Although Wagamama reports its results in Pound Sterling, its overseas presence exposes it to foreign currency risk. As at 19 August 2018, Wagamama has 5 company-operated restaurant sites in the United States. Employee wages and rental payments in respect of those restaurants are paid in US dollars, so any appreciation of the US dollar against the Pound Sterling will effectively increase the employee and rental costs of Wagamama and, following Completion, the Enlarged Group. Likewise, Wagamama is—and, following Completion, the Enlarged Group will be—exposed to foreign currency risk on royalty payments from Wagamama’s 58 overseas franchised restaurants (as at 19 August 2018) which are determined on the basis of revenue in a foreign currency and are denominated in a currency other than Pound Sterling. These factors could have an adverse effect on the business, results of operations and financial condition of Wagamama and, following Completion, the Enlarged Group.

**21. *TRG’s role as franchisee in respect of certain of its concessions carries disadvantages.***

As at 26 August 2018 approximately one third of TRG’s concessions were operated under franchise agreements with third-party owners of brands such as Costa Coffee, Comptoir Libanais, Giraffe and EAT. Any damage to the reputation or brand image of a franchisor is outside the control of TRG but could have a negative impact on the ability of TRG and, following Completion, the Enlarged Group to market those concessions and attract and retain customers, which could in turn have a material adverse effect on their business, results of operations and financial condition.

**22. *Wagamama’s role as franchisor in respect of certain of its restaurants carries disadvantages.***

As at 19 August 2018, approximately 30 per cent. of Wagamama’s total restaurants—being all of Wagamama’s restaurants outside the United Kingdom and United States—are operated under franchise agreements with third-party franchisees. The drawbacks of these franchise arrangements include the following:

- (i) Franchisees may be less directly interested in preserving or enhancing Wagamama’s brand image and reputation than Wagamama is and therefore may not operate their restaurants in a manner consistent with Wagamama’s standards for cleanliness, service and quality. While Wagamama ultimately can terminate franchisees for material non-compliance with the terms of their franchise agreements, Wagamama may not be able to respond quickly to such franchisees and Wagamama’s image and reputation may suffer, which could have an adverse effect on the ability of Wagamama—and, following Completion, the Enlarged Group—to market its restaurants and attract and retain customers.
- (ii) Wagamama’s limited control over its franchisees could restrict Wagamama’s ability to implement major initiatives, such as marketing programmes and strategic plans, which in turn could adversely affect the business, results of operations and financial condition of Wagamama and, following Completion, the Enlarged Group.
- (iii) Wagamama receives a substantial majority of turnover from its franchisees in the form of royalties, generally based on a percentage of sales at franchise restaurants. If a franchisee experiences financial difficulties or declining sales, their financial viability may deteriorate, which could result in, among other things, delayed or reduced royalty payments, advertising contributions and rents, which could have an adverse effect on the business, results of operations and financial condition of Wagamama and, following Completion, the Enlarged Group.

- (iv) Wagamama's franchisees may not be willing or able to renew their franchise agreements, which typically have a 10-year term, for reasons such as low sales volumes, high rental costs or lack of profitability. Additionally, but subject to any non-competition obligations that may be in force, franchisees may choose to open a franchise with a competitor that is able to offer better terms. If Wagamama's franchisees are unwilling or unable to renew their franchise agreements with Wagamama, Wagamama may have to find replacement franchisees to operate their restaurants or otherwise operate them as directly operated restaurants. If a substantial number of franchises are not renewed, the business, results of operations and financial condition of Wagamama—and, following Completion, the Enlarged Group—could be adversely affected.

**23. *TRG, Wagamama and, following Completion, the Enlarged Group's results can be materially adversely affected by weather conditions or external events.***

Weather conditions, such as the exceptionally hot period across many parts of the UK in June and July 2018, local, national or international events, such as the FIFA World Cup (which reduces the number of people going to restaurants during games), and other external incidents, such as strikes, natural disasters and terrorist attacks, can negatively impact the sales of TRG, Wagamama and, following Completion, the Enlarged Group by reducing the number of customers dining or drinking out. Because a significant portion of restaurant operating costs is fixed or semi-fixed in nature, the loss of sales during these periods could hurt operating margins and could result in restaurant operating losses. This could have a material adverse effect on the business, results of operations and financial condition of TRG, Wagamama and, following Completion, the Enlarged Group.

**24. *The Enlarged Group will enter into arrangements with third parties in the normal course of its business, and failure by such parties to meet their obligations or to continue to participate in such arrangements could have a material adverse effect on its business, results of operations and financial condition***

The TRG Group and the Wagamama Group enter into arrangements with third parties in the normal course of their business and are reliant upon those third parties performing their obligations in accordance with the terms and conditions of the contracts and continuing to participate in such arrangements. These third parties may not fulfil the Enlarged Group's expectations and any failure by such a third party to fulfil these expectations, including as a result of fraud or withdrawal of the relevant service, could cause disruption and result in significant costs associated with sourcing alternative arrangements, among other things, which could have a material adverse effect on the Enlarged Group's business, results of operations and financial condition.

**25. *The success of the Enlarged Group will depend partly on the services of key individuals, the loss of whom could materially harm the business.***

The success of the Enlarged Group will depend, in part, on the efforts of its executive officers and other key employees. The unplanned loss of any such personnel without adequate replacement could have a material adverse effect on the business, results of operations and financial condition of the Enlarged Group.

**26. *Security breaches could compromise the information of TRG, Wagamama and, following Completion, the Enlarged Group.***

In the ordinary course of business, TRG and Wagamama collect and store—and, following Completion, the Enlarged Group will collect and store—proprietary business information and the personal data of customers, employees, suppliers and franchising partners (which may include, in the case of employees, sensitive personal data, such as medical history and criminal record checks). Despite the security measures in place, the information technology systems and infrastructure of TRG, Wagamama and, following Completion, the Enlarged Group may be vulnerable to attacks by hackers or may be breached as a result of employee error, malfeasance or other disruptions. Any such breach could cause sensitive information to be publicly operational disruption and reputational damage to TRG and Wagamama and, following Completion, the Enlarged Group, which could have a material adverse effect on their business, results of operations and financial condition.

**27. *TRG or Wagamama's information technology systems may fail, be damaged or be perceived to be insecure.***

The operations of TRG and Wagamama are dependent, and, following Completion, the operations of the Enlarged Group will be dependent, upon the successful and uninterrupted functioning of their own information technology systems and the information technology systems of third-party service providers and suppliers. These

systems could be exposed to damage or interruption from fire, natural disaster, power loss, telecommunications failure, unauthorised entry, cyber attack or computer viruses. In addition, the information technology systems may not be kept up to date or be sufficient to support current operations or future growth of the Enlarged Group. System defects, inadequacies, failures and interruptions could result in:

- (A) additional development costs;
- (B) diversion of technical and other resources;
- (C) disruption to business operations;
- (D) loss of customers and sales;
- (E) loss of customer data;
- (F) negative publicity; and
- (G) exposure to litigation claims, fraud losses or other liabilities.

**28. *Infringement or misappropriation of TRG, Wagamama and, following Completion, the Enlarged Group's intellectual property could harm their business.***

TRG and Wagamama depend—and, following Completion, the Enlarged Group will depend—in a large part on the value of their intellectual property and their continued ability to use their existing trademarks and further develop their branded products. All of the TRG Group's Leisure brands are protected by registered trademarks. Although TRG and Wagamama benefit and, following Completion, the Enlarged Group will benefit from registered trademark protection, they may be unable to adequately prevent third parties from imitating their intellectual property, using similar brands or claiming violation of their own proprietary rights. Any damage to the value of their brands, or inability to fully protect the brands may have a material adverse effect on the business, results of operations and financial condition of TRG, Wagamama and, following Completion, the Enlarged Group.

**29. *Insurance policies may not provide adequate levels of coverage against all claims.***

TRG and Wagamama believe that they maintain insurance coverage that is customary for businesses of their size and type, but such insurance policies may not be adequate to protect them from all liabilities or losses incurred. In addition, in the future, insurance premiums may increase and the Enlarged Group may be unable to obtain similar levels of insurance on reasonable terms or at all. Moreover, certain types of losses that the Enlarged Group may incur cannot be insured against, such as trade name restoration coverage associated with losses such as food-borne illness. The Enlarged Group may also experience difficulties in claiming under its insurance policies and payments received may be less than the losses incurred. Any such inadequacy of or inability to obtain insurance coverage could have a material adverse effect on the business, results of operations and financial condition of the Enlarged Group.

## **RISKS RELATING TO THE ACQUISITION**

**1. *The Acquisition is conditional on certain conditions which may not be satisfied.***

Completion under the Share Purchase Agreement is subject to, and can only occur upon satisfaction or waiver of, the following conditions: (i) approval of the Resolutions by the Shareholders at the General Meeting and (ii) Admission having occurred. Although the parties to the Share Purchase Agreement have obligations in relation to the satisfaction of the conditions to the Acquisition, these conditions may not be fulfilled (or waived, where capable of being waived) and the Acquisition may not complete. If the conditions are not satisfied by the Long Stop Date and the Share Purchase Agreement is terminated, TRG has agreed to pay a break fee of £5,975,723 to the Wagamama Vendors under the Share Purchase Agreement. Further detail of the circumstances in which TRG is required to pay a break fee are described in Part III (*Principal Terms and Conditions of the Acquisition*) of this document.

**2. *If the Rights Issue completes but the Acquisition does not then complete, the proceeds of the Rights Issue will be retained by TRG.***

If the Rights Issue is completed but the Acquisition does not then complete, TRG will have raised proceeds in the Rights Issue that will not subsequently be used to pay the purchase price for the Acquisition. In this event, the TRG Directors' current intention is that the proceeds of the Rights Issue will be applied to reducing the Company's net indebtedness on a short-term basis, specifically borrowings under the TRG Existing Revolving

Credit Facility, while the TRG Directors evaluate alternative uses of the funds. If no such uses can be found, the TRG Directors will consider how best to return the proceeds to Shareholders. Such a return could carry fiscal costs for certain Shareholders, will have costs for TRG and would be subject to applicable securities laws.

**3. *There are limits on TRG Holdings' recourse against the Wagamama Vendors and the Management Warrantors in the event of a breach of the Share Purchase Agreement and the Management Warranty Deed respectively***

The Share Purchase Agreement contains customary financial limitations, time limitations and other limitations and exclusions on the ability of TRG Holdings to claim against any Wagamama Vendor for breach of warranty or breach of the Share Purchase Agreement. The liability of the Management Warrantors pursuant to the Management Warranty Deed is limited by, among other things and save in the case of fraud:

- (A) a time limit on claims under business warranties of 2 years following Completion and claims under tax warranties of 7 years following Completion; and
- (B) an aggregate financial cap of £1.

In addition, the liability of the Insurer under the Warranty and Indemnity Insurance Policy is subject to further limitations in addition to those contained in the Management Warranty Deed and the Share Purchase Agreement. In particular, there is an overall cap on liability of £55,650,000. Further detail of these limitations of liability are described in Part III (*Principal Terms and Conditions of the Acquisition*) of this document.

Accordingly, TRG may not have recourse against, or otherwise be able to recover from, the Wagamama Vendors or the Management Warrantors or under the Warranty and Indemnity Insurance Policy in respect of material losses which it may suffer in respect of a breach of warranty or otherwise in respect of liabilities of the Wagamama Group. If any material liabilities arose and it was not possible to make a claim under the warranties or indemnities in respect thereof, or if any losses could not be fully recovered in respect of claims under the Share Purchase Agreement or Management Warranty Deed, this could adversely affect the Enlarged Group's business, results of operations, financial condition and prospects.

**4. *Acquisition related costs may exceed TRG's expectations.***

TRG expects to incur costs in relation to the Acquisition, including integration and post-Completion costs in order to successfully combine the operations of TRG and Wagamama. The actual costs of the integration process may exceed those estimated and there may be further additional and unforeseen expenses incurred in connection with the Acquisition. In addition, TRG will incur legal, accounting and transaction fees and other costs relating to the Acquisition, some of which are payable whether or not the Acquisition is completed.

**5. *The Enlarged Group may experience difficulties in integrating the existing businesses carried on by TRG and Wagamama.***

TRG and Wagamama currently operate and, until Completion, will continue to operate, as 2 separate and independent businesses. The Acquisition will lead to the combination of these 2 businesses and the success of the Enlarged Group will depend, in part, on the ability of the Enlarged Group to realise anticipated benefits and cost savings. Some of the potential challenges in combining the businesses into the Enlarged Group may not become known until after Completion, in particular due to the substantial increase in the scale of the combined operations of the Enlarged Group.

The Acquisition could potentially lead to the interruption of operations of the businesses, or a loss of customers or key personnel, which could have an adverse effect on the business, results of operations or financial condition of the Enlarged Group. Any delays or difficulties encountered in connection with the integration of the businesses could also lead to reputational damage to the Enlarged Group.

**6. *The Enlarged Group may not realise, or it may take longer than expected to realise, the perceived benefits and combination benefits of the Acquisition.***

The Enlarged Group may fail to achieve the anticipated benefits and combination benefits that TRG expects will arise as a result of the Acquisition. TRG believes that the consideration for the Acquisition is justified in part by the business growth opportunities, margin benefits, cost savings and other combination benefits it expects to achieve by combining TRG's operations with those of Wagamama. However, these expected benefits may not

develop, and other assumptions upon which TRG determined the consideration payable for Wagamama may prove to be incorrect. To the extent that TRG incurs higher integration costs or achieves lower margin benefits or fewer cost savings than expected, the Enlarged Group's results of operations and financial condition, and TRG's share price, may suffer. It could also adversely affect the services that each of TRG and Wagamama currently provide, and those that the Enlarged Group will provide going forward. This could have a negative effect on relationships with customers, employees, suppliers and other market participants, and may have a material adverse effect on the business, results of operations and financial condition of the Enlarged Group.

***7. Risks of executing the Acquisition could cause the market price of Ordinary Shares to decline.***

The market price of Ordinary Shares may decline as a result of the Acquisition if, among other reasons, the integration of Wagamama's business with that of TRG is delayed or unsuccessful, TRG does not achieve the expected benefits of the Acquisition as rapidly or to the extent anticipated or at all, the effect of the Acquisition on TRG's financial results is not consistent with the expectations of investors, or Shareholders sell a significant number of Ordinary Shares after Completion.

***8. Rights to terminate in Wagamama's contracts may be exercised by counterparties in connection with the Acquisition***

The Acquisition may constitute a change of control event under the alcohol licences for Wagamama's 5 restaurants in New York and Boston, in each case giving the relevant licensing authority the right to terminate the licence. While TRG considers it unlikely that any of the relevant licensing authorities would revoke the Enlarged Group's alcohol licences following the Acquisition, if such circumstances were to arise, the ability of the Enlarged Group to continue business in New York and Boston would be materially adversely affected.

Likewise, the agreements governing Wagamama's 3 airport concessions in the UK contain rights entitling the counterparty to terminate the agreement on a change of control of Wagamama. TRG considers it unlikely that such counterparties would seek to terminate their arrangements with the Enlarged Group following the Acquisition. If a counterparty to a contract exercises its right to terminate a contract or seeks to re-negotiate its contracts, this could have a material adverse effect on the business, results of operations and financial condition of the Enlarged Group.

***9. The terms of the financing arrangements of the Enlarged Group may limit its commercial and financial flexibility.***

The commercial and financial flexibility of the Enlarged Group, following Completion, will be restricted by certain covenants under the terms of the Wagamama Notes, the TRG Existing Revolving Credit Facility and the Debt Facility. These covenants include customary restrictions relating to mergers and acquisitions, the granting of security over or disposal of assets, the incurrence of financial indebtedness, guarantees and indemnities, the extension of loans or credit by members of the Enlarged Group and derivative transactions. Any inability to exploit commercial opportunities as a result of such covenants may have a material adverse effect on the Enlarged Group.

***10. The Enlarged Group may require additional funding for further capital investment or growth plans over the long-term, and such funding may result in further restrictions on the Enlarged Group's business operations.***

Although TRG has no current plans or anticipated need for additional financing beyond the matters set out in this document, over the longer term, the Enlarged Group may seek additional financing to provide further capital to maintain or expand its business. TRG cannot predict with certainty whether such financing would be available on favourable terms, or at all, to the Enlarged Group. The Enlarged Group may raise additional funds by issuing equity, equity-linked securities or debt securities, or by borrowing from banks or other resources. It cannot ensure that it will be able to obtain any additional financing on terms that are acceptable to it, or at all. If the Enlarged Group fails to obtain additional financing on acceptable terms, it may not be able to implement fully new investment or growth plans. Additional debt financing may restrict the commercial and financial flexibility of the Enlarged Group through additional debt service obligations or restrictive covenants. Any of the foregoing may adversely affect the Enlarged Group's business, results of operations and financial condition.

## **RISKS RELATING TO THE RIGHTS ISSUE AND AN INVESTMENT IN ORDINARY SHARES**

***1. The value of an investment in New Ordinary Shares may be subject to material fluctuations and may not reflect the underlying asset value.***

The market price of the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding these securities. The fluctuations could result from national and global economic and financial conditions, market perceptions of TRG and the Enlarged Group and other factors and events, including but not limited to regulatory changes affecting TRG or the Enlarged Group's operations, variations in TRG or the Enlarged Group's financial results, business developments of TRG or the Enlarged Group and/or their competitors and the liquidity of TRG or the financial markets. Moreover, the financial results and prospects of TRG or the Enlarged Group may be below the expectations of market analysts and investors from time to time. Any of these events could result in a decline in the market price of the Nil Paid Rights, Fully Paid Rights and/or New Ordinary Shares.

***2. Future substantial sales of Ordinary Shares or the perception that such sales might occur, could depress the market price of the Ordinary Shares.***

Any sales of a substantial number of Ordinary Shares, or the perception that such sales could occur, may materially and adversely affect the market price of the Ordinary Shares. This may make it more difficult for Shareholders to sell their Ordinary Shares at a time and price that they deem appropriate, and could also impede the Company's ability to issue additional equity securities.

***3. The market price for Ordinary Shares may decline below the Rights Issue Price.***

The public trading market price of the New Ordinary Shares may decline below the Rights Issue Price. Should that occur, Shareholders who exercise their rights in the Rights Issue will suffer an immediate loss as a result. Moreover, following the exercise of their rights, Shareholders may not be able to sell their New Ordinary Shares at a price equal to or greater than the Rights Issue Price for those shares. Shareholders who decide not to exercise their Nil Paid Rights may also sell or transfer them. If the public trading market price of the Ordinary Shares declines below the Rights Issue Price, investors who have acquired any such Nil Paid Rights in the secondary market will suffer loss as a result.

***4. An active trading market in the Nil Paid Rights may not develop.***

An active trading market on the London Stock Exchange in the Nil Paid Rights may not develop during the trading period. In addition, because the trading price of the Nil Paid Rights depends on the trading price of the Ordinary Shares, the Nil Paid Rights price may be volatile and subject to the same risks to which the Ordinary Shares are subject. The volatility of the price of Ordinary Shares may also magnify the price volatility of the Nil Paid Rights.

***5. Qualifying Shareholders who do not, or who are not permitted to, acquire New Ordinary Shares in the Rights Issue will experience dilution in their ownership of TRG.***

If Qualifying Shareholders do not, or are not permitted under the terms of the Rights Issue to, take up their entitlements under the Rights Issue, their proportionate ownership and voting interests in TRG will be reduced and the percentage that their Ordinary Shares will represent of the total issued share capital of TRG will be reduced accordingly. Even if any such Qualifying Shareholder elects to sell its unexercised Nil Paid Rights or such Nil Paid Rights are sold on its behalf, it may not receive any consideration, or any consideration it receives may not be sufficient to compensate it fully for the dilution of its percentage ownership of TRG's share capital that may be caused as a result of the Rights Issue.

***6. Any future issue of Ordinary Shares will further dilute the holdings of current Shareholders and could adversely affect the market price of Ordinary Shares.***

Other than pursuant to the Rights Issue and the Acquisition, TRG has no current plans for an offering of Ordinary Shares. TRG may, however, decide to offer additional Ordinary Shares in the future. If Shareholders did not take up any such offer of Ordinary Shares or were not eligible to participate in such offering, their proportionate ownership and voting interests in TRG would be reduced. An additional offering, or significant sales of Ordinary Shares by Shareholders, could have a material adverse effect on the market price of Ordinary Shares as a whole.

**7. *The Company's ability to pay dividends is not guaranteed.***

Future dividends will be subject to the financial condition of TRG Group, Wagamama Group and, following the Acquisition, the Enlarged Group. Under UK company law, a company can only pay cash dividends to the extent that it has distributable reserves and cash available for this purpose. As a holding company, TRG's ability to pay dividends in the future is affected by a number of factors, principally its ability to receive sufficient dividends from its subsidiaries. The payment of dividends to TRG by its subsidiaries is affected by their financial condition and the existence of sufficient distributable reserves and cash in those subsidiaries. The ability of its subsidiaries to pay dividends to TRG and its ability to receive distributions from its investments in other entities are subject to applicable local laws and regulatory requirements and other restrictions. These requirements could limit the payment of dividends and distributions to TRG by its subsidiaries, which could in the future restrict TRG's ability to fund its operations or pay a dividend to Shareholders.

**8. *Overseas Shareholders may not be able to acquire New Ordinary Shares in the Rights Issue or subscribe for future issues of Ordinary Shares.***

Securities laws of certain jurisdictions may restrict the Company's ability to allow participation by certain Shareholders in the Rights Issue or any future issue of Ordinary Shares. In particular, and subject to certain exceptions, Shareholders who are located in the United States may not be able to exercise their rights in the Rights Issue or on a future issue of Ordinary Shares, unless a registration statement under the Securities Act is effective with respect to the Ordinary Shares or an exemption from the registration requirements is available thereunder. The New Ordinary Shares are not and will not be registered under the Securities Act and the Company may not file any such registration statements for any future issue of Ordinary Shares, and an exemption to the registration requirements of the Securities Act may not be available in any case. In such an event, Shareholders with a registered address, or who are located, in the United States would be unable to participate in such an issue.

Qualifying Shareholders who have a registered address in or who are resident in countries other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents, or need to observe any other formalities to enable them to take up their Nil Paid Rights or acquire New Ordinary Shares. Any Shareholder who is not entitled to participate in the Rights Issue or any future issue of Ordinary Shares carried out by the Company will suffer dilution, as described above.

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

The ability of an Overseas Shareholder to bring an action against the Enlarged Group may be limited under law. TRG is a public limited company incorporated in Scotland. The rights of Shareholders are governed by Scottish 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 judgment against some or all of the TRG Directors and/or executive officers. The TRG Directors (save for Andy McCue, whose main home is in Ireland) are residents of the UK. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon the TRG Directors and/or executive officers within the Overseas Shareholder's country of residence or to enforce against the TRG Directors and/or the executive officers judgments of courts of the Overseas Shareholder's country of residence based on civil liabilities under that country's securities laws. Overseas Shareholders may not be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than the UK against the TRG Directors and/or the executive officers who are residents of the UK or countries other than those in which judgment is made. In addition, English or other courts may not impose civil liability on the TRG Directors and/or the executive officers in any original action based solely on foreign securities laws brought against the Enlarged Group or the TRG Directors and/or the executive officers in a court of competent jurisdiction in England or other countries.

**10. *Shareholders may be subject to risks associated with taxation, including United States Tax Withholding and Reporting under the Foreign Account Tax Compliance Act (FATCA).***

The United States has enacted rules, commonly referred to as "FATCA", that generally impose a new reporting and withholding regime with respect to certain US source payments (including dividends and interest), gross proceeds from the disposition of property that can produce US source interest and dividends and certain payments made by certain entities that are classified as financial institutions under FATCA. The Company does not expect that withholding under FATCA will apply to payments on the New Ordinary Shares. However,



significant aspects of whether or how FATCA will apply to non-US issuers like the Company remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments on the New Ordinary Shares in the future. Nevertheless, under current regulations, even if FATCA were to become relevant to payments on the New Ordinary Shares, such withholding would not apply earlier than 1 January 2019. Shareholders and prospective investors should consult their own tax advisers regarding the potential impact of FATCA on an investment in the New Ordinary Shares.

## IMPORTANT NOTICES

### DISCLAIMER

In considering whether to participate in the Rights Issue or approve the Acquisition, Shareholders must rely on their own examination, analysis and enquiry of TRG and the terms of the Rights Issue and the Acquisition, including the merits and risks involved. None of TRG or the Underwriter or any of their respective representatives is making any representation to any Shareholder or prospective investor regarding the legality or advisability of an investment in the securities of TRG or related or other securities or instruments (including, but not limited, to Nil Paid Rights, Fully Paid Rights, Provisional Allotment Letters and/or New Ordinary Shares) under the laws applicable to such Shareholder or prospective investor. The contents of this document are not to be construed as legal, business, tax or financial advice. Each Shareholder or prospective investor should consult with its, his or her own adviser as to the legal, tax, business, financial and related aspects of participation in the Rights Issue.

Any decision in connection with the Rights Issue or the Acquisition should be made solely on the basis of the information contained in this document. Without limitation to the foregoing, reliance should not be placed on any information in any announcements released by TRG prior to the date of this document, except to the extent that such information is repeated or incorporated by reference into this document and not superseded or revised.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Underwriter under FSMA or the regulatory regime established thereunder: (i) the Underwriter does not accept any responsibility whatsoever or make any representation or warranty, express or implied, in relation to the content of this document, including its accuracy, completeness or verification or in relation to any other statement made or purported to be made by it or on its behalf, in connection with TRG, Wagamama, the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares, the Rights Issue or the Acquisition and nothing in this document is or shall be relied upon as a promise or representation in this respect, whether as to the past or future; and (ii) the Underwriter accordingly disclaims, to the fullest extent permitted by law, all and any liability whatsoever, whether arising in tort, contract or otherwise which it might otherwise have in respect of this document or any such statement.

Neither the Underwriter nor any person acting on behalf of it accepts any responsibility or obligation to update, review or revise the information in this document or to publish or distribute any information which comes to its attention after the date of this document and the distribution of this document shall not constitute a representation by the Underwriter or any such person, that this document will be updated, reviewed or revised or that any such information will be published or distributed after the date of this document.

Recipients of this document acknowledge that: (i) they have not relied on the Underwriter or any person affiliated with it in connection with any investigation of the accuracy of any information contained in or incorporated by reference into this document or their investment decision; and (ii) they have relied only on the information contained in or incorporated by reference into this document, and that no person has been authorised to give any information or to make any representation concerning TRG, any other member of the TRG Group, Wagamama, any other member of the Wagamama Group or the New Ordinary Shares (other than as contained in or incorporated by reference into this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by TRG or the Underwriter.

The Underwriter may, in accordance with applicable legal and regulatory provisions and subject to the Underwriting Agreement, engage in transactions in relation to the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares and/or related instruments for its own account for the purpose of hedging its commitments under the Underwriting Agreement. Except as required by applicable law or regulation, the Underwriter does not propose to make any public disclosure in relation to such transactions.

**No person has been authorised to give any information or make any representations other than those contained in this document or incorporated by reference herein and, if given or made, such information or representations must not be relied upon as having been authorised by TRG or by the Underwriter. Neither TRG nor the Underwriter take any responsibility for, or can provide assurance as to the reliability of, other information that you may be given. Subject to FSMA, the Listing Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Rules and the Market Abuse Regulation, neither the delivery of this document nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of TRG and/or Wagamama since the date of this document or that the information in this document is correct as at any time subsequent to its date. Without limitation, the contents of the TRG Group's and the Wagamama Group's websites do not form part of this document.**

## FORWARD-LOOKING STATEMENTS

This document contains or incorporates by reference “forward-looking” statements. All statements other than statements of historical fact included in this document may be forward-looking statements. Generally, words such as “will”, “may”, “would”, “should”, “could”, “estimates”, “continues”, “believes”, “expects”, “aims”, “targets”, “projects”, “intends”, “anticipates”, “plans”, “prepares”, “seeks” or, in each case, their negative or other variations or similar or comparable expressions identify forward-looking statements.

These forward-looking statements appear in a number of places throughout this document and/or the information incorporated by reference into this document, and reflect the intentions, beliefs or current expectations of the Board and other members of senior management, as well as assumptions made by them and information currently available to them. Although the Board and other members of senior management believe that these beliefs and assumptions are reasonable, by their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Company’s ability to control or predict. Forward-looking statements are not guarantees of future performance.

The Company’s actual performance, operating results, internal rate of return, financial condition, distributions to Shareholders and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document and/or the information incorporated by reference into this document. In addition, even if the Company’s actual performance, operating results, internal rate of return, financial condition, distributions to Shareholders and the development of its financing strategies are consistent with the forward-looking statements contained in this document and/or the information incorporated by reference into this document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to, general economic and business conditions, industry trends, competition, changes in government and other regulation, including in relation to taxation, labour relations and work stoppages, changes in political and economic stability and changes in business strategy or development plans and other risks, including those described in the section of this document headed “*Risk Factors*”.

Prospective investors should carefully review the section of this document entitled “Risk Factors” for a discussion of factors that could cause the Company’s actual results to differ materially from those expected before making an investment decision. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document and/or the information incorporated by reference into this document may not occur. For the avoidance of doubt, nothing in this document constitutes a qualification of the working capital statement contained in Section 8 of Part XIII (*Additional Information*) of this document.

Forward-looking statements contained in this document apply only as at the date of this document. To the extent required by the Listing Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Rules and other applicable regulations, the Company will update or revise the information in this document. Otherwise, the Company undertakes no obligation publicly to update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

**Forward-looking statements contained in this document do not in any way seek to qualify the working capital statement contained in Section 8 of Part XIII (*Additional Information*) of this document.**

## PRESENTATION OF FINANCIAL INFORMATION

Prospective investors should consult their own professional advisers to gain an understanding of the financial information contained in this document. An overview of the basis for presentation of financial information in this document is set out below.

The historical financial information contained in this document has been presented in accordance with the requirements of the PD Regulation and the Listing Rules.

### *TRG*

The audited consolidated financial statements of the TRG Group for TRG FY 2015, TRG FY 2016 and TRG FY 2017, together with the audit reports thereon, are incorporated by reference into this document from the TRG Group’s 2015 Annual Report and Accounts, the TRG Group’s 2016 Annual Report and Accounts and the TRG Group’s 2017 Annual Report and Accounts respectively.

The unaudited interim results of the TRG Group for TRG H1 2018 have been incorporated by reference into this document. The unaudited interim results of the TRG Group for the TRG 8 Month Interim Period 2018 are set out in Section 3 of Part VIII (*Historical Financial Information relating to TRG*) of this document.

The audited consolidated financial statements of the TRG Group for TRG FY 2015, TRG FY 2016 and TRG FY 2017 have been prepared in accordance with IFRS as adopted in the EU, and the audit reports on these financial statements were unqualified. Further details can be found in Part VIII (*Historical Financial Information relating to TRG*) of this document. The unaudited interim results of the TRG Group for TRG H1 2018 and the TRG 8 Month Interim Period 2018 have been prepared in accordance with International Accounting Standard 34 (*Interim Financial Reporting*).

Where information has been extracted from the TRG Group's audited consolidated financial statements, the information is audited unless otherwise stated. Where the information has been extracted from the TRG Group's unaudited interim financial statements, the information is unaudited. Such information has been adjusted for the changes in presentation of Exceptional Items (as discussed in Note 1 to the audited financial statements for the 52 weeks ended 31 December 2017) and the presentation of cash flows related to finance leases (as discussed in Note 7 to the unaudited condensed consolidated interim statements for the 26 weeks ended 1 July 2018).

#### *Wagamama*

The consolidated historical financial information of the Wagamama Group for Wagamama FY 2016, Wagamama FY 2017 and Wagamama FY 2018 is set out in Section 2 of Part IX (*Historical Financial Information relating to Wagamama*) of this document and the accountant's report thereon is also set out in Section 1 of Part IX (*Historical Financial Information relating to Wagamama*) of this document.

The unaudited interim results of the Wagamama Group for the Wagamama Interim Period 2018 are set out in Section 3 of Part IX (*Historical Financial Information relating to Wagamama*) of this document.

The consolidated historical financial information of the Wagamama Group for Wagamama FY 2016, Wagamama FY 2017 and Wagamama FY 2018 have been prepared in accordance with IFRS as adopted in the EU. Further details can be found in Part IX (*Historical Financial Information relating to Wagamama*) of this document. The unaudited interim results of the Wagamama Group for the Wagamama Interim Period 2018 have been prepared in accordance with International Accounting Standard 34 (*Interim Financial Reporting*).

#### *Non-IFRS financial information*

This document contains certain unaudited supplementary financial measures that are not defined or recognised under IFRS or any other generally accepted accounting principles (**GAAP**), including EBITDA, Adjusted EBITDA and Outlet EBITDA (**non-IFRS measures**). The definitions of these non-IFRS measures are given in Part XV (*Definitions*). EBITDA is reconciled to IFRS measures on the face of the income statement for each relevant period. Adjusted EBITDA for both TRG and Wagamama is reconciled to IFRS in the tables below and, in addition, for TRG on the face of the income statement for each relevant period.

The TRG Directors believe that these non-IFRS measures provide valuable information to readers of the historical financial information because they enable the reader to, inter alia, understand how the TRG Directors manage the TRG Group's business, and how the TRG Directors will manage the Enlarged Group's business, develop budgets and evaluate the performance of the Enlarged Group against those budgets.

The non-IFRS measures used in this document should not be considered superior to, nor a substitute for, measures calculated in accordance with IFRS. Readers should not consider these non-IFRS measures in isolation, but in conjunction with measures calculated in accordance with IFRS. As the TRG Group's definition of these non-IFRS measures may differ from those used by other companies and industries, presentation of these measures may not be comparable to other similarly titled measures used by other companies.

TRG : reconciliation of profit / (loss) for the period to Adjusted EBITDA

<b>Reconciliation of Adjusted EBITDA</b>	<b>52 weeks ended 27 December 2015</b>	<b>53 weeks ended 1 January 2017</b>	<b>52 weeks ended 31 December 2017</b>	<b>34 weeks ended 27 August 2017</b>	<b>34 weeks ended 26 August 2018</b>
Profit / (loss) for the period . . . . .	68,886	(48,016)	32,933	18,138	15,651
Tax on profit / (loss) on ordinary activities . . . . .	17,959	(1,325)	10,653	6,039	5,826
Interest receivable . . . . .	(82)	(66)	(51)	(23)	(1)
Interest payable . . . . .	2,128	2,073	1,911	1,278	1,027
Operating profit . . . . .	88,891	(47,334)	45,446	25,432	22,503
Depreciation . . . . .	39,100	41,809	36,514	23,406	22,435
Impairment . . . . .	—	68,050	4,185	4,279	6,178
EBITDA . . . . .	127,991	62,525	86,145	53,117	51,116
Exceptional Items . . . . .	—	58,440	8,973	8,584	2,266
Adjusted EBITDA . . . . .	<u>127,991</u>	<u>120,965</u>	<u>95,118</u>	<u>61,701</u>	<u>53,382</u>

Wagamama : reconciliation of EBITDA to Adjusted EBITDA

	<b>52 weeks ended 24 April 2016 £'000</b>	<b>52 weeks ended 23 April 2017 £'000</b>	<b>53 weeks ended 29 April 2018 £'000</b>	<b>16 weeks ended 13 August 2017 £'000</b>	<b>16 weeks ended 19 August 2018 £'000</b>
EBITDA* . . . . .	34,396	40,521	31,316	9,784	7,559
Exceptional Items (pre-tax) . . . . .	1,067	(276)	10,997	1,182	1,555
Adjusted EBITDA . . . . .	<u>35,463</u>	<u>40,245</u>	<u>42,313</u>	<u>10,966</u>	<u>9,114</u>

\* As reconciled in the historical financial information relating to Wagamama set out in Section 2 of Part IX and in the unaudited interim financial information relating to Wagamama set out in Section 3 of Part IX.

Wagamama : reconciliation to Trading Business from post-Exceptional Items

<b>52 weeks ended 24 April 2016</b>	<b>Post- Exceptional Items £'000</b>	<b>Exceptional Items £'000</b>	<b>Trading Business £'000</b>
Revenue . . . . .	229,864	—	229,864
Cost of sales . . . . .	(186,123)	—	(186,123)
Gross profit . . . . .	43,741	—	43,741
Administration costs . . . . .	(17,884)	1,067	(16,817)
Operating profit . . . . .	25,857	1,067	26,924
Net interest payable . . . . .	(28,499)	—	(28,499)
Profit / (loss) on ordinary activities before tax . .	(2,642)	1,067	(1,575)
Tax on profit / (loss) on ordinary activities . . . . .	(1,180)	—	(1,180)
Loss for the year . . . . .	<u>(3,822)</u>	<u>1,067</u>	<u>(2,755)</u>
<b>52 weeks ended 23 April 2017</b>	<b>Post- Exceptional Items £'000</b>	<b>Exceptional Items £'000</b>	<b>Trading Business £'000</b>
Revenue . . . . .	266,109	—	266,109
Cost of sales . . . . .	(217,771)	(915)	(218,686)
Gross profit . . . . .	48,338	(915)	47,423
Administration costs . . . . .	(18,196)	568	(17,628)
Operating profit . . . . .	30,142	(347)	29,795
Net interest payable . . . . .	(30,129)	—	(30,129)
Profit / (loss) on ordinary activities before tax . .	13	(347)	(334)
Tax on profit / (loss) on ordinary activities . . . . .	(3,487)	213	(3,274)
Loss for the year . . . . .	<u>(3,474)</u>	<u>(134)</u>	<u>(3,608)</u>

<b>53 weeks ended 29 April 2018</b>	<b>Post- Exceptional Items £'000</b>	<b>Exceptional Items £'000</b>	<b>Trading £'000</b>
Revenue . . . . .	306,713	—	306,713
Cost of sales . . . . .	(265,670)	8,470	(257,200)
Gross profit . . . . .	41,043	8,470	49,513
Administration costs . . . . .	(25,543)	4,458	(21,085)
Operating profit . . . . .	15,500	12,928	28,428
Net interest payable . . . . .	(34,490)	9,116	(25,374)
Profit / (loss) on ordinary activities before tax . .	(18,990)	22,044	3,054
Tax on profit / (loss) on ordinary activities . . . .	(2,841)	(3,822)	(6,663)
Loss for the year . . . . .	<u>(21,831)</u>	<u>(18,222)</u>	<u>(3,609)</u>

  

<b>16 weeks ended 13 August 2017</b>	<b>Post- Exceptional Items £'000</b>	<b>Exceptional Items £'000</b>	<b>Trading £'000</b>
Revenue . . . . .	86,724	—	86,724
Cost of sales . . . . .	(73,551)	—	(73,551)
Gross profit . . . . .	13,173	—	13,173
Administration costs . . . . .	(7,194)	1,182	(6,012)
Operating profit . . . . .	5,979	1,182	7,161
Net interest payable . . . . .	(18,183)	9,116	(9,067)
Profit / (loss) on ordinary activities before tax . .	(12,204)	10,298	(1,906)
Tax on profit / (loss) on ordinary activities . . . .	1,257	(1,885)	(628)
Loss for the year . . . . .	<u>(10,947)</u>	<u>8,413</u>	<u>(2,534)</u>

  

<b>16 weeks ended 19 August 2018</b>	<b>Post- Exceptional Items £'000</b>	<b>Exceptional Items £'000</b>	<b>Trading £'000</b>
Revenue . . . . .	97,389	—	97,389
Cost of sales . . . . .	(85,594)	—	(85,594)
Gross profit . . . . .	11,795	—	11,795
Administration costs . . . . .	(9,350)	1,555	(7,795)
Operating profit . . . . .	2,445	1,555	4,000
Net interest payable . . . . .	(7,267)	—	(7,267)
Profit / (loss) on ordinary activities before tax . .	(4,822)	1,555	(3,267)
Tax on profit / (loss) on ordinary activities . . . .	(1,569)	—	(1,569)
Loss for the year . . . . .	<u>(6,391)</u>	<u>1,555</u>	<u>(4,836)</u>

*Roundings*

Certain data in this document, including financial, statistical, and operating information, has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100 per cent.

In addition, certain percentages presented in the tables in this document 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.

*Currency presentation and abbreviations*

Unless otherwise indicated, all references in this document to “Sterling”, “Pounds Sterling”, “GBP”, “£”, or “pence” are to the lawful currency of the United Kingdom. TRG and Wagamama each prepares their financial statements in Pounds Sterling.

The abbreviations “£m” or “£ million” represent millions of Pounds Sterling, and references to “pence” and “p” represent pence in Pounds Sterling.

*No profit forecasts or estimates*

Save for the TRG Profit Forecast, no statement in this document is intended as a profit forecast or estimate and no statement in this document should be interpreted to mean that earnings per share for the most recent, current or future financial years would necessarily match or exceed the historical published earnings per share.

**NO INCORPORATION OF WEBSITE INFORMATION**

Neither the content of TRG's website nor Wagamama's website, nor the content of any website accessible from hyperlinks on TRG's website or Wagamama's website, is incorporated into, or forms part of, this document and investors should not rely on them, without prejudice to the documents incorporated by reference into this document which will be made available on TRG's website.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates in the table below is indicative only and may be subject to change.<sup>(1)(4)</sup>

Announcement of the Acquisition and the Rights Issue	30 October 2018
Publication and posting of this document, the Notice of General Meeting and the Form of Proxy	12 November 2018
Latest time and date for receipt of Forms of Proxy	9.30 a.m. on 26 November 2018 <sup>(3)</sup>
Record date for entitlements under the Rights Issue	close of business on 26 November 2018
<b>General Meeting</b>	9.30 a.m. on 28 November 2018
Despatch of Provisional Allotment Letters (to Qualifying Non-CREST Shareholders only)	28 November 2018
Publication of notice in the London Gazette	29 November 2018
Admission of the New Ordinary Shares	8.00 a.m. on 29 November 2018
<b>Dealings in New Ordinary Shares, nil paid, commence on the London Stock Exchange</b>	8.00 a.m. on 29 November 2018
Existing Ordinary Shares marked “ex-rights” by the London Stock Exchange	8.00 a.m. on 29 November 2018
Nil Paid Rights credited to stock accounts in CREST (Qualifying CREST Shareholders only) <sup>(2)</sup>	as soon as practicable after 8.00 a.m. on 29 November 2018
Nil Paid Rights and Fully Paid Rights enabled in CREST	29 November 2018
Recommended latest time and date for requesting withdrawal of Nil Paid Rights and Fully Paid Rights from CREST (i.e. if your Nil Paid Rights and Fully Paid Rights are in CREST and you wish to convert them to certificated form)	4.30 p.m. on 7 December 2018
Recommended latest time for depositing renounced Provisional Allotment Letters, nil or fully paid, into CREST or for dematerialising Nil Paid Rights or Fully Paid Rights into a CREST stock account (i.e. if your Nil Paid Rights and Fully Paid Rights are represented by a Provisional Allotment Letter and you wish to convert them to uncertificated form)	3.00 p.m. on 10 December 2018
Latest time and date for splitting Provisional Allotment Letters, nil or fully paid	3.00 p.m. on 11 December 2018
<b>Latest time and date for acceptance, payment in full and registration of renunciation of Provisional Allotment Letters</b>	11.00 a.m. on 13 December 2018
Results of Rights Issue to be announced through a Regulatory Information Service	by 8.00 a.m. on 14 December 2018
<b>Dealings in New Ordinary Shares, fully paid, commence on the London Stock Exchange</b>	8.00 a.m. on 14 December 2018
New Ordinary Shares credited to CREST accounts (uncertificated holders only)	as soon as practicable after 8.00 a.m. on 14 December 2018



**Expected date of Completion**

21 December 2018

Expected date for despatch of definitive share certificates for the New Ordinary Shares in certificated form by no later than 31 December 2018

**Notes:**

- (1) The times and dates set out in the expected timetable of principal events above and mentioned throughout this document may be adjusted by TRG in consultation with the Underwriter in which event details of the new times and dates will be notified to the UKLA, the London Stock Exchange and, where appropriate, Qualifying Shareholders.
- (2) Subject to certain restrictions relating to Qualified Shareholders with registered addresses outside the United Kingdom, details of which are set out in Section 9 of Part II (*Details of the Rights Issue*).
- (3) References to times in this document are to UK time.
- (4) If you have any queries on the procedure for acceptance and payment or on the procedure for splitting Provisional Allotment Letters you should contact Equiniti by telephone on 0333 207 6514 (from within the United Kingdom) or on +44 121 415 0993 (if calling from outside the United Kingdom). Lines are open from 8.30 a.m. to 5.30 p.m. Monday to Friday (excluding public holidays in England and Wales). Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. Please note that Equiniti cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

## TRG DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

<b>TRG DIRECTORS</b>	Debbie Hewitt MBE, <i>Independent Non-Executive Chairman</i> Andy McCue, <i>Chief Executive Officer</i> Kirk Davis, <i>Chief Financial Officer</i> Simon Cloke, <i>Senior Independent Non-Executive Director</i> Graham Clemett, <i>Independent Non-Executive Director</i> Mike Tye, <i>Independent Non-Executive Director</i>  <i>The business address of each of the TRG Directors is 5-7 Marshalsea Road, London SE1 1EP</i>
<b>COMPANY SECRETARY</b>	Ace Company Services Limited
<b>LEAD FINANCIAL ADVISER</b>	RBC Europe Limited Thames Court 1 Queenhithe London EC4V 3RL
<b>SPONSOR, JOINT FINANCIAL ADVISER, JOINT CORPORATE BROKER AND UNDERWRITER</b>	J.P. Morgan Securities plc 25 Bank Street London E14 5JP
<b>LEGAL ADVISERS TO TRG AS TO ENGLISH LAW</b>	Slaughter and May One Bunhill Row London EC1Y 8YY
<b>LEGAL ADVISERS TO TRG AS TO US LAW</b>	Cravath, Swaine & Moore LLP CityPoint One Ropemaker Street London EC2Y 9HR
<b>LEGAL ADVISERS TO THE UNDERWRITER AS TO ENGLISH AND US LAW</b>	Linklaters LLP One Silk Street London EC2Y 8HQ
<b>AUDITOR AND REPORTING ACCOUNTANTS TO TRG</b>	Ernst & Young LLP 1 More London Place London SE1 2AF
<b>RECEIVING AGENT</b>	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA
<b>REGISTRARS</b>	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

## SHARE CAPITAL AND RIGHTS ISSUE STATISTICS

### Rights Issue

Rights Issue Price per New Ordinary Share . . . . .	108.5 pence
Basis of Rights Issue . . . . .	13 New Ordinary Shares for every 9 Existing Ordinary Shares
Number of Ordinary Shares in issue at the Latest Practicable Date . . . . .	201,067,400
Number of New Ordinary Shares to be provisionally allotted pursuant to the Rights Issue <sup>(1)</sup> . . . . .	290,430,689
Number of Ordinary Shares in issue immediately following the completion of the Rights Issue <sup>(1)</sup> . . . . .	491,498,089
New Ordinary Shares as a percentage of the enlarged issued share capital of TRG immediately following completion of the Rights Issue <sup>(1)</sup> . . . . .	59 per cent.
Estimated gross proceeds of the Rights Issue . . . . .	£315 million
Estimated expenses of the Rights Issue <sup>(2)(4)</sup> . . . . .	£9.7 million
Estimated net proceeds of the Rights Issue receivable by TRG, after deduction of estimated expenses of the Rights Issue <sup>(3)</sup> . . . . .	£305 million

### Notes:

- (1) On the assumption that no further Ordinary Shares are issued from the date of this document until completion of the Rights Issue other than the New Ordinary Shares. The actual number of New Ordinary Shares to be issued under the Rights Issue will be subject to rounding to eliminate fractions.
- (2) All expenses are exclusive of any amounts in respect of VAT.
- (3) Based on the maximum number of New Ordinary Shares being issued under the Rights Issue.
- (4) No commissions, fees or expenses will be charged to subscribers for New Ordinary Shares by the Company.

**PART I**  
**LETTER FROM THE CHAIRMAN**

**The Restaurant Group plc**  
*(incorporated and registered in Scotland with registered number SC030343)*

**Directors:**

**Registered Office:**  
1 George Square, Glasgow G2 1AL

Debbie Hewitt MBE, *Independent Non-Executive Chairman*  
Andy McCue, *Chief Executive Officer*  
Kirk Davis, *Chief Financial Officer*  
Simon Cloke, *Senior Independent Non-Executive Director*  
Graham Clemett, *Independent Non-Executive Director*  
Mike Tye, *Independent Non-Executive Director*

12 November 2018

*To the holders of Ordinary Shares*

Dear Shareholder,

**Proposed acquisition of Wagamama, proposed 13 for 9 Rights Issue of up to 290,430,689 New Ordinary Shares at 108.5 pence per New Ordinary Share and Notice of General Meeting**

**1. Introduction**

On 30 October 2018, TRG announced that it had reached agreement on the terms of the proposed acquisition of Wagamama for a cash payment of £357 million (**Acquisition**).<sup>(1)</sup> This represents an enterprise value of £559 million, which implies a multiple of 8.7 times LTM August 2018 EBITDA including cost and site conversion synergies.<sup>(2)</sup>

Wagamama is a leading pan-Asian restaurant brand operating primarily in the UK casual dining market. Established in 1992, as at 19 August 2018 Wagamama operated 133 directly-operated restaurants in the United Kingdom and 5 directly-operated restaurants in the United States, and had 58 franchised restaurants across Europe, the Middle East and New Zealand. The key terms of the Acquisition are described in Part III (*Terms and Conditions of the Acquisition*) of this document. The Acquisition constitutes a Class 1 transaction under the Listing Rules as a result of the size of Wagamama relative to TRG. The Acquisition is therefore conditional upon the approval of Shareholders.

<sup>(1)</sup> The cash payment is expected to consist of £207 million in respect of the consideration for the entire issued share capital of Wagamama, and £150 million in respect of a repayment of shareholder loans. The cash payment is based on an expected completion date of mid-December 2018 and is subject to closing adjustments.

<sup>(2)</sup> The calculation is based on:

- Wagamama LTM August 2018 Adjusted EBITDA of £45.9 million; less
- pre-opening costs of £3.4 million; plus
- cost synergies of £15 million; plus
- site conversion synergies of £7 million.

Wagamama LTM August 2018 Adjusted EBITDA has been derived from the audited annual financial statements of Mabel Mezzco Limited for the 53 weeks ended 29 April 2018 and the unaudited interim financial information of Mabel Mezzco Limited for the 16-week periods ended 19 August 2018 and 13 August 2017, each prepared in accordance with UK GAAP (FRS 102). Wagamama's definition of Adjusted EBITDA differs from the definition of Adjusted EBITDA used in this document; differences include (but are not limited to) the exclusion of pre-opening costs and certain corporate expenses from Wagamama's definition of Adjusted EBITDA that are not excluded from the definition of Adjusted EBITDA in this document. Wagamama's Adjusted EBITDA for the purposes of this paragraph was calculated on the basis of UK GAAP financial information, not IFRS, and should not be considered as a substitute for measures calculated using an IFRS basis. The figures underlying Wagamama's Adjusted EBITDA are not audited.

TRG also announced on 30 October 2018 that it proposes to partly finance the Acquisition by undertaking a Rights Issue to raise total gross proceeds of £315 million. Under the terms of the Rights Issue, 290,430,689 New Ordinary Shares at a price of 108.5 pence per New Ordinary Share will be issued. The proceeds of the Rights Issue will be used to partly finance the Acquisition and to pay certain costs and expenses. The Rights Issue is, amongst other things, conditional upon Shareholders' approval of the Resolutions.

In addition to the proceeds of the Rights Issue, the Acquisition will be financed through drawing on a £220 million revolving credit facility that has been underwritten for TRG by the Royal Bank of Canada as arranger and original lender and RBC Europe Limited as agent (**Debt Facility**).

A General Meeting has been convened for 9.30 a.m. on 28 November 2018 at etc.venues St Paul's, 200 Aldersgate, London EC1A 4HD for Shareholders to consider and, if thought fit, approve the Resolutions. An explanation of the Resolutions is set out in Section 13 of this Part I.

I am writing to give you further details of the Acquisition and the Rights Issue, including the background to and reasons for the Acquisition, to explain why the Board considers the Acquisition to be in the best interests of TRG and the Shareholders as a whole and to seek your approval of the Resolutions.

## **2. Background, strategy and rationale for the Acquisition and the Rights Issue**

### **2.1 Background and strategy**

The TRG Group operates across 3 business divisions: Leisure, Pubs and Concessions.

In TRG FY 2016, the TRG Group's trading performance exposed certain issues across its Leisure business. As a result, the TRG Group conducted a comprehensive operating strategy review of the business and, under the leadership of Andy McCue, developed a turnaround plan which comprises the following 4 key elements: (i) re-establish the competitiveness of the Leisure brands; (ii) serve customers better and more efficiently; (iii) grow the Pubs and Concessions businesses; and (iv) build a leaner, faster and more focused organisation.

Over the past 2 years, TRG has made significant progress towards each objective of this plan, thereby creating a more competitive and balanced business which is more closely focused on the high growth segments of the markets in which the TRG Group operates.

In TRG H1 2018, TRG's Pubs and Concessions businesses contributed 51 per cent. of the TRG Group's Outlet EBITDA. These businesses have consistently performed well over recent years and TRG continues to see significant potential for growth in these areas, in line with the plan set out above. TRG's pub-restaurants benefit from being situated in strong locations with attractive market dynamics and from the TRG Group's strong operational capabilities in pubs. TRG's healthy organic pipeline is now being supplemented with bolt-on acquisitions at the premium end of the market, recently evidenced through the acquisition of Food & Fuel Limited in August 2018, comprising 11 pubs predominantly located in affluent London neighbourhoods. TRG's Concessions business, which is primarily focused on UK airports, continues to benefit from passenger growth and TRG is exploiting opportunities for new space as airports invest further in terminals, capacity and food and beverage offerings. Furthermore, given TRG's strength and capability to develop and operate a broad range of formats, TRG sees potential over the medium term for growth into international airports, as well as further UK concessions away from airports, in other transport hubs.

In TRG H1 2018, TRG's Leisure business contributed 49 per cent. of the TRG Group's Outlet EBITDA. Within the Leisure division, TRG has a strong site portfolio and over the last 2 years has made significant progress in re-establishing the competitiveness of the Leisure brands by investing significantly to give customers improved food quality and better value and service. TRG's Leisure business does, however, remain exposed to headwinds which include the well-documented retail structural decline (with 57 per cent of TRG's Leisure sites directly neighbouring retail sites), exposure to saturated local markets and property costs which in some instances do not reflect current local market conditions.

Given this context, TRG recognises that investing in differentiated propositions which are aligned to consumer trends is critical to its future success. TRG is focused on consumer trends such as the demands for speed of service, convenience (both at the restaurant and through delivery) and healthy alternatives. TRG continues to expect the delivery market to grow quickly, with delivery being a disruptive force that may create significant strategic opportunities, particularly for operators with the right scale, brands and capability set. It is with these structural trends in mind that TRG is extremely excited about the opportunity to acquire Wagamama.

## 2.2 Rationale for the Acquisition

### *Differentiated proposition aligned to structural growth trends*

Wagamama has a strong competitive advantage as the only UK pan-Asian brand concept with scale, having more than 3 times the sales of the next largest branded UK operator in Asian cuisine, a category that is fast growing and fragmented.

The Wagamama brand is well perceived by customers in the UK, as evidenced by consistently ranking in the top 3 on Net Promoter Score (NPS) among large mainstream brands and achieving high ratings across key customer demographics (social demographic and life stage).

TRG believes that the Wagamama brand is well-positioned to benefit from a number of consumer trends, including the increased focus on healthy options, high interest in Asian food, and the consumer demand for speedy service and convenience through delivery.

The Wagamama brand appeals to customers across different day parts, with a visit split of 1 per cent. over breakfast, 35 per cent. over lunch, 21 per cent. in the late afternoon, 38 per cent. in the evening, and 5 per cent. in the late evening.

### *Track record of consistent outperformance*

Wagamama opened its first restaurant in London in 1992 and has achieved more than 25 years of continued estate expansion to 196 directly-operated and franchised restaurants as at 19 August 2018.

In recent years, Wagamama has demonstrated a strong track record of like-for-like revenue growth with 233 consecutive weeks trading ahead of the market, as measured by the Coffey-Peach tracker. Between Wagamama FY 2015 and Wagamama FY 2018 the annual like-for-like growth was 9.6 per cent. on average, 8.5 per cent. ahead of the market, as measured by the Coffey-Peach tracker. Wagamama delivered a 17 per cent. revenue CAGR (**compound annual growth rate**) between Wagamama FY 2015 and Wagamama FY 2018. Over the same period, Wagamama delivered a 14 per cent. Adjusted EBITDA CAGR.

### *Accelerates growth potential for both businesses*

The standalone growth prospects of Wagamama remain highly attractive. TRG believes that there remains scope for continued like-for-like revenue growth, and that there is headroom to grow the size of Wagamama's UK estate by approximately 40 to 60 additional restaurants without saturation. Furthermore, TRG believes that there is an opportunity to accelerate Wagamama's growth, capitalising on the Enlarged Group's site portfolio, scale and relationships.

Following Completion, TRG believes that the Enlarged Group will be well equipped to address a number of compelling growth avenues, including the following:

- (i) further roll-out of the Wagamama brand in the UK, including in the Concessions channel;
- (ii) delivery;
- (iii) international expansion; and
- (iv) convenience.

**Further roll-out of the Wagamama brand in the UK, including in the Concessions channel:** TRG is well placed to further accelerate Wagamama's UK roll-out, and TRG sees potential for a further 40 to 60 Wagamama sites. In addition, TRG expects to convert approximately 15 TRG sites to the Wagamama brand, with an expected incremental EBITDA benefit of approximately £7 million per annum at maturity. Furthermore, TRG believes that there is an opportunity to leverage its existing Concessions relationships, including those built through its presence in 14 airports across the UK, to build Wagamama's presence in Concessions (currently 3 sites nationwide).

**Delivery:** The TRG Board believes that delivery represents a significant area of opportunity, and Wagamama is already 1 of the top brands on the online delivery platform Deliveroo. Following the Acquisition, the Enlarged Group will be well positioned to invest behind structural growth in the delivery space including through delivery-only kitchens (where Wagamama has an early-mover advantage), in digital capabilities and in online brands.

**International:** Wagamama has an international presence and proven customer resonance in markets outside the UK. TRG believes that Wagamama can be a ‘calling card’ brand enabling expansion through international concessions. Further options for international growth will be explored, considering geographies and customer preferences within each territory, rate of growth and appropriate ownership models.

**Convenience:** TRG believes that pan-Asian food is very adaptable to convenience formats and, as a first step, expects to pilot a food-to-go format in London which would have future application in Concessions.

***Enlarged Group strongly growth oriented with leading scale advantage***

Following the acquisition of Wagamama, TRG expects that circa 70 per cent. of the Enlarged Group’s Outlet EBITDA will originate from high growth segments of the market, namely TRG’s Pubs and Concessions businesses and Wagamama.

The Enlarged Group will benefit from leading scale, specifically benefiting from buying power, delivery scale, the capacity to invest in growth, market leading operational capabilities and the ability to invest in and attract the best people.

***Enhances shareholder value with attractive financial returns***

The Board believes that the Acquisition will enhance shareholder value. The Board expects that the Acquisition will be marginally earnings dilutive in the first full year following Completion (the financial year ended December 2019) and strongly accretive in each financial year thereafter<sup>(3)</sup>.

Furthermore, the Directors expect TRG’s return on invested capital associated with the Acquisition to exceed its cost of capital in the third full year after Completion (the financial year ended December 2021).

The Board believes that the Acquisition presents an opportunity to deliver cost synergies across the following areas, with the majority of the benefits expected to arise through scale benefits and efficiencies in third party spend as follows:

- (A) *Procurement:* including scale benefits in food and drinks categories, supplier consolidation and through leverage of best practice purchasing practices.
- (B) *Logistics:* through combining logistics and distribution activities across the integrated site network.
- (C) *Site overheads:* from a reduction in site costs, such as repair, establishment and point of sale costs.
- (D) *Central overheads:* from consolidation of duplicate spend in central functions.

The Board believes that, whilst continuing to grow Wagamama as an autonomous division, TRG can achieve pre-tax cost synergies of approximately £15 million relative to the pre-Acquisition cost base. The Board expects the initial benefit from synergies in the first financial year post-Completion (the financial year ended December 2019), with at least 50 per cent. of pre-tax cost synergies realised in year 2 following Completion and full pre-tax cost synergies realised in year 3 following Completion and thereafter. The Board expects that the realisation of these synergies will require one-off cash costs of up to £13 million over the 3 financial years post-Completion, largely incurred in years 1 and 2 following Completion.

The Board also believes that there is an opportunity for site conversion synergies through the conversion of sites currently operating under TRG’s Leisure brands into Wagamama sites. The Board expects to convert approximately 15 sites by December 2020, with a run-rate incremental benefit of approximately £7 million to EBITDA expected to be achieved in the financial year ended December 2021. In order to achieve this, the Board expects to incur capital expenditure of approximately £13 million over the 2 financial years post-Completion.

In developing the synergy benefits, the TRG Board has undertaken a robust process covering the following steps:

- (A) The TRG Board has worked to evaluate and assess the potential synergies available from the Acquisition.

<sup>(3)</sup> The earnings impact reflects TRG’s prevailing share price and, as a consequence, this statement has been updated from that made in the announcement of the Acquisition on 30 October 2018.

- (B) The assessment and quantification of the potential synergies has been informed by the TRG Board’s industry experience, knowledge of TRG and Wagamama and information gained from the due diligence process in respect of Wagamama.
- (C) The cost synergies are within the influence of the TRG Board, albeit the procurement synergies are dependent upon confirmation of agreements with suppliers.
- (D) The site conversion benefit reflects assumptions and judgements made about how certain TRG sites would trade were they to be converted to the Wagamama brand with reference to the performance of comparable sites from a demographic and location perspective.
- (E) The cost synergies have been assessed relative to the pre-Acquisition cost base of Wagamama for Wagamama FY 2018 and of TRG for LTM August 2018.
- (F) The site conversion benefit has been assessed relative to the LTM August 2018 performance of the existing TRG sites and the Wagamama FY 2018 performance of Wagamama sites.

The cost and site conversion synergies indicated above are contingent on Completion and could not be achieved by TRG and Wagamama operating independently. The Board confirms that the narrative above reflects both the beneficial elements and relevant costs associated in achieving these cost and site conversion synergies.

### **3. Summary information on TRG**

TRG operates across 3 business divisions: Leisure, Pubs and Concessions and is a significant participant in the UK casual dining market.

TRG’s Leisure business comprised 381 casual dining restaurants as at 26 August 2018, operating under the following well-known brands: Frankie & Benny’s, Chiquito, Coast to Coast, Garfunkel’s, Firejacks, Filling Station and Joe’s Kitchen. TRG’s restaurant outlets are located across the UK, predominantly in retail and leisure parks. Frankie & Benny’s, which offers classic New York Italian-style food and drinks, is TRG’s largest restaurant brand, with 258 outlets in the UK (as at 26 August 2018). Chiquito is the UK’s largest Tex-Mex restaurant chain, with 85 outlets in the UK (as at 26 August 2018). The newest brand in TRG’s Leisure business is Firejacks, which serves flame-grilled steaks and burgers. The first Firejacks outlet, opened in August 2017, was a conversion of a Coast to Coast outlet in Northampton. TRG has since opened 4 additional Firejacks restaurants.

TRG’s Pubs business operated 66 pub restaurants as at 26 August 2018, predominantly situated in rural locations and offering locally sourced menus. Several of TRG’s pub restaurants have featured in the annual UK ‘Good Pub Guide’.

As at 26 August 2018, TRG’s Concessions business had 64 outlets, predominantly situated across 14 major airports and 5 railway stations in the UK. TRG’s Concessions outlets operate over 30 brands.

TRG had over 15,000 employees as at 26 August 2018. For TRG FY 2017, TRG reported revenue of £679.3 million (2016: £710.7 million), generated Adjusted EBITDA of £95.1 million (2016: £121.0 million) and Adjusted PBT of £56.7 million (2016: £77.1 million). As at 26 August 2018, TRG had net assets of £196.9 million.

### **4. Summary information on Wagamama**

Founded in London in 1992, Wagamama operates a chain of popular restaurants offering pan-Asian inspired cuisine under its trading brand, “wagamama”. As at 19 August 2018, Wagamama’s restaurant portfolio comprised 138 directly-operated restaurants in the UK and the US and 58 franchised restaurants in Europe, the Middle East and New Zealand.

Wagamama has a commitment to fast-cooked, fresh and healthy pan-Asian cuisine. Wagamama’s focus is on feeding the “mind, body and soul”, meaning the food must both “look and taste beautiful”. All food is freshly cooked and customers may personalise any dish. The menu includes a range of accessible, entry-level dishes—under £5 for small dishes or £10 for mains—alongside more expensive options.

Since founding, Wagamama has grown the UK portfolio to 133 directly-operated restaurants (as at 19 August 2018). Wagamama’s UK restaurants are spread geographically and in a mixture of locations: as at 19 August



2018, towns and cities (excluding London) accounted for 41 per cent. of the total UK restaurant estate, shopping centres accounted for 32 per cent., London (excluding shopping centres) accounted for 25 per cent. and Airports accounted for 2 per cent. The UK leasehold restaurants are all in properties averaging approximately 4,300 square feet in size, and approximately half have been extensively refurbished over the last 3 years.

Wagamama opened its first restaurant in the US in 2007. Since then it has grown its US footprint to 5 directly-operated sites as at 19 August 2018. Wagamama's US business has a local management team and manages its own supply chain and operations, although it continues to leverage the UK head office and infrastructure where needed. Additionally, Wagamama has a presence in Europe, the Middle East and New Zealand via 58 franchised restaurants in 23 countries, as at 19 August 2018. Franchise arrangements are with a variety of partners, which each have exclusivity for a specific territory. Franchisees operate their own supply chain using a mixture of Wagamama's suppliers (under their own contracts) and their own suppliers.

Wagamama's sites have a predominantly long leasehold property asset base: as at 19 August 2018, 73 per cent. of sites had greater than 10 years left on their lease contract.

Wagamama is headquartered in London and had over 6,000 employees as at 19 August 2018. For Wagamama FY 2018, Wagamama generated Adjusted EBITDA of £42.3 million (2017: £40.2 million). As at 19 August 2018, Wagamama had total assets of £304.9 million.

## **5. Summary of the key terms of the Acquisition**

### ***Share Purchase Agreement***

On 30 October 2018, TRG, TRG Holdings and the Wagamama Vendors entered into an agreement (**Share Purchase Agreement**) under which TRG Holdings has agreed, on the terms and subject to the conditions of the Share Purchase Agreement, to acquire the entire issued share capital of Wagamama for a cash payment of £357 million<sup>(4)</sup>. On Completion, Wagamama will become an indirect wholly-owned subsidiary of TRG.

### ***Shareholder approvals***

The size of the Acquisition means that it is classed as a Class 1 transaction under the Listing Rules. As such, TRG is seeking the approval of Shareholders for the Acquisition at the General Meeting, which has been convened for 9.30 a.m. on 28 November 2018 at etc.venues St Paul's, 200 Aldersgate, London EC1A 4HD. Shareholders will be asked to vote in favour of the Resolutions.

The TRG Directors intend to vote in favour of the Resolutions in relation to their beneficial holdings, which amount to approximately 0.11 per cent. of TRG's existing issued ordinary share capital as at the Latest Practicable Date.

### ***Conditions***

Completion of the Acquisition is subject to, and can only occur upon satisfaction or waiver of, the following conditions:

- the approval of the Resolutions by Shareholders at the General Meeting; and
- Admission having occurred.

### ***Break fee***

If the Share Purchase Agreement is terminated in the event that the Conditions are not satisfied or waived by 4 December 2018 (or, in certain circumstances where TRG is required to issue a supplementary circular or prospectus, by 14 December 2018), TRG announces that the Board no longer intends to give, or intends to withdraw, modify, qualify or amend its recommendation that Shareholders vote in favour of the Resolutions, or such recommendation is withdrawn, modified, qualified or amended, then TRG must pay a break fee of £5,975,723 to the Wagamama Vendors.

<sup>(4)</sup> The cash payment is expected to consist of £207 million in respect of the consideration for the entire issued share capital of Wagamama, and £150 million in respect of a repayment of shareholder loans. The cash payment is based on an expected completion date of mid-December 2018 and is subject to closing adjustments.

### ***Management Warranty Deed***

On 30 October 2018, TRG Holdings and the Management Warrantors entered into an agreement (**Management Warranty Deed**) under which the Management Warrantors have given to TRG Holdings customary warranties relating to Wagamama's business and tax position. The Company has arranged a warranty and indemnity insurance policy to provide cover up to £56,650,000 million in respect of those warranties (subject to certain exceptions and limitations) (**Warranty and Indemnity Insurance Policy**).

Further details of the Share Purchase Agreement, the Management Warranty Deed and Warranty and Indemnity Insurance Policy are set out in Part III (*Terms and Conditions of the Acquisition*) of this document.

## **6. Financing the Acquisition**

The Acquisition will be funded through a combination of the Rights Issue, the Debt Facility and existing cash on balance sheet.

The Rights Issue will raise circa £315 million of gross proceeds. The Rights Issue has been fully underwritten by J.P. Morgan.

In addition to the proceeds of the Rights Issue, the Acquisition will be financed through drawing on the Debt Facility. TRG will assume Net Debt of £202 million at Wagamama, which includes the £225 million Wagamama Notes which are expected to remain outstanding immediately following Completion by virtue of the terms and conditions governing the Wagamama Notes which, subject to certain conditions having been met, allow for a change in the beneficial ownership of the issuer without requiring an offer to be made to noteholders to repurchase the Wagamama Notes.

The Board believes that the Enlarged Group will be strongly cash generative and that the financing structure for the Acquisition is appropriate. On a LTM basis, the leverage ratio is approximately 2.5 times Net Debt/LTM EBITDA<sup>(5)</sup> or 2.2 times Net Debt/LTM EBITDA if the full annualised pre-tax synergies of approximately £22 million were taken into account in calculating LTM EBITDA. The Board expects the leverage ratio to fall below 2 times Net Debt/LTM EBITDA by December 2020.

Details of the Rights Issue are set out at Part II (*Details of the Rights Issue*) of this document. Details of the Debt Facility are set out at Section 6.1(E) of Part XIII (*Additional Information*) of this document.

## **7. Management and employees**

Wagamama's people have been critical to its success and the business has developed a cohesive, people-focused culture. In order to maintain its vision, culture and values, which have helped to drive performance over the years, TRG plans to operate Wagamama as an autonomous business within the Enlarged Group.

Jane Holbrook, current CEO of Wagamama, has decided to leave the business upon Completion, having agreed some time ago that she would step down around the time of the next change of ownership. Emma Woods, Chief Growth Officer at Wagamama, will be promoted to CEO of Wagamama, reporting to Andy McCue, and will lead the business supported by the existing management team. Allan Leighton, current Chairman of Wagamama, will join the TRG Board as a Non-Executive Director upon Completion.

<sup>(5)</sup> The calculation is based on:

- Wagamama LTM August 2018 Adjusted EBITDA of £45.9 million; less
- pre-opening costs of £3.4 million; plus
- cost synergies of £15 million; plus
- site conversion synergies of £7 million.

Wagamama LTM August 2018 Adjusted EBITDA has been derived from the audited annual financial statements of Mabel Mezzco Limited for the 53 weeks ended 29 April 2018 and the unaudited interim financial information of Mabel Mezzco Limited for the 16-week periods ended 19 August 2018 and 13 August 2017, each prepared in accordance with UK GAAP (FRS 102). Wagamama's definition of Adjusted EBITDA differs from the definition of Adjusted EBITDA used in this document; differences include (but are not limited to) the exclusion of pre-opening costs and certain corporate expenses from Wagamama's definition of Adjusted EBITDA that are not excluded from the definition of Adjusted EBITDA in this document. Wagamama's Adjusted EBITDA for the purposes of this paragraph was calculated on the basis of UK GAAP financial information, not IFRS, and should not be considered as a substitute for measures calculated using an IFRS basis. The figures underlying Wagamama's Adjusted EBITDA are not audited.

## 8. Principal terms of the Rights Issue

TRG is proposing to raise approximately £305 million (net of expenses) pursuant to the Rights Issue. The Rights Issue is being fully underwritten by the Underwriter, subject to certain customary conditions. The Rights Issue Price of 108.5 pence per New Ordinary Share represents a 56.9 per cent. discount to the closing middle market price of TRG of 251.8 pence per Ordinary Share on 9 November 2018, the latest Business Day prior to the announcement of the Rights Issue and a 35.1 per cent. discount to the Theoretical Ex Rights Price of 167.1 pence per New Ordinary Share calculated by reference to the closing middle market price on the same basis.

Subject to the fulfilment of, among other things, the conditions set out below, the Company will offer 290,430,689 New Ordinary Shares to Qualifying Shareholders at a Rights Issue Price of 108.5 pence per New Ordinary Share, payable in full on acceptance. The Rights Issue will be offered on the basis of:

### 13 New Ordinary Shares for every 9 Existing Ordinary Shares

held on the Record Date, and so in proportion to any other number of Existing Ordinary Shares then held and otherwise on the terms and conditions set out in this document.

Qualifying Non-CREST Shareholders with registered addresses in the United States or in any of the other Excluded Territories will not be sent Provisional Allotment Letters and will not have their CREST stock accounts credited with Nil Paid Rights, except where the Company and the Underwriter are satisfied that such action would not result in the contravention of any registration or other legal or regulatory requirement in such jurisdiction.

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares.

The Rights Issue is conditional, among other things, upon:

- (A) the passing of the Resolutions at the General Meeting;
- (B) the Company having applied to Euroclear for admission of the Nil Paid Rights and Fully Paid Rights to CREST as participating securities, and no notification having been received from Euroclear on or before Admission that such admission or facility for holding and settlement has been or is to be refused;
- (C) Admission becoming effective by not later than 8.00 a.m. on 29 November 2018 (or such later time and/or date as the Underwriter and the Company may agree in advance in writing); and
- (D) the Underwriting Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been rescinded or terminated in accordance with its terms prior to Admission.

Application will be made for the New Ordinary Shares to be admitted to listing on the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that dealings in the New Ordinary Shares, fully paid, will commence at 8.00 a.m. on 14 December 2018.

The Rights Issue is not conditional on Completion. The Rights Issue may therefore complete while the Acquisition does not. In the event that Admission is effected but Completion does not occur, the TRG Directors' current intention is that the proceeds of the Rights Issue will be applied to reducing the Company's net indebtedness on a short term basis, specifically borrowings under the TRG Existing Revolving Credit Facility, while the TRG Directors evaluate alternative uses of the funds. If no such uses can be found, the TRG Directors will consider how best to return surplus capital to Shareholders. Such a return could carry fiscal costs for certain Shareholders, will have costs for TRG and would be subject to applicable securities laws.

The Executive Directors, who collectively hold 0.07 per cent. of TRG's total issued ordinary share capital as at the Latest Practicable Date will take their full pro rata entitlement under the terms of the Rights Issue to maintain their shareholdings in TRG, demonstrating their strong ongoing commitment to the TRG business and, following Completion, to the Enlarged Group.

The Non-Executive Directors are fully supportive of the Rights Issue. Each of the Non-Executive Directors who hold Ordinary Shares intends to take up in full his or her rights to subscribe for New Ordinary Shares under the Rights Issue.

## 9. Dividends

TRG paid total dividends of 17.4 pence per share in respect of TRG FY 2017 (2016: 17.4 pence per share; 2015: 17.4 pence per share). An interim dividend of 6.8 pence per share was paid in relation to TRG H1 2018 (2017: 6.8 pence per share; 2016: 6.8 pence per share).

The Board believes that, following Completion, it is appropriate for the Enlarged Group to adopt a policy of paying a dividend covered 2 times by earnings before Exceptional Items. This dividend policy will be reflected in the final dividend that the Company declares for TRG FY 2018.

The Board believes that the funding structure and this dividend policy will result in an appropriate balance between delivering shareholder returns, enabling the Company to invest in further growth and enabling the Company to achieve an appropriate deleveraging profile.

## 10. Current trading, trends and prospects

### *TRG*

After 42 weeks' trading in TRG FY 2018, total sales were down 0.5 per cent. on the comparable period in TRG FY 2017 and like-for-like sales were down 2.2 per cent. Since the announcement of TRG's results for TRG H1 2018 on 31 August 2018, TRG has continued to make good progress, and like-for-like sales were up 1.4 per cent. in the 14 week period since the end of the FIFA World Cup.

### *Wagamama*

The Wagamama Group continues to enhance its position as the only pan-Asian restaurant operator of scale in the United Kingdom and remains confident in its short-term and long-term international growth prospects. In Wagamama FY 2018, Wagamama continued to strengthen both its brand and its team through new local and national marketing campaigns as well as team training and development opportunities. Wagamama also expanded its collection and use of customer feedback with the launch of an upgraded feedback platform and Wagamama expects this investment to add value across all 3 of its business channels (eat-in, take-away and delivery). Wagamama believes that it is well-positioned for another year of continued growth.

For the 11 week period from 20 August 2018 to 4 November 2018, Wagamama's like-for-like sales increased by 12.2 per cent. As of 4 November 2018, Wagamama's like-for-like sales had outperformed the market, as measured by the Coffer-Peach tracker, for 233 consecutive weeks<sup>(6)</sup>.

## 11. Overseas Shareholders

The attention of Qualifying Shareholders who have registered addresses outside the United Kingdom, or who are citizens or residents of countries other than the United Kingdom, or who are holding Ordinary Shares for the benefit of such persons (including, without limitation, custodians, nominees, trustees and agents) or who have a contractual or other legal obligation to forward this document, a Provisional Allotment Letter and any other document in relation to the Rights Issue to such persons, is drawn to the information which appears in Section 9 of Part II (*Details of the Rights Issue*) of this document.

New Ordinary Shares will be provisionally allotted (nil paid) to all Qualifying Shareholders, including Overseas Shareholders. However, subject to certain exceptions, Provisional Allotment Letters will not be sent to Qualifying non-CREST Shareholders with registered addresses, or who are resident in or located, in the United States or the Excluded Territories, nor will the CREST stock account of Qualifying CREST Shareholders with registered addresses, or who are resident or located, in the United States or the Excluded Territories be credited with Nil Paid Rights. The notice in the London Gazette referred to in Section 9(F) of Part II (*Details of the Rights Issue*) of this document will state where a Provisional Allotment Letter may be inspected or obtained. Any person with a registered address, or who is resident or located, in the United States or any Excluded Territory who obtains a copy of this document or a Provisional Allotment Letter is required to disregard them, except with the consent of the Company.

<sup>(6)</sup> These preliminary financial results are derived from Wagamama's accounting records and internal management accounts. This information has not been audited, reviewed or compiled, nor have any procedures been performed by Wagamama's independent auditors with respect thereto.

Notwithstanding any other provision of this document or the Provisional Allotment Letter, the Company reserves the right to permit any Qualifying Shareholder to take up its, his or her rights if the Company in its sole and absolute discretion is satisfied that the transaction in question will not violate applicable laws.

The Company has made arrangements under which the Underwriter will use reasonable endeavours to find subscribers for the New Ordinary Shares provisionally allotted to such Shareholders by 5.00 p.m. on the second Dealing Day after the last date for acceptance of the Rights Issue. If the Underwriter finds subscribers and is able to achieve a premium over the Rights Issue Price and the related expenses of procuring those subscribers (including any applicable brokerage and commissions and amounts in respect of VAT which are not recoverable), such Shareholders will be sent a cheque for the amount of that aggregate premium above the Issue Price less related expenses (including any applicable brokerage and commissions and amounts in respect of VAT which are not recoverable), so long as the amount in question is at least £5. If any person in the United States or an Excluded Territory receives a Provisional Allotment Letter, that person should not seek to, and will not be able to, take up its, his or her rights thereunder, except as described in Section 9 of Part II (*Details of the Rights Issue*) of this document. The provisions of Section 6 of Part II (*Details of the Rights Issue*) of this document will apply to Overseas Shareholders who cannot or do not take up the New Shares provisionally allotted to them.

## 12. Employee Share Schemes

Participants in the Employee Share Schemes will be advised separately of adjustments (if any) to their rights or as to any entitlement to participate in the Rights Issue.

## 13. General Meeting

A notice convening a General Meeting to be held at etc.venues St Paul's, 200 Aldersgate, London EC1A 4HD at 9.30 a.m. on 28 November 2018 at which the Resolutions will be proposed is set out at the end of this document. The purpose of the General Meeting is to consider and, if thought fit, pass the Resolutions, as set out in full in the Notice of General Meeting.

**Your attention is again drawn to the fact that the Rights Issue and the Acquisition are conditional and dependent upon the Resolutions being passed** (there are also additional conditions which must be satisfied before the Acquisition can be completed). Because of the size of Wagamama when compared with TRG, the Acquisition is classified under the Listing Rules as a Class 1 transaction and its implementation requires the approval of Shareholders.

However, Shareholders should be aware that it is possible that, after the Rights Issue becomes unconditional, the Acquisition could fail to complete. This possibility is discussed further in Section 1 of Part II (*Details of the Rights Issue*) of this document.

The Resolutions propose that:

- (A) the Acquisition be approved and that the TRG Directors be authorised to take all steps and enter into all agreements and arrangements necessary or desirable to implement the Acquisition; and
- (B) the TRG Directors be authorised to allot up to 290,430,689 Ordinary Shares, representing approximately 144 per cent. of the Company's current issued share capital. This will provide the TRG Directors with the necessary authority and power under the Companies Act 2006 to proceed with the issue of the New Ordinary Shares in connection with the Rights Issue. The authority will expire at the close of business on 1 March 2019.

Further details in relation to the Resolution at (B) above are provided at Section 2.4 of Part XIII (*Additional Information*) of this document.

The Resolutions will be proposed as ordinary resolutions requiring a simple majority of votes in favour. The Resolutions must be approved by Shareholders who together represent a simple majority of the Ordinary Shares being voted (whether in person or by proxy) at the General Meeting.

For further information in relation to the Resolutions to be proposed at the General Meeting, see the Notice of General Meeting at the end of this document.

#### **14. Action to be taken**

##### *General Meeting*

If you are a Shareholder, you will find enclosed with this document a Form of Proxy for use at the General Meeting. Whether or not you intend to be present at the General Meeting, you are asked to complete the Form of Proxy in accordance with the instructions printed on it and to return it to the Registrar, Equiniti, as soon as possible and, in any event, so as to arrive not later than 9.30 a.m. on 26 November 2018. The completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person if you wish to do so. You may also submit your proxies electronically at [www.sharevote.co.uk](http://www.sharevote.co.uk) using the Voting ID, Task ID and Shareholder Reference Number on the Form of Proxy. If you hold shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to the issuer's agent, ID RA19, so that it is received no later than 9.30 a.m. on 26 November 2018.

##### *Rights Issue*

The latest time for acceptance by Shareholders under the Rights Issue is 11.00 a.m. (UK time) on 13 December 2018. The procedure for acceptance and payment is set out in Part II (*Details of the Rights Issue*) of this document. Further details also appear in the Provisional Allotment Letter which will be sent to all Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, those Qualifying Non-CREST Shareholders with a registered address in the Excluded Territories).

If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser authorised under FSMA if you are in the United Kingdom or, if you are not, from another appropriately authorised independent financial adviser.

#### **15. Further information**

Your attention is drawn to the section entitled "Risk Factors" of this document and to Part XIII (*Additional Information*) of this document. You should read all of the information contained in this document before deciding the action to take in respect of the General Meeting and/or the Rights Issue. If you are a Qualifying Shareholder, and, subject to certain exceptions, unless you have a registered address in, or are resident or located in, any of the Excluded Territories, your attention is drawn in connection with the Rights Issue to the further information contained in Sections 9 and 10 of Part II (*Details of the Rights Issue*) of this document.

The results of the votes cast at the General Meeting will be announced as soon as possible once known through a Regulatory Information Service and on the TRG website ([www.trgplc.com](http://www.trgplc.com)). It is expected that this will be on 28 November 2018.

#### **16. Financial advice**

The Board has received financial advice from RBC (as lead financial adviser) and J.P. Morgan (as joint financial adviser) in relation to the Acquisition. In providing their financial advice to the TRG Directors, RBC and J.P. Morgan have relied on the TRG Directors' commercial assessments of the Acquisition.

#### **17. Recommendation**

**The Board considers the Acquisition, the Rights Issue and the Resolutions to be in the best interests of the Company and its Shareholders taken as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions, as all of the TRG Directors intend to do (or procure to be done), in respect of the Ordinary Shares in which they are interested, or in relation to which they are otherwise able to control the exercise of the voting rights, held at the time of the General Meeting, amounting to 226,728 Ordinary Shares in aggregate as at the Latest Practicable Date (representing approximately 0.11 per cent. of TRG's existing issued ordinary share capital).**

Yours sincerely,

Debbie Hewitt MBE  
**Chairman**

## **PART II**

### **DETAILS OF THE RIGHTS ISSUE**

#### **1. Summary of the Rights Issue**

The Company is proposing to raise gross proceeds of approximately £315 million pursuant to the Rights Issue.

The Rights Issue Price of 108.5 pence per New Ordinary Share represents a discount of approximately 56.9 per cent. to the Closing Price of an Existing Ordinary Share of 251.8 pence on 9 November 2018 (being the latest Business Day prior to the announcement of the Rights Issue) and a 35.1 per cent. discount to the Theoretical Ex-Rights Price based on that Closing Price.

If Completion occurs, the Rights Issue proceeds will be applied (net of expenses) towards the financing of the Acquisition. In the event that Admission is effected but Completion does not occur, the TRG Directors' current intention is that the proceeds of the Rights Issue will be applied to reducing the Company's net indebtedness on a short-term basis, specifically borrowings under the TRG Existing Revolving Credit Facility, while the TRG Directors evaluate alternative uses of the funds. If no such uses can be found, the TRG Directors will consider how best to return the proceeds to Shareholders. Such a return could carry fiscal costs for certain Shareholders, will have costs for TRG and would be subject to applicable securities laws.

#### **2. Terms and conditions of the Rights Issue**

Subject to the terms and conditions set out in this document (and, in the case of Qualifying Non-CREST Shareholders, the Provisional Allotment Letter if they receive one), the New Ordinary Shares are being offered for acquisition by way of rights to Qualifying Shareholders on the following basis:

##### **13 New Ordinary Shares at 108.5 pence per New Ordinary Share for every 9 Existing Ordinary Shares**

held and registered in their name at the close of business on the Record Date and so in proportion for any other numbers of Ordinary Shares then held.

Qualifying Shareholders who do not, or who are not permitted to, take up any rights will have their proportionate shareholdings in the Company diluted by approximately 59 per cent. as a consequence of the Rights Issue.

Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings to calculate entitlements under the Rights Issue. Fractions of New Ordinary Shares will not be allotted to Qualifying Shareholders and fractional entitlements will be rounded down to the nearest whole number of New Ordinary Shares and discarded.

The attention of Qualifying Shareholders and any person (including, without limitation, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this document or a Provisional Allotment Letter into a jurisdiction other than the United Kingdom is drawn to Sections 9 and 10 of this Part II. In particular, subject to the provisions of Section 9 of this Part II, Qualifying Shareholders with registered addresses in the Excluded Territories have not been and will not be sent Provisional Allotment Letters and have not had and will not have their CREST stock accounts credited with Nil Paid Rights.

Applications will be made to the UKLA for the New Ordinary Shares (nil paid and fully paid) to be admitted to the Official List, and to the London Stock Exchange for the New Ordinary Shares (nil paid and fully paid) to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on the London Stock Exchange, nil paid, at 8.00 a.m. on 29 November 2018 (whereupon an announcement will be made by the Company to a Regulatory Information Service).

The Existing Ordinary Shares are already admitted to CREST. The Existing Ordinary Shares are and, when issued, the New Ordinary Shares will be in registered form and capable of being held in certificated form or uncertificated form via CREST. Applications will be made for the Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares to be admitted to CREST. Euroclear requires the Company to confirm to it that certain conditions are satisfied before Euroclear will admit the New Ordinary Shares to CREST. It is expected that these conditions will be satisfied on Admission. As soon as practicable after Admission, the Company will confirm this to Euroclear.

Subject to any relevant conditions being satisfied, it is expected that:

- (A) Provisional Allotment Letters in respect of Nil Paid Rights will be despatched to Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, Qualifying Non-CREST Shareholders with registered addresses in the Excluded Territories) following the General Meeting on 28 November 2018;
- (B) the Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of Qualifying CREST Shareholders (other than, subject to certain exceptions, such Qualifying CREST Shareholders with registered addresses in the Excluded Territories) with such Shareholders' entitlements to Nil Paid Rights, with effect from 8.00 a.m. on 29 November 2018;
- (C) the Nil Paid Rights and the Fully Paid Rights will be enabled for settlement by Euroclear on 29 November 2018, as soon as practicable after the Company has confirmed to Euroclear that all the conditions for admission of such rights to CREST have been satisfied;
- (D) New Ordinary Shares will be credited to the appropriate stock accounts of relevant Qualifying CREST Shareholders (or their renounees) who validly take up their rights by 8.00 a.m. on 14 December 2018; and
- (E) share certificates for the New Ordinary Shares will be despatched to relevant Qualifying Non-CREST Shareholders (or their renounees) who validly take up their rights by no later than 31 December 2018 at their own risk.

Pursuant to the Companies Act 2006, the offer of New Ordinary Shares to Qualifying Shareholders who have no registered address in an EEA State and who have not given to the Company an address in an EEA State for the serving of notices will be made to such Qualifying Shareholders through a notice in the London Gazette, details of which are provided in Section 9(F) of this Part II. Shareholders taking up their rights by completing a Provisional Allotment Letter or by sending an MTM Instruction to Euroclear will be deemed to have given the representations and warranties set out in Section 10 of this Part II, unless such requirement is waived by the Company and the Underwriter.

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared after the date of allotment and issue of the New Ordinary Shares.

The Rights Issue is conditional, among other things, upon:

- (A) the passing of the Resolutions at the General Meeting;
- (B) the Company having applied to Euroclear for admission of the Nil Paid Rights and Fully Paid Rights to CREST as participating securities, and no notification having been received from Euroclear on or before Admission that such admission or facility for holding and settlement has been or is to be refused;
- (C) Admission becoming effective by not later than 8.00 a.m. on 29 November 2018 (or such later time and/or date as the Underwriter and the Company may agree, or as may be otherwise provided for pursuant to the terms of the Underwriting Agreement); and
- (D) the Underwriting Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been rescinded or terminated in accordance with its terms prior to Admission.

If a Qualifying Shareholder does not, or is not permitted to, take up its entitlement to New Ordinary Shares, then the Underwriter shall use reasonable endeavours to procure acquirers for all of those New Ordinary Shares, at a price at least equal to the Rights Issue Price and the expenses of procuring such acquirers. In the event that the Underwriter is unable to procure such acquirers, the Underwriter has agreed to underwrite fully the Rights Issue in accordance with the terms and subject to the conditions in the Underwriting Agreement.

The Underwriter's obligations under the Underwriting Agreement are conditional prior to Admission. The Underwriting Agreement is not subject to any right of termination after Admission (including in respect of any statutory withdrawal rights). The Underwriter may arrange sub-underwriting for some, all or none of the New Ordinary Shares. A summary of certain terms and conditions of the Underwriting Agreement is contained in Section 6.1(D) of Part XIII (*Additional Information*) of this document.

The Underwriter and any of its affiliates may engage in trading activity in connection with its role under the Underwriting Agreement and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for their



own account in securities of the Company and related or other securities and instruments (including Ordinary Shares, Nil Paid Rights and Fully Paid Rights). The Underwriter does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. In addition the Underwriter or its affiliates may enter into financing arrangements (including swaps) with investors in connection with which the Underwriter (or its affiliates) may from time to time acquire, hold or dispose of New Ordinary Shares.

If the Rights Issue is delayed so that Provisional Allotment Letters cannot be despatched on 28 November 2018, the section of this document entitled “*Expected Timetable of Principal Events*” will be adjusted accordingly and the revised dates will be set out in the Provisional Allotment Letters and announced through a Regulatory Information Service, in which case all references in this Part II should be read as being subject to such adjustment.

### **3. Action to be taken by Qualifying Shareholders**

The action to be taken by Qualifying Shareholders in respect of the New Ordinary Shares depends on whether, at the relevant time, the Nil Paid Rights or Fully Paid Rights in respect of which action is to be taken are in certificated form (that is, are represented by Provisional Allotment Letters) or are in uncertificated form (that is, are in CREST).

If you are a Qualifying Non-CREST Shareholder and do not have a registered address in the United States or any of the other Excluded Territories (subject to certain limited exceptions), please refer to Section 4 of this Part II.

If you hold your Ordinary Shares in CREST and do not have a registered address in the United States or any of the other Excluded Territories (subject to certain limited exceptions), please refer to Section 5 of this Part II and to the CREST Manual for further information on the CREST procedures referred to below.

CREST sponsored members should refer to their CREST sponsors, as only their CREST sponsors will be able to take the necessary actions specified below to take up the entitlements or otherwise to deal with the Nil Paid Rights or Fully Paid Rights of CREST sponsored members.

If you have any questions relating to this document, or the completion and return of the Form of Proxy or Provisional Allotment Letter, please telephone the Registrar on 0333 207 6514 (from within the United Kingdom) or on +44 121 415 0993 (if calling from outside the United Kingdom). Lines are open from 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding public holidays in England and Wales). Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. Please note that the Registrar cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

### **4. Action to be taken by Qualifying Non-CREST Shareholders in relation to Nil Paid Rights represented by Provisional Allotment Letters**

#### **(A) General**

Provisional Allotment Letters are expected to be despatched to Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, Qualifying Non-CREST Shareholders with registered addresses in the Excluded Territories) on 28 November 2018. The Provisional Allotment Letter sets out:

- (i) the holding of Ordinary Shares on which a Qualifying Non-CREST Shareholder’s entitlement to New Ordinary Shares has been based;
- (ii) the aggregate number and cost of New Ordinary Shares provisionally allotted to such Qualifying Non-CREST Shareholder;
- (iii) the procedures to be followed if a Qualifying Non-CREST Shareholder wishes to dispose of all or part of its, his or her entitlement or to convert all or part of its, his or her entitlement into uncertificated form;
- (iv) instructions regarding acceptance and payment, consolidation, splitting and registration of renunciation.

The latest time and date for acceptance and payment in full will be 11.00 a.m. on 13 December 2018.

If the Rights Issue is delayed so that Provisional Allotment Letters cannot be despatched on 28 November 2018, the expected timetable, as set out at the front of this document, will be adjusted accordingly and the revised dates will be set out in the Provisional Allotment Letters and announced through a Regulatory Information Service, in which case all relevant references in this Part II should be read as being subject to such adjustment.

**(B) Procedure for acceptance and payment**

**(i) Qualifying Non-CREST Shareholders who wish to accept in full**

Holders of Provisional Allotment Letters who wish to take up all of their Nil Paid Rights should complete the Provisional Allotment Letter in accordance with its instructions. The Provisional Allotment Letter must be returned, together with the cheque or banker's draft in Pounds Sterling, made payable to Equiniti Limited Re: Restaurant Group Rights Issue and crossed "A/C payee only", for the full amount payable on acceptance, in accordance with the instructions printed on the Provisional Allotment Letter, by post or by hand (during normal business hours only) to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to be received as soon as possible and, in any event, not later than 11.00 a.m. on 13 December 2018. A prepaid business reply envelope is enclosed with the Provisional Allotment Letter (for use within the UK only). If you post your Provisional Allotment Letter, it is recommended that you allow sufficient time for delivery (for instance, allowing 4 days for first class post within the UK). Payments via CHAPS, BACS or electronic transfer will not be accepted.

**(ii) Qualifying Non-CREST Shareholders who wish to accept in part**

Holders of Provisional Allotment Letters who wish to take up some but not all of their Nil Paid Rights should refer to Section 4(G) of this Part II.

**(iii) Qualifying Non-CREST Shareholders who wish to dispose of some or all of their Nil Paid Rights**

Any Qualifying Non-CREST Shareholder who is permitted to, and wishes to, dispose of all or part of its, his or her Nil Paid Rights should contact its, his or her stockbroker or bank or other appropriate authorised independent financial adviser to arrange the disposal of those Nil Paid Rights in the market. The stockbroker, bank or other authorised independent financial adviser will require the Provisional Allotment Letter to arrange such a disposal and you will need to make arrangements with the stockbroker, bank or other authorised independent financial adviser for the completion of the Provisional Allotment Letter and its despatch to the stockbroker, bank or other authorised independent financial adviser. Further information about such disposals by Qualifying Non-CREST Shareholders is set out in Section 4(D) of this Part II.

Nil Paid Rights may only be transferred in compliance with applicable securities laws and regulations of all relevant jurisdictions.

**(iv) Discretion as to validity of acceptances**

If payment as set out in Section 4(B)(v) of this Part II is not received in full by 11.00 a.m. on 13 December, the provisional allotment will be deemed to have been declined and will lapse. However, the Company and the Underwriter may, by mutual agreement, but shall not be obliged to, treat as valid acceptances in respect of which remittances for the full amount are received prior to 11.00 a.m. on 13 December from an authorised person (as defined in section 31(2) of FSMA) specifying the number of New Ordinary Shares to be acquired and an undertaking by that person to lodge the relevant Provisional Allotment Letter, duly completed, by a time and date which are satisfactory to the Company and the Underwriter, in their sole discretion.

The Company and the Underwriter, may also (in their absolute discretion and by mutual agreement) treat a Provisional Allotment Letter as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or is not accompanied by a valid power of attorney where required.

The Company reserves the right to treat as invalid any acceptance or purported acceptance of the New Ordinary Shares that appears to the Company to have been executed in, despatched from, or that provides an address for delivery of definitive share certificates for New Ordinary Shares in, an Excluded Territory.

A Qualifying Non-CREST Shareholder who makes a valid acceptance and payment in accordance with this paragraph is deemed to request that the New Ordinary Shares to which they will become entitled be issued to them on the terms set out in this document and the Provisional Allotment Letter and subject to the Articles.

#### **(v) Payments**

All payments made by Qualifying Non-CREST Shareholders must be made in Pounds Sterling by cheque or banker's draft made payable to Equiniti Limited re: Restaurant Group Rights Issue and crossed "A/C payee only". Third-party cheques may not be accepted except building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the cheque or draft to such effect. Cheques or banker's drafts must be drawn on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank or building society which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through facilities provided by either of these companies. Such cheques and banker's drafts must bear the appropriate sort code in the top right-hand corner. Post-dated cheques will not be accepted. Payments via CHAPS, BACS or electronic transfer will not be accepted.

Cheques and banker's drafts will be presented for payment on receipt. It is a term of the Rights Issue that cheques shall be honoured on first presentation, and the Company and the Underwriter may elect to treat as invalid any acceptances in respect of which cheques are not so honoured. Return of a Provisional Allotment Letter will constitute a warranty that the cheque will be honoured on first presentation. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. If New Ordinary Shares have already been allotted to Qualifying Shareholders prior to any payment not being so honoured or such Qualifying Shareholders' acceptances being treated as invalid, the Company and the Underwriter may (in their absolute discretion as to manner, timing and terms) make arrangements for the sale of such shares on behalf of those Qualifying Shareholders and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that it has suffered as a result of the acceptance being treated as invalid and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by such Qualifying Shareholders pursuant to the provisions of this Part II in respect of the acquisition of such shares) on behalf of such Qualifying Shareholders. None of the Company, the Underwriter or any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by Qualifying Shareholders as a result.

#### **(C) Money Laundering Regulations**

To ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf the Provisional Allotment Letter is lodged with payment (which requirements are referred to below as the verification of identity requirements). If an application is made by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent's stamp should be inserted on the Provisional Allotment Letter. The person lodging the Provisional Allotment Letter with payment (the applicant), including any person who appears to the Receiving Agent to be acting on behalf of some other person, shall thereby be deemed to agree to provide the Receiving Agent with such information and other evidence as the Receiving Agent may require to satisfy the verification of identity requirements and agree for the Receiving Agent to make a search using a credit reference agency for the purpose of confirming such identity; where deemed necessary a record of the search will be retained. Submission of a Provisional Allotment Letter will constitute a warranty that the Money Laundering Regulations will not be breached by the acceptance of the remittance and an undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purpose of the Money Laundering Regulations.

If the Receiving Agent determines that the verification of identity requirements apply to any applicant or application, the relevant New Ordinary Shares (notwithstanding any other term of the Rights Issue) will not be issued to the relevant applicant unless and until the verification of identity requirements have been satisfied in respect of that applicant or application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any applicant or application and whether such requirements have been satisfied, and none of the Receiving Agent, the Company or the Underwriter will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays and potential rejection of an application. If, within a reasonable period of

time following a request for verification of identity, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the application monies will be returned (at the applicant's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn. If the acceptance is not treated as invalid and the verification of identity requirements are not satisfied within such period, being not less than 7 days after a request for evidence of identity is despatched to the applicant, as the Company may in its absolute discretion allow, the Company will be entitled to make arrangements (in its absolute discretion as to manner, timing and terms) to sell the relevant shares (and for that purpose the Company will be expressly authorised to act as agent of the applicant). Any proceeds of sale (net of expenses) of the relevant shares which shall be issued to and registered in the name of the purchaser(s) or an amount equivalent to the original payment, whichever is the lower, will be held by the Company on trust for the applicant, subject to the requirements of the Money Laundering Regulations.

The verification of identity requirements will not usually apply if:

- (A) the applicant is an organisation required to comply with the EU Money Laundering Directive (2005/60/EC);
- (B) the applicant is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;
- (C) the applicant (not being an applicant who delivers his/her application in person) makes payment by way of a cheque drawn on an account in the name of such applicant; or
- (D) the aggregate price for taking up the relevant New Ordinary Shares is less than EUR 15,000 (or its Pounds Sterling equivalent).

In other cases, the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (i) if payment is made by building society cheque (not being a cheque drawn on an account of the applicant) or banker's draft, by the building society or bank endorsing on the back of the cheque or draft the applicant's name and the number of an account held in the applicant's name at such building society or bank, such endorsement being validated by a stamp and an authorised signature;
- (ii) if the Provisional Allotment Letter(s) is/are lodged with payment by an agent which is an organisation of the kind referred to in sub-section (A) above or which is subject to anti-money laundering regulations in a country which is a member of the Financial Action Task Force (the non-EU members of which are Argentina, Australia, Brazil, Canada, Gibraltar, Hong Kong, Iceland, Japan, Mexico, Luxembourg, New Zealand, Norway, the Russian Federation, Singapore, South Africa, Switzerland, Turkey and the United States and, by virtue of their membership of the Gulf Co-operation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE), the agent should provide with the Provisional Allotment Letter(s) written confirmation that it has that status and written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agent and/or any relevant regulatory or investigatory authority. In order to confirm the acceptability of any written assurance referred to in this sub-section (ii), or in any other case, the applicant should contact the Receiving Agent by telephone on 0333 207 6514 (from within the United Kingdom) or on +44 121 415 0993 (if calling from outside the United Kingdom). Lines are open from 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding public holidays in England and Wales). Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. Please note that the Receiving Agent cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes; or
- (iii) if the Provisional Allotment Letter(s) is/are lodged by hand by the applicant in person, the applicant should ensure that they have evidence of identity bearing their photograph (for example, the applicant's passport) and separate evidence of their address.

#### **(D) Dealings in Nil Paid Rights**

Dealings on the London Stock Exchange in the Nil Paid Rights are expected to commence at 8.00 a.m. on 29 November 2018. A transfer of Nil Paid Rights can be made by renunciation of the Provisional Allotment Letter in accordance with the instructions printed on it or, in the case of any person in whose favour the rights have been renounced, by delivery of such letter to the transferee.

### **(E) Dealings in Fully Paid Rights**

After acceptance of the provisional allotment and payment in full in accordance with the provisions set out in this document and the Provisional Allotment Letter, the Fully Paid Rights may be transferred by renunciation of the relevant fully paid Provisional Allotment Letter and lodging of the same, by post or by hand (during normal business hours only), with the Receiving Agent, so as to be received not later than 3.00 p.m. on 10 December 2018. To do this, a Qualifying Non-CREST Shareholder will need to have its, his or her fully paid Provisional Allotment Letter returned to him or her after the acceptance has been effected by the Receiving Agent. However, fully paid Provisional Allotment Letters will not be returned to Qualifying Non-CREST Shareholders unless their return is requested by ticking Box 4 on page 4 of the Provisional Allotment Letter. After 8.00 a.m. on 14 December 2018, the New Ordinary Shares will be in registered form and transferable in the usual way.

### **(F) Renunciation and splitting of Provisional Allotment Letters**

Qualifying Non-CREST Shareholders who wish to transfer all of their Nil Paid Rights or, after acceptance of the provisional allotment and payment in full, Fully Paid Rights comprised in a Provisional Allotment Letter may (save as required by the laws of certain overseas jurisdictions) renounce such allotment by completing and signing Form X on page 4 of the Provisional Allotment Letter (if it is not already marked "Original Duly Renounced") and passing the entire Provisional Allotment Letter to their stockbroker or bank or other appropriate financial adviser or to the transferee. Once a Provisional Allotment Letter has been renounced, it will become a negotiable instrument in bearer form. The latest time and date for registration of renunciation of Provisional Allotment Letters is 11.00 a.m. on 13 December 2018.

If a holder of a Provisional Allotment Letter wishes to have only some of the New Ordinary Shares registered in its, his or her name and to transfer the remainder, or wishes to transfer all the Nil Paid Rights, or (if appropriate) Fully Paid Rights, but to different persons, he, she or it may have the Provisional Allotment Letter split, for which purpose he, she or it must sign and date Form X on page 4 of the Provisional Allotment Letter. The Provisional Allotment Letter must then be delivered by post or by hand (during normal business hours only) to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA by not later than 3.00 p.m. on 11 December 2018, to be cancelled and exchanged for the split Provisional Allotment Letters required. The number of split Provisional Allotment Letters required and the number of Nil Paid Rights or (as appropriate) Fully Paid Rights to be comprised in each split Provisional Allotment Letter should be stated in an accompanying letter. Form X on page 4 of split Provisional Allotment Letters will be marked "Original Duly Renounced" before issue. The Provisional Allotment Letter will then be cancelled and exchanged for split Provisional Allotment Letters. The split Provisional Allotment Letter representing the New Ordinary Shares they wish to accept should be delivered together with the cheque or banker's draft in Pounds Sterling for the appropriate amount, made payable to Equiniti Limited Re: Restaurant Group Rights Issue and crossed "A/C payee only" by 11.00 a.m. on 13 December 2018, the last date and time for acceptance. The second Provisional Allotment Letter (representing the New Ordinary Shares they do not wish to take up) will be required in order to sell those rights.

Alternatively, Qualifying Non-CREST Shareholders who wish to take up some of their rights, without selling or transferring the remainder, should complete the boxes on page 1 of the Provisional Allotment Letter and Form X on page 4 of the original Provisional Allotment Letter and return it by post or by hand (during normal business hours only) to Equiniti together with a covering letter confirming the number of New Ordinary Shares to be taken up and a cheque for the appropriate amount made payable to Equiniti Limited Re: Restaurant Group Rights Issue and crossed A/C payee only and with the Allotment Number which appears on page 1 of the Provisional Allotment Letter, written on the reverse of the cheque or banker's draft to pay for this number of shares. In this case, the Provisional Allotment Letter and cheque or banker's draft must be received by the Receiving Agent by 3.00 p.m. on 11 December 2018, being the last date and time for splitting Nil Paid Rights.

The Company and/or Underwriter reserve the right to refuse to register any renunciation in favour of any person where the Company and/or the Underwriter believe such renunciation may violate applicable legal or regulatory requirements including (without limitation) any renunciation in the name of any person with an address outside the United Kingdom.

### **(G) Registration in names of Qualifying Shareholders**

A Qualifying Shareholder who wishes to have all the New Ordinary Shares to which he, she or it is entitled registered in its, his or her name must accept and make payment for such allotment in accordance with the provisions set out in this document and (in the case of Qualifying Non-CREST Shareholders) the Provisional Allotment Letter.

#### **(H) Registration in names of persons other than Qualifying Shareholders originally entitled**

To register the New Ordinary Shares in certificated form in the name of someone other than the Qualifying Shareholder(s) originally entitled, the renounee or its, his or her agent(s) must complete Form Y on page 4 of the Provisional Allotment Letter (unless the renounee is a CREST member who wishes to hold such New Ordinary Shares in uncertificated form, in which case Form X and the CREST Deposit Form (both on page 4 of the Provisional Allotment Letter) must be completed (see Section 4(J) of this Part II) and send the entire Provisional Allotment Letter, by post or by hand (during normal business hours only) to Equiniti so as to be received by not later than 11.00 a.m. on 13 December 2018. Registration cannot be effected unless and until the New Ordinary Shares comprised in a Provisional Allotment Letter are fully paid.

The New Ordinary Shares comprised in 2 or more Provisional Allotment Letters (duly renounced where applicable) may be registered in the name of 1 holder (or joint holders). To consolidate rights attached to 2 or more Provisional Allotment Letters, complete Form Y on page 4 of the Provisional Allotment Letter and attach a letter detailing each Provisional Allotment Letter number (as shown on page 1 of the Provisional Allotment Letter), the number of New Ordinary Shares represented by each Provisional Allotment Letter, the total number of Provisional Allotment Letters to be consolidated and the total number of New Ordinary Shares represented by all the Provisional Allotment Letters to be consolidated. All the Provisional Allotment Letters to be consolidated must be lodged in 1 batch together.

#### **(I) Deposit of Nil Paid Rights or Fully Paid Rights into CREST**

The Nil Paid Rights or Fully Paid Rights represented by a Provisional Allotment Letter may be converted into uncertificated form, that is, deposited into CREST (whether such conversion arises as a result of a renunciation of those rights or otherwise). Similarly, Nil Paid Rights or Fully Paid Rights held in CREST may be converted into certificated form, that is, withdrawn from CREST. Subject as provided in the following Section or in the Provisional Allotment Letter, normal CREST procedures and timings apply in relation to any such conversion. Shareholders are recommended to refer to the CREST Manual for details of such procedures.

The procedure for depositing the Nil Paid Rights or Fully Paid Rights represented by a Provisional Allotment Letter into CREST, whether such rights are to be converted into uncertificated form in the name(s) of the person(s) whose name(s) and address(es) appear on page 1 of the Provisional Allotment Letter or in the name of a person or persons to whom the Provisional Allotment Letter has been renounced, is as follows: Form X and the CREST Deposit Form (both on page 4 of the Provisional Allotment Letter) will need to be completed and the Provisional Allotment Letter deposited with the CCSS (as this term is defined in the CREST Manual). In addition, the normal CREST Stock Deposit procedures will need to be carried out, except that: (a) it will not be necessary to complete and lodge a separate CREST Transfer Form (prescribed under the Stock Transfer Act 1963) with the CCSS; and (b) only the whole of the Nil Paid Rights or Fully Paid Rights represented by the Provisional Allotment Letter may be deposited into CREST. If a Shareholder wishes to deposit some only of the Nil Paid Rights or Fully Paid Rights represented by the Provisional Allotment Letter into CREST, he, she or it must first apply for split Provisional Allotment Letters in accordance with Section 4(G) of this Part II. If the rights represented by more than 1 Provisional Allotment Letter are to be deposited, the CREST Deposit Form on each Provisional Allotment Letter must be completed and deposited.

A holder of the Nil Paid Rights (or, if appropriate, the Fully Paid Rights) represented by a Provisional Allotment Letter who is proposing to convert those rights into uncertificated form (whether following a renunciation of such rights or otherwise) is recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Nil Paid Rights (or, if appropriate, the Fully Paid Rights) in CREST following the conversion to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 13 December 2018. In particular, having regard to processing times in CREST and on the part of the Receiving Agent, the latest recommended time for depositing a renounced Provisional Allotment Letter (with Form X and the CREST Deposit Form on page 4 of the Provisional Allotment Letter duly completed) with the CCSS (to enable the person acquiring the Nil Paid Rights (or, if appropriate, the Fully Paid Rights) in CREST as a result of the conversion to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 13 December 2018) is 3.00 p.m. on 10 December 2018.

When Form X and the CREST Deposit Form (both on page 4 of the Provisional Allotment Letter) have been completed, the title to the Nil Paid Rights or the Fully Paid Rights represented by the Provisional Allotment Letter will cease forthwith to be renounceable or transferable by delivery and, for the avoidance of doubt, any entries in Form Y on page 4 of the Provisional Allotment Letter will not be recognised or acted upon by the Receiving Agent. All renunciations or transfers of the Nil Paid Rights or Fully Paid Rights must be effected through the means of the CREST system once such rights have been deposited into CREST.

CREST sponsored members should contact their CREST sponsors, as only their CREST sponsors will be able to take the necessary actions to take up the entitlements or otherwise to deal with the Nil Paid Rights or Fully Paid Rights of CREST sponsored members.

#### **(J) Issue of New Ordinary Shares in definitive form**

Definitive share certificates in respect of the New Ordinary Shares to be held in certificated form are expected to be despatched by post by no later than 31 December 2018, at the risk of persons entitled thereto, to Qualifying Non-CREST Shareholders or to persons entitled thereto at their registered address (unless lodging agent details have been completed on page 4 of the Provisional Allotment Letter). After despatch of definitive share certificates, Provisional Allotment Letters will cease to be valid for any purpose whatsoever. Pending despatch of definitive share certificates, instruments of transfer of the New Ordinary Shares will be certified by the Registrar against the register.

### **5. Action to be taken by Qualifying CREST Shareholders in relation to Nil Paid Rights in CREST**

#### **(A) General**

Subject as provided in Sections 9 and 10 in this Part II in relation to Qualifying Shareholders with registered addresses, or who are resident or located in the United States or any of the other Excluded Territories, each Qualifying CREST Shareholder is expected to receive a credit to its, his or her CREST stock account of its, his or her entitlement to Nil Paid Rights on 29 November 2018. The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Nil Paid Rights are provisionally allotted.

The maximum number of New Ordinary Shares that a Qualifying CREST Shareholder may take up is that which has been provisionally allotted to that Qualifying CREST Shareholder and for which he, she or it receives a credit of entitlement into its, his or her stock account in CREST. The minimum number of New Ordinary Shares a Qualifying CREST Shareholder may take up is one.

The Nil Paid Rights constitute a separate security for the purposes of CREST and can accordingly be transferred, in whole or in part, by means of CREST in the same manner as any other security that is admitted to CREST.

If for any reason it is impracticable to credit the stock accounts of Qualifying CREST Shareholders or to enable the Nil Paid Rights, Provisional Allotment Letters shall, unless the Company and the Underwriter determine otherwise, be sent out in substitution for the Nil Paid Rights which have not been so credited or enabled and the expected timetable as set out in this document may, with the consent of the Underwriter, be adjusted as appropriate.

References to dates and times in this document should be read as subject to any such adjustment. The Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates but Qualifying CREST Shareholders may not receive any further written communication.

CREST members who wish to take up all or part of their entitlements in respect of, or otherwise to transfer all or part of, their Nil Paid Rights or Fully Paid Rights held by them in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST sponsored member, you should consult your CREST sponsor if you wish to take up your entitlement, as only your CREST sponsor will be able to take the necessary action to take up your entitlement or otherwise deal with your Nil Paid Rights or Fully Paid Rights.

#### **(B) Procedure for acceptance and payment**

##### **(i) MTM Instructions**

CREST members who wish to take up all or part of their entitlement in respect of Nil Paid Rights in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an MTM Instruction to Euroclear which, on its settlement, will have the following effect:

- (a) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with the number of Nil Paid Rights to be taken up;

- (b) the creation of a settlement bank payment obligation (as this term is defined in the CREST Manual), in accordance with the RTGS payment mechanism (as this term is defined in the CREST Manual), in favour of the RTGS settlement bank of the Receiving Agent in respect of the full amount payable on acceptance in respect of the Nil Paid Rights referred to in sub-section (a) above; and
- (c) the crediting of a stock account of the accepting CREST member (being an account under the same participant ID and member account ID as the account from which the Nil Paid Rights are to be debited on settlement of the MTM Instruction) of the corresponding number of Fully Paid Rights to which the CREST member is entitled on taking up its, his or her Nil Paid Rights referred to in sub-section (a) above.

**(ii) Contents of MTM Instructions**

The MTM Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (a) the number of Nil Paid Rights to which the acceptance relates;
- (b) the participant ID of the accepting CREST member;
- (c) the member account ID of the accepting CREST member from which the Nil Paid Rights are to be debited;
- (d) the participant ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 2RA78;
- (e) the member account ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is RA306901;
- (f) the number of Fully Paid Rights that the CREST member is expecting to receive on settlement of the MTM Instruction. This must be the same as the number of Nil Paid Rights to which the acceptance relates;
- (g) the amount payable by means of the CREST assured payment arrangements on settlement of the MTM Instruction. This must be the full amount payable on acceptance in respect of the number of Nil Paid Rights to which the acceptance relates;
- (h) the intended settlement date (which must be on or before 11.00 a.m. on 13 December 2018);
- (i) the Nil Paid ISIN which is GB00BG364719;
- (j) the Fully Paid ISIN which is GB00BG364826;
- (k) the Corporate Action Number for the Rights Issue. This will be available by viewing the relevant corporate action details in CREST;
- (l) a contact name and telephone number (in the free format shared note field); and
- (m) a priority of at least 80.

**(iii) Valid acceptance**

An MTM Instruction complying with each of the requirements as to authentication and contents set out in sub-section (B) (ii) of this Section 5 of this Part II will constitute a valid acceptance where either:

- (a) the MTM Instruction settles by not later than 11.00 a.m. on 13 December 2018; or
- (b) at the discretion of the Company and the Underwriter (acting jointly): (i) the MTM Instruction is received by Euroclear by not later than 11.00 a.m. on 13 December 2018; (ii) the number of Nil Paid Rights inserted in the MTM Instruction is credited to the CREST stock account of the accepting CREST member specified in the MTM Instruction at 11.00 a.m. on 13 December 2018; and (iii) the relevant MTM Instruction settles by 2.00 p.m. on 13 December 2018 (or such later date as the Company has determined).

An MTM Instruction will be treated as having been received by Euroclear for these purposes at the time at which the instruction is processed by the Network Provider's Communications Host (as this term is defined in the CREST Manual) at Euroclear of the network provider used by the CREST member (or by the CREST sponsored member's CREST sponsor). This will be conclusively determined by the input time stamp applied to the MTM Instruction by the Network Provider's Communications Host.



**(iv) Representations, warranties and undertakings of CREST members**

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with this Section 5 of this Part II represents, warrants and undertakes to the Company and the Underwriter that he, she or it has taken (or procured to be taken), and will take (or will procure to be taken), whatever action is required to be taken by him, her or it or by his, her or its CREST sponsor (as appropriate) to ensure that the MTM Instruction concerned is capable of settlement at 11.00 a.m. on 13 December 2018 and remains capable of settlement at all times after that until 2.00 p.m. on 13 December 2018 (or until such later time and date as the Company and the Underwriter may determine). In particular, the CREST member or CREST sponsored member represents, warrants and undertakes that at 11.00 a.m. on 13 December 2018 and at all times thereafter that until 2.00 p.m. on 13 December 2018 (or until such later time and date as the Company and the Underwriter may determine) there will be sufficient Headroom within the Cap (as those terms are defined in the CREST Manual) in respect of the cash memorandum account to be debited with the amount payable on acceptance to permit the MTM Instruction to settle. CREST sponsored members should contact their CREST sponsor if they are in any doubt. In addition, such CREST sponsored member taking up entitlements makes the representations and gives the warranties set out in Section 10(B) of this Part II.

If there is insufficient Headroom within the Cap (as those terms are defined in the CREST Manual) in respect of the cash memorandum account of a CREST member or CREST sponsored member for such amount to be debited or the CREST member's or CREST sponsored member's acceptance is otherwise treated as invalid and New Ordinary Shares have already been allotted to such CREST member or CREST sponsored member, the Company and the Underwriter may (in their absolute discretion as to manner, timing and terms) make arrangements for the sale of such New Ordinary Shares on behalf of that CREST member or CREST sponsored member and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that they have suffered as a result of the acceptance being treated as invalid and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such New Ordinary Shares, and of all amounts payable by the CREST member or CREST sponsored member pursuant to the provisions of this Part II in respect of the acquisition of such New Ordinary Shares) on behalf of such CREST member or CREST sponsored member. None of the Company, the Underwriter nor any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by such CREST member or CREST sponsored member as a result.

**(v) CREST procedures and timings**

CREST members and CREST sponsors (on behalf of CREST sponsored members) should note that Euroclear does not make available special procedures in CREST for any particular corporate action.

Normal system timings and limitations will therefore apply in relation to the input of an MTM Instruction and its settlement in connection with the Rights Issue. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that its, his or her CREST sponsor takes) the action necessary to ensure that a valid acceptance is received as stated above by 11.00 a.m. on 13 December 2018. In this connection, CREST members and (where applicable) CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

**(vi) CREST member's undertaking to pay**

A CREST member or CREST sponsored member, who makes a valid acceptance in accordance with the procedures set out in this Section 5 of this Part II: (a) undertakes to pay to the Receiving Agent, or procure the payment to the Receiving Agent of, the amount payable in Pounds Sterling on acceptance in accordance with the above procedures or in such other manner as the Receiving Agent may require (it being acknowledged that, where payment is made by means of the RTGS payment mechanism (as defined in the CREST Manual) the creation of a RTGS settlement bank payment obligation in Pounds Sterling in favour of the Receiving Agent's RTGS settlement bank (as defined in the CREST Manual), in accordance with the RTGS payment mechanism shall, to the extent of the obligation so created, discharge in full the obligation of the CREST member (or CREST sponsored member) to pay to the Receiving Agent the amount payable on acceptance); and (b) requests that the Fully Paid Rights and/or New Ordinary Shares, to which they will become entitled, be issued to them on the terms set out in this document and subject to the Articles.

If the payment obligations of the relevant CREST member in relation to such New Ordinary Shares are not discharged in full and such New Ordinary Shares have already been allotted to the CREST member or CREST sponsored member, the Company and the Underwriter may (in their absolute discretion as to the manner, timing

and terms) make arrangements for the sale of such shares on behalf of that CREST member or CREST sponsored member and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that it has suffered as a result of the same and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and all amounts payable by the CREST member or CREST sponsored member pursuant to the provisions of this Part II in respect of the acquisition of such shares) or an amount equal to the original payment of the CREST member or CREST sponsored member (whichever is lower) on trust for such CREST member or CREST sponsored member. In these circumstances, neither the Underwriter nor the Company shall be responsible for, or have any liability for, any loss, expenses or damage arising as a result.

**(vii) Discretion as to rejection and validity of acceptances**

The Company and the Underwriter (acting jointly) may agree in their absolute discretion to:

- (a) reject any acceptance constituted by an MTM Instruction, which is otherwise valid, in the event of breach of any of the representations, warranties and undertakings set out or referred to in this Section 5 of this Part II (and, to the extent applicable, pursuant to Section 10(B) of this Part II). Where an acceptance is made as described in this Section 5 of this Part II which is otherwise valid, and the MTM Instruction concerned fails to settle by 2.00 p.m. on 13 December 2018 (or by such later time and date as the Company and the Underwriter may determine), the Company and the Underwriter shall be entitled to assume, for the purposes of their right to reject an acceptance as described in this Section 5 of this Part II, that there has been a breach of the representations, warranties and undertakings set out or referred to in this Section 5 of this Part II.
- (b) treat as valid (and binding on the CREST member or CREST sponsored member concerned) an acceptance which does not comply in all respects with the requirements as to validity set out or referred to in this Section 5 of this Part II;
- (c) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid acceptance in substitution for, or in addition to, an MTM Instruction and subject to such further terms and conditions as the Company and the Underwriter may determine;
- (d) treat a properly authenticated dematerialised instruction (in this sub-section the first instruction) as not constituting a valid acceptance if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction, either the Company or the Receiving Agent has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the Uncertificated Securities Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (e) accept an alternative instruction or notification from a CREST member or (where applicable) a CREST sponsor, or extend the time for acceptance and/or settlement of an MTM Instruction or any alternative instruction or notification if, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to take up all of part of his/her Nil Paid Rights by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of facilities and/or systems operated by the Receiving Agent in connection with CREST.

**(C) Money Laundering Regulations**

If a person holds its, his or her Nil Paid Rights in CREST and applies to take up all or part of its, his or her entitlement as agent for 1 or more persons, and he, she or it is not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Receiving Agent is required to take reasonable measures to establish the identity of the person or persons on whose behalf the person is making the application. Such person must therefore contact the Receiving Agent before sending any MTM Instruction or other instruction so that appropriate measures may be taken.

Submission of an MTM Instruction which constitutes, or which may on its settlement constitute, a valid acceptance as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent any information the Receiving Agent may specify as being required for the purposes of the Money Laundering Regulations or FSMA. Pending the provision of evidence satisfactory to the Receiving Agent

as to identity, the Receiving Agent, having consulted with the Company and the Underwriter, may take, or omit to take, such action as it may determine to prevent or delay settlement of the MTM Instruction. If satisfactory evidence of identity has not been provided within a reasonable time, then the Receiving Agent will not permit the MTM Instruction concerned to proceed to settlement, but without prejudice to the right of the Company and/or the Underwriter to take proceedings to recover any loss suffered by it/them as a result of failure by the applicant to provide satisfactory evidence.

#### **(D) Dealings in Nil Paid Rights**

Assuming the Rights Issue becomes unconditional, dealings in the Nil Paid Rights on the London Stock Exchange are expected to commence at 8.00 a.m. on 29 November 2018. Dealings in Nil Paid Rights can be made by means of CREST in the same manner as any other security that is admitted to CREST. The Nil Paid Rights are expected to be disabled in CREST after the close of CREST business on 13 December 2018.

#### **(E) Dealings in Fully Paid Rights**

After acceptance of the provisional allotment and payment in full in accordance with the provisions set out in this document, the Fully Paid Rights may be transferred by means of CREST in the same manner as any other security that is admitted to CREST. The last time for settlement of any transfer of Fully Paid Rights in CREST is expected to be 11.00 a.m. on 13 December 2018. The Fully Paid Rights are expected to be disabled in CREST after the close of CREST business on 13 December 2018.

After 14 December 2018, the New Ordinary Shares will be registered in the name(s) of the person(s) entitled to them in the Company's register of members and will be transferable in the usual way.

#### **(F) Withdrawal of Nil Paid Rights or Fully Paid Rights from CREST**

Nil Paid Rights or Fully Paid Rights held in CREST may be converted into certificated form that is, withdrawn from CREST. Normal CREST procedures (including timings) apply in relation to any such conversion.

The recommended latest time for receipt by Euroclear of a properly authenticated dematerialised instruction requesting withdrawal of Nil Paid Rights or, if appropriate, Fully Paid Rights, from CREST is 4.30 p.m. on 7 December 2018, so as to enable the person acquiring or (as appropriate) holding the Nil Paid Rights or, if appropriate, Fully Paid Rights, following the conversion to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 13 December 2018. It is recommended that you refer to the CREST Manual for details of such procedures.

#### **(G) Issue of New Ordinary Shares in CREST**

Fully Paid Rights in CREST are expected to be disabled in CREST after the close of CREST business on 13 December 2018 (the latest date for settlement of transfers of Fully Paid Rights in CREST). New Ordinary Shares will be issued in uncertificated form to those persons registered as holding Fully Paid Rights in CREST at the close of business on the date on which the Fully Paid Rights are disabled. The Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of those persons (under the same participant ID and member account ID that applied to the Fully Paid Rights held by those persons) with their entitlements to New Ordinary Shares with effect from the next Business Day (expected to be 14 December 2018).

#### **(H) Right to allot/issue in certificated form**

Despite any other provision of this document, the Company reserves the right to allot and to issue any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of an interruption, failure or breakdown of CREST (or of any part of CREST) or of a part of the facilities and/or systems operated by the Receiving Agent in connection with CREST, or otherwise if it has first obtained the Global Co-ordinator's written consent.

### **6. Procedure in respect of New Ordinary Shares not taken up**

If an entitlement to New Ordinary Shares is not validly taken up in accordance with the procedure laid down for acceptance and payment, then that provisional allotment shall be deemed to have been declined and will lapse. If an entitlement to New Ordinary Shares is not validly taken up by 11.00 a.m. on 13 December 2018 in accordance

with the procedure laid down for acceptance and payment, then the Underwriter will use reasonable endeavours to procure, by not later than 5.00 p.m. on 17 December 2018, acquirers for all (or as many as possible) of those New Ordinary Shares not taken up, provided that an amount not less than the total of the Rights Issue Price and the expenses of procuring such acquirers (including any related commissions and amounts in respect of VAT which are not recoverable) can be obtained.

Notwithstanding the above, the Underwriter may cease to endeavour to procure any such acquirers if, in its opinion, it is unlikely that any such acquirers can be so procured at such a price by such time. If and to the extent that acquirers cannot be procured on the basis outlined above, those of the relevant New Ordinary Shares in respect of which acquirers have not been found will be acquired by the Underwriter as principal pursuant to the Underwriting Agreement or by any sub-underwriter procured by the Underwriter, in each case, at the Rights Issue Price.

New Ordinary Shares for which acquirers are procured on this basis will be re-allotted to such acquirers and the aggregate of any premiums (being the amount paid by such acquirers after deducting the Rights Issue Price and the expenses of procuring such acquirers, including any applicable brokerage and commissions and amounts in respect of VAT which are not recoverable), if any, will be paid (without interest) to those persons entitled (as referred to above) pro rata to the relevant lapsed provisional allotments on the basis set out below:

- (i) where the Nil Paid Rights were, at the time they lapsed, represented by a Provisional Allotment Letter, to the person whose name and address appeared on page 1 of the Provisional Allotment Letter;
- (ii) where the Nil Paid Rights were, at the time they lapsed, in uncertificated form, to the person registered as the holder of those Nil Paid Rights at the time of their disablement in CREST; and
- (iii) where an entitlement to New Ordinary Shares was not taken up by an Overseas Shareholder with an address in the United States or any Excluded Territory, to that Overseas Shareholder,

save that no payment will be made of amounts of less than £5 (5 Pounds Sterling), which amounts will be aggregated and will ultimately accrue to the benefit of the Company.

Any transactions undertaken pursuant to this Section 6 of this Part II shall be deemed to have been undertaken at the request of the persons entitled to the lapsed provisional allotments and none of the Company, the Underwriter or any other person procuring acquirers shall be responsible or have any liability whatsoever for any loss or damage (whether actual or alleged) arising from the terms of or timing of any such acquisition, the market on which such transaction is carried out, any decision not to endeavour to procure acquirers, or the failure to procure acquirers on the basis described above. The Underwriter will be entitled to retain any brokerage fees, commission or other benefits realised in connection with these arrangements. Cheques for the amounts due will be sent in Pounds Sterling, by post, at the risk of the person(s) entitled, to their registered addresses (in the case of joint holders, to the registered address of the first named), provided that where any entitlement concerned was held in CREST, the amount due will, unless the Company (in its absolute discretion) otherwise determines, be satisfied by the Company procuring the creation of an assured payment obligation in favour of the relevant CREST member's (or CREST sponsored member's) RTGS settlement bank in respect of the cash amount concerned in accordance with the RTGS payment mechanism (as this term is defined in the CREST Manual).

Shareholders will not be entitled to apply for New Ordinary Shares in excess of their entitlement.

## **7. Withdrawal rights**

Persons wishing to exercise statutory withdrawal rights after the issue by the Company of a prospectus supplementing this document, if any, must do so by sending a written notice of withdrawal, which must include the full name and address of the person wishing to exercise such right of withdrawal and, if such person is a CREST member, the participant ID and the member account ID of such CREST member, to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA (for further details, Shareholders should contact the Receiving Agent by telephone on 0333 207 6514 (from within the United Kingdom) or on +44 121 415 0993 (if calling from outside the United Kingdom). Lines are open from 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding public holidays in England and Wales) no later than 2 Business Days after the date on which the supplementary prospectus is published, with any withdrawal becoming effective on receipt of such notice by the Receiving Agent. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. Please note that the Receiving Agent cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. Notice of withdrawal given by any other means or which is deposited with or received by the

Receiving Agent after expiry of such period will not constitute a valid withdrawal. Furthermore, the exercise of withdrawal rights will not be permitted after payment in full by the relevant person in respect of their New Ordinary Shares taken up and the allotment of those New Ordinary Shares to such person becoming unconditional. In such circumstances, Shareholders are advised to consult their professional advisers.

Provisional allotments of entitlements to New Ordinary Shares which are the subject of a valid withdrawal notice will be deemed to be declined. Such entitlements to New Ordinary Shares will be subject to the provisions of Section 6 of this Part II as if the entitlement had not been validly taken up.

## **8. Employee Share Schemes**

Participants in the Employee Share Schemes will be advised separately of adjustments (if any) to their rights or as to any entitlement to participate in the Rights Issue.

## **9. Overseas Shareholders and selling and transfer restrictions**

This document has been approved by the FCA, being the competent authority in the UK. It is expected that Qualifying Shareholders in each EEA State will be able to participate in the Rights Issue.

It is the responsibility of any person (including, without limitation, custodians, nominees and trustees) outside the UK wishing to take up rights under the Rights Issue to satisfy himself, herself or itself as to the full observance of the laws of any relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories.

**The comments set out in this Section 9 of this Part II are intended as a general guide only, and any Overseas Shareholder who is in doubt as to his, her or its position should consult his, her or its professional adviser without delay.**

### **(A) General**

The offer of Nil Paid Rights, Fully Paid Rights and/or New Ordinary Shares to persons resident in, or who are citizens of, or who have a registered address in, countries other than the United Kingdom may be affected by the law of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their rights.

This Section 9 of this Part II sets out the restrictions applicable to Qualifying Shareholders who have registered addresses outside the United Kingdom, who are citizens or residents of countries other than the UK, or who are persons (including, without limitation, custodians, nominees and trustees) who have a contractual or legal obligation to forward this document to a jurisdiction outside the UK or who hold Ordinary Shares for the account or benefit of any such person.

New Ordinary Shares will be provisionally allotted to all Qualifying Shareholders, including Overseas Shareholders. However, Provisional Allotment Letters will not be sent to, and Nil Paid Rights will not be credited to CREST accounts of, Overseas Shareholders with registered addresses in the Excluded Territories or to their agent or intermediary, except where the Company and the Underwriter are satisfied that such action would not result in a contravention of any registration or other legal requirement in any such jurisdiction.

Having considered the circumstances, the TRG Directors have formed the view that it is necessary or expedient to restrict the ability of Qualifying Shareholders in the United States and the other Excluded Territories to take up their rights under the Rights Issue due to the time and costs involved in the registration of this document and/or compliance with the relevant local legal or regulatory requirements in those jurisdictions.

Receipt of this document and/or a Provisional Allotment Letter or the crediting of Nil Paid Rights to a stock account in CREST does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this document and/or a Provisional Allotment Letter must be treated as sent for information only and should not be copied or redistributed. No person who has received or receives a copy of this document and/or a Provisional Allotment Letter and/or who receives a credit of Nil Paid Rights to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an

invitation or offer to him, her or it nor should he, she or it in any event use the Provisional Allotment Letter or deal with Nil Paid Rights or Fully Paid Rights in CREST, in the relevant territory, unless such an invitation or offer could lawfully be made to him, her or it, or the Provisional Allotment Letter or Nil Paid Rights or Fully Paid Rights in CREST could lawfully be used or dealt with, without contravention of any registration or other legal or regulatory requirements.

Accordingly, persons who have received a copy of this document or a Provisional Allotment Letter, or whose stock account in CREST is credited with Nil Paid Rights or Fully Paid Rights, should not, in connection with the Rights Issue, distribute or send the same in or into, or transfer Nil Paid Rights or Fully Paid Rights to any person in or into, any Excluded Territory. If a Provisional Allotment Letter or a credit of Nil Paid Rights or Fully Paid Rights in CREST is received by any person in any such territory, or by his, her or its agent or nominee, he, she or it must not seek to take up the rights referred to in the Provisional Allotment Letter or in this document, or renounce the Provisional Allotment Letter, or transfer the Nil Paid Rights or Fully Paid Rights in CREST, unless the Company determines (in consultation with the Underwriter) that such actions would not violate applicable legal or regulatory requirements. Any person who does forward this document or a Provisional Allotment Letter in or into any such territories (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this Section 9 of this Part II.

Subject to sub-sections (B) and (D) of this Section 9 of this Part II, any person (including, without limitation, agents, nominees and trustees) outside the United Kingdom wishing to take up their rights under the Rights Issue must satisfy himself, herself or itself as to full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities, and paying any issue, transfer or other taxes due in such territories. Any Qualifying Shareholder who is in any doubt as to his, her or its position should consult his, her or its professional advisers without delay.

The Company may treat as invalid any acceptance or purported acceptance of the offer of Fully Paid Rights, Nil Paid Rights or New Ordinary Shares which appears to the Company (in consultation with the Underwriter), or its agents, to have been executed, effected or despatched in a manner which may involve a breach of the laws or regulations of any jurisdiction or if, in the case of a Provisional Allotment Letter, it provides for an address for delivery of the share certificates in or, in the case of a credit of New Ordinary Shares in CREST, a CREST member or CREST sponsored member whose registered address is in, any of the Excluded Territories or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit, or if the Company (in consultation with the Underwriter), or its agents, believe that the same may violate applicable legal or regulatory requirements. The attention of US persons and Qualifying Shareholders with registered addresses in the United States or holding Ordinary Shares on behalf of persons with such addresses is drawn to Section 9(B) of this Part II. The attention of Qualifying Shareholders with registered addresses in other territories outside of the United Kingdom or holding Ordinary Shares on behalf of persons with such addresses is drawn to Section 9(D) of this Part II.

Despite any other provision of this document or the Provisional Allotment Letter, the Company reserves the right to permit any Qualifying Shareholder to take up his, her or its rights if the Company (in consultation with the Underwriter) in its sole and absolute discretion is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question. If the Company is so satisfied, the Company will arrange for the relevant Qualifying Shareholder to be sent a Provisional Allotment Letter if he, she or it is a Qualifying Non-CREST Shareholder or, if he, she or it is a Qualifying CREST Shareholder, arrange for Nil Paid Rights to be credited to the relevant CREST stock account.

Those Qualifying Shareholders who wish, and are permitted, to take up their entitlement should note that payments must be made as described in Sections 4(B) and 5(B) of this Part II.

The provisions of this Section 9 of this Part II will apply to all Overseas Shareholders who do not or are unable to take up New Ordinary Shares provisionally allotted to them. Accordingly, such Overseas Shareholders will be treated as not having taken up their rights to New Ordinary Shares and the Underwriter will use reasonable endeavours to procure, on behalf of such Overseas Shareholders, acquirers for the New Ordinary Shares.

Specific restrictions relating to certain jurisdictions are set out below.

#### **(B) United States**

Subject to certain exceptions, this document and the Provisional Allotment Letters are intended for use only in connection with offers and sales of New Ordinary Shares outside the United States and are not to be sent or given

to any person with a registered address, or who is resident or located in, the United States. Subject to certain exceptions, neither this document nor the Provisional Allotment Letters constitute or will constitute an offer, or an invitation to apply for, or an offer or invitation to acquire, any New Ordinary Shares, Nil Paid Rights or Fully Paid Rights in the United States. Except in the limited circumstances described below, Provisional Allotment Letters have not been, and will not be, sent to, and Nil Paid Rights have not been, and will not be, credited to the CREST account of, any Qualifying Shareholder with a registered address in the United States.

The New Ordinary Shares, the Nil Paid Rights, the Fully Paid Rights and the Provisional Allotment Letters have not been and will not be registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States, and may not be offered, sold, pledged, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, into or within the United States absent registration or an applicable 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. The New Ordinary Shares, the Nil Paid Rights, the Fully Paid Rights and the Provisional Allotment Letters have not been approved, disapproved or recommended by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ordinary Shares, the Nil Paid Rights, the Fully Paid Rights and the Provisional Allotment Letters or confirmed the accuracy or completeness or determined the adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

The offer by way of Nil Paid Rights and Fully Paid Rights will be made to Qualifying Shareholders by means of the notice in the London Gazette referred to in Section 9(F) of this Part II. The notice in the London Gazette will state where a Provisional Allotment Letter may be inspected or obtained.

TRG reserves the right to treat as invalid any Provisional Allotment Letter: (i) that appears to it or its agents to have been executed in or despatched from the United States or that provides an address in the United States for the acceptance or renunciation of the Rights Issue; (ii) that does not include the relevant warranty set out in the Provisional Allotment Letter headed "Overseas Shareholders" to the effect that the person accepting and/or renouncing the Provisional Allotment Letter does not have a registered address (and is not otherwise located) in the United States and is not acquiring the Nil Paid Rights, Fully Paid Rights or the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in the United States; or (iii) where TRG believes acceptance of such Provisional Allotment Letter may violate applicable legal or regulatory requirements, TRG shall not be bound to allot (on a non-provisional basis) or issue any New Ordinary Shares, Nil Paid Rights or Fully Paid Rights in respect of any such Provisional Allotment Letter. In addition, TRG and the Underwriter reserve the right to reject any MTM Instruction sent by or on behalf of any CREST member with a registered address in the United States in respect of Nil Paid Rights.

Notwithstanding the foregoing, the Nil Paid Rights may be offered and delivered to, and the Fully Paid Rights and the New Ordinary Shares may be offered to and acquired by, a limited number of Qualifying Shareholders whom TRG determines, in its sole discretion, are able, based on such procedures and certifications as it deems appropriate, to participate in the Rights Issue pursuant to an applicable exemption from the registration requirements of the Securities Act (each a **Permitted US Shareholder**). Any person in the United States who obtains a copy of this document or a Provisional Allotment Letter and who is not a Permitted US Shareholder is required to disregard them.

Permitted US Shareholders that satisfy the Company as to their status may exercise the Nil Paid Rights and the Fully Paid Rights by delivering a properly completed Provisional Allotment Letter to the Receiving Agent in accordance with the procedures set out in this document. Permitted US Shareholders must also complete, execute and return to the Company, an Investor Representation Letter as described in Section 10(D) of this Part II, and may be required to make certain certifications in the Provisional Allotment Letter for the Nil Paid Rights and the Fully Paid Rights. Overseas Shareholders who hold Ordinary Shares through a bank, a broker or other financial intermediary, should procure that the relevant bank, broker or financial intermediary submits an Investor Representation Letter on their behalf. The Company has the discretion to refuse to accept any Provisional Allotment Letter that is incomplete, unexecuted or not accompanied by an executed Investor Representation Letter or any other required additional documentation.

Potential purchasers of the New Ordinary Shares in the United States are advised to consult legal counsel prior to making any offer for, resale, pledge or other transfer of such New Ordinary Shares. Until 40 days after the commencement of the Rights Issue, an offer, sale or transfer of the New Ordinary Shares, Nil Paid Rights or

Fully Paid Rights within the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the Securities Act. No representation has been, or will be, made by the Company or the Underwriter as to the availability of Rule 144 under the Securities Act or any other exemption under the Securities Act or any state securities laws for the reoffer, pledge or transfer of the New Ordinary Shares.

For the purposes of the Rights Issue, TRG will be relying on an exemption from the registration requirements under the Securities Act for an offer and sale that do not involve a public offering in the United States. The Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares may not be deposited, or caused to be deposited, in any unrestricted depository receipt facility in the United States. The Company is not subject to the periodic reporting requirements of the Exchange Act.

**(C) US transfer restrictions; Procedures for exercising the Nil Paid Rights and Fully Paid Rights in the United States**

The offering and delivery of the Provisional Allotment Letters and the Nil Paid Rights, and the offering and sale of the Fully Paid Rights or New Ordinary Shares in the United States to a limited number of Permitted US Shareholders is being made in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. None of the Nil Paid Rights, Fully Paid Rights, New Ordinary Shares and the Provisional Allotment Letters have been or will be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, may not be offered, sold, pledged, taken up, exercised, resold, renounced or otherwise transferred or delivered, directly or indirectly, into or within the United States except pursuant to an exemption from, or in a transaction not subject to, registration under the Securities Act or pursuant to an effective registration statement under the Securities Act.

In order to exercise the Nil Paid Rights and Fully Paid Rights, each Permitted US Shareholder will be required to execute and deliver to TRG such certifications and other instruments as TRG shall, in its sole discretion, determine.

The provisions of Section 6 of this Part II will apply to any New Ordinary Shares not taken up. Accordingly, subject to certain exceptions, Qualifying Shareholders with registered addresses in the United States who are not otherwise participating as a Permitted US Shareholder will be treated as holders who are not participating in the Rights Issue, and the Underwriter will endeavour to sell the New Ordinary Shares relating to such holders' entitlements on such holders' behalf.

**(D) Excluded territories**

Due to restrictions under the securities laws of the Excluded Territories, and subject to certain exceptions, no Provisional Allotment Letters will be sent to, and no Nil Paid Rights or Fully Paid Rights will be credited to, a stock account in CREST of, persons with registered addresses, or who are resident or located, in the Excluded Territories and the Nil Paid Rights to which they are entitled will be sold if possible in accordance with the provisions of Section 6 of this Part II. Subject to certain exceptions, the Provisional Allotment Letters, the Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares may not be transferred or sold to, or renounced or delivered in, the Excluded Territories. No offer of New Ordinary Shares is being made by virtue of this document or the Provisional Allotment Letters in to the Excluded Territories. The offer by way of Nil Paid Rights and Fully Paid Rights will be made to such Shareholders by means of the notice in the London Gazette referred to in Section 9(F) of this Part II.

The notice in the London Gazette will state where a Provisional Allotment Letter may be inspected or obtained. Any person with a registered address, or who is resident or located, in any of the Excluded Territories who obtains a copy of this document or a Provisional Allotment Letter is required to disregard them, except with the consent of the Company.

**(E) Other overseas territories**

Provisional Allotment Letters will be posted to Qualifying Non-CREST Shareholders (other than, subject to certain limited exceptions, those Qualifying Non-CREST Shareholders who have registered addresses in the Excluded Territories) and Nil Paid Rights have been and, where relevant, will be credited to the CREST stock accounts of Qualifying CREST Shareholders (other than, subject to certain limited exceptions, those Qualifying CREST Shareholders who have registered addresses in the Excluded Territories). Qualifying Shareholders in



jurisdictions other than the Excluded Territories may, subject to the laws of their relevant jurisdiction, accept their rights under the Rights Issue in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Provisional Allotment Letter. In cases where Overseas Shareholders do not take up Nil Paid Rights, their entitlements will be sold if possible in accordance with the provisions of Section 6 of this Part II.

Qualifying Shareholders who have registered addresses in or who are resident in, or who are citizens of countries other than the United Kingdom should consult their appropriate professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their Nil Paid Rights or to acquire Fully Paid Rights (Shareholders only) or New Ordinary Shares.

If you are in any doubt as to your eligibility to accept the offer of New Ordinary Shares or to deal with Nil Paid Rights or Fully Paid Rights, you should contact your appropriate professional adviser immediately.

#### ***EEA States (other than the UK)***

In relation to each EEA State which has implemented the Prospectus Directive (each, a **relevant member state**) (except for the UK), with effect from and including the date on which the Prospectus Directive was implemented in that relevant member state (the **relevant implementation date**) no New Ordinary Shares, Nil Paid Rights or Fully Paid Rights have been offered or will be offered pursuant to the Rights Issue to the public in that relevant member state prior to the publication of a prospectus in relation to the New Ordinary Shares, Nil Paid Rights and Fully Paid Rights which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in the relevant member state, all in accordance with the Prospectus Directive, except that with effect from and including the relevant implementation date, offers of New Ordinary Shares, Nil Paid Rights or Fully Paid Rights may be made to the public in that relevant member state at any time:

- (a) to any legal entity which is a “qualified investor”, as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the relevant member state has implemented provisions of the relevant amending directive (2010/73/EU), 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of New Ordinary Shares, Nil Paid Rights or Fully Paid Rights shall result in a requirement for the publication by the Company or the Underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For this purpose, the expression “an offer of any New Ordinary Shares, Nil Paid Rights or Fully Paid Rights to the public” in relation to any New Ordinary Shares, Nil Paid Rights and Fully Paid Rights in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the Rights Issue and any New Ordinary Shares, Nil Paid Rights and Fully Paid Rights to be offered so as to enable an investor to decide to acquire any New Ordinary Shares, Nil Paid Rights or Fully Paid Rights, as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state.

#### **(F) Notice in the London Gazette**

In accordance with section 562(3) of the Companies Act, the offer of Nil Paid Rights or Fully Paid Rights to Qualifying Shareholders who have no address in an EEA State and who have not given to the Company an address in an EEA State for the serving of notices, will (subject to the other conditions of the Rights Issue) be made by the Company causing a notice to be published in the London Gazette on 29 November 2018 stating where copies of this document and the Provisional Allotment Letters may be obtained or inspected on personal application by or on behalf of such Qualifying Shareholders. Any person with a registered address, or who is resident or located, in the United States or any of the Excluded Territories who obtains a copy of this document or a Provisional Allotment Letter is required to disregard them, except with the consent of the Company.

However, in order to facilitate acceptance of the offer made to such Qualifying Shareholders by virtue of such publication, Provisional Allotment Letters will also be posted to Qualifying Shareholders who are Overseas Shareholders (other than, subject to certain exceptions, to those with registered addresses in, or who are resident in, the United States or any of the Excluded Territories). Such Shareholders, if it is lawful to do so, may accept

the offer of Nil Paid Rights or Fully Paid Rights either by returning the Provisional Allotment Letter posted to them in accordance with the instructions set out therein or, subject to surrendering the original Provisional Allotment Letter posted to them, by obtaining a copy thereof from the place stated in the notice and returning it in accordance with the instructions set out there. Similarly, Nil Paid Rights are expected to be credited to stock account in CREST of Qualifying CREST Shareholders who are Overseas Shareholders (other than, subject to certain exceptions, those with registered addresses, or who are resident in, the United States or any of the Excluded Territories).

## **10. Additional representations and warranties**

### **(A) Qualifying Non-CREST Shareholders**

Any person accepting and/or renouncing a Provisional Allotment Letter or requesting registration of the New Ordinary Shares comprised therein represents and warrants to the Company and the Underwriter that, except where proof has been provided to the Company's satisfaction that such person's use of the Provisional Allotment Letter will not result in the contravention of any applicable legal or regulatory requirement in any jurisdiction: (i) such person is not accepting and/or renouncing the Provisional Allotment Letter, or requesting registration of the relevant New Ordinary Shares, from within the United States or is otherwise located in the United States, (ii) such person is not in any of the other Excluded Territories or in any territory in which it is otherwise unlawful to make or accept an offer to acquire New Ordinary Shares or to use the Provisional Allotment Letter in any manner in which such person has used or will use it, (iii) such person is not acting on a non-discretionary basis on behalf of, or for the account or benefit of, a person located within the Excluded Territories, and in particular such person is not accepting for the account or benefit of any person who is located in the United States unless (a) the instruction to accept was received from a person outside the United States and (b) the person giving such instruction has confirmed that it has the authority to give such instruction, and either (x) has investment discretion over such account or (y) is an investment manager or investment company that is acquiring the New Ordinary Shares in an "offshore transaction" within the meaning of Regulation S, and (iv) such person is not acquiring New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into the United States or any territory referred to in (ii) above. The Company may treat as invalid any acceptance or purported acceptance of the allotment of New Ordinary Shares comprised in, or renunciation or purported renunciation of, a Provisional Allotment Letter if it: (a) appears to the Company to have been executed in or despatched from the United States or any of the other Excluded Territories or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if the Company or its agents believe the same may violate any applicable legal or regulatory requirement, (b) provides an address in the United States or any of the other Excluded Territories for delivery of definitive share certificates for New Ordinary Shares or any jurisdiction outside the United Kingdom in which it would be unlawful to deliver such certificates, or (c) purports to exclude the warranty required by this Section.

### **(B) Qualifying CREST Shareholders**

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part II represents and warrants to the Company and the Underwriter that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not accepting or requesting registration of the relevant New Ordinary Shares from within the United States or is otherwise located in the United States, (ii) such person is not in any of the other Excluded Territories or in any territory in which it is otherwise unlawful to make or accept an offer to acquire New Ordinary Shares, (iii) such person is not acting on a non-discretionary basis on behalf of, or for the account or benefit of, a person located within the Excluded Territories, and in particular such person is not accepting for the account or benefit of any person who is located in the United States unless (a) the instruction to accept was received from a person outside the United States and (b) the person giving such instruction has confirmed that it has the authority to give such instruction, and either (x) has investment discretion over such account or (y) is an investment manager or investment company that is acquiring the New Ordinary Shares in an "offshore transaction" within the meaning of Regulation S, and (iv) such person is not acquiring New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into the United States or any territory referred to in (ii) above.

The Company may treat as invalid any MTM Instruction which appears to the Company to have been despatched from the United States, any of the other Excluded Territories or from any territory in which it is otherwise unlawful to make or accept an offer to acquire the Fully Paid Rights or New Ordinary Shares, or otherwise in a

manner which may involve a breach of the laws of any jurisdiction or if the Company or its agents believes the same may violate any applicable legal or regulatory requirement or purports to exclude the warranty required by this Section.

**(C) Further representations applicable to Qualifying Shareholders outside the United States**

Each person or purchaser (except for Permitted US Shareholders executing an Investor Representation Letter) to whom the Nil Paid Rights, the Fully Paid Rights or the Provisional Allotment Letter are distributed, offered or sold, directly or through its direct or indirect nominee, will also be deemed by its subscription for, or purchase of, the New Ordinary Shares to represent, warrant and agree that:

- (i) it is, and the person, if any, for whose account or benefit it is acting is, outside the United States (within the meaning of Regulation S) at the time (x) it, or its direct or indirect nominee, receives the Nil Paid Rights, Fully Paid Rights, Provisional Allotment Letters or New Ordinary Shares, (y) it, or its direct or indirect nominee, makes its subscription, or (z) in the case of a purchaser, the buy order for such securities is originated outside the United States;
- (ii) it understands that the Nil Paid Rights, Fully Paid Rights, Provisional Allotment Letters or New Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and are subject to significant restrictions on transfer;
- (iii) if in the future it decides to offer, sell, transfer, assign or otherwise dispose of the Nil Paid Rights, Fully Paid Rights, Provisional Allotment Letters or New Ordinary Shares, it will do so only in compliance with an exemption from the registration requirements of the Securities Act;
- (iv) it has carefully read and understands this document, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other presentation or offering materials concerning the Nil Paid Rights, Fully Paid Rights, Provisional Allotment Letters or New Ordinary Shares to any persons within the United States, nor will it do any of the foregoing;
- (v) the Company and the Underwriter and their affiliates, and others, will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and will not recognise any offer, sale, pledge or other transfer of the securities made other than in compliance with the above stated restrictions; and
- (vi) if any of the representations or agreements made by it are no longer accurate or have not been complied with, it will immediately notify the Company and the Underwriter, and, if it is acquiring any Nil Paid Rights, Fully Paid Rights, Provisional Allotment Letters or New Ordinary Shares as a fiduciary or agent for 1 or more accounts, it has sole investment discretion with respect to each such account and it has full power to make such foregoing representations and agreements on behalf of each such account.

**(D) Further representations applicable to Qualifying Shareholders within the United States**

To establish eligibility, each Permitted US Shareholder that exercises its rights in respect of any Nil Paid Rights or Fully Paid Rights or otherwise acquires any New Ordinary Shares in the Rights Issue acknowledges, represents to and agrees with the Company and the Underwriter (and acknowledges it may be required to execute an Investor Representation Letter to such effect), among other things, that:

- (i) it is, and at the time of any exercise by it of rights to New Ordinary Shares will be, a “qualified institutional buyer” with the meaning of Rule 144A and, if it is acting for the accounts of other persons, such persons are also “qualified institutional buyers”, within the meaning of Rule 144A;
- (ii) it understands and acknowledges ((and each other QIB, if any, for whose account it is acquiring Nil Paid Rights, Fully Paid Rights or New Ordinary Shares has been advised, understands and has acknowledged) that none of the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares have been or will be registered under the Securities Act or any securities laws of any state or other jurisdiction of the United States, and that they may not be offered, sold, pledged, taken up, exercised, resold, renounced, transferred or delivered (collectively, “transferred”), directly or indirectly, in the United States, other than in accordance with paragraph (iv) below and that the New Ordinary Shares will be acquired by it in a transaction that is exempt from the registration requirements of the Securities Act and that the New Ordinary Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act;

- (iii) as a purchaser in a private placement of securities that have not been registered under the Securities Act, it may only subscribe for or acquire Nil Paid Rights, Fully Paid Rights or New Ordinary Shares, for its own account, or for the account of one or more other QIBs for which it is acting as duly authorized fiduciary or agent with sole investment discretion with respect to each such account and with full authority to make the acknowledgements, representations and agreements herein with respect to each such account, in each case for investment and not with a view to any resale or distribution of any such Nil Paid Rights, Fully Paid Rights or New Ordinary Shares;
- (iv) it understands and agrees that, although offers and sales in the United States of the Nil Paid Rights, Fully Paid Rights and New Ordinary Shares are being made only to QIBs, and that the Nil Paid Rights and Fully Paid Rights may be exercised only by QIBs in the United States, neither such offers and sales nor such exercises are being made under Rule 144A, and that if in the future it or any such other QIB for which it is acting, as described in paragraph (iii) above, or any other fiduciary or agent representing such investor decide to offer, sell, deliver, hypothecate or otherwise transfer any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares, it and such other person will do so only (i) pursuant to an effective registration statement under the Securities Act, (ii) in an offshore transaction in accordance with Rule 904 of Regulation S under the Securities Act (and not in a pre-arranged transaction resulting in the resale of such Nil Paid Rights, Fully Paid Rights or New Ordinary Shares into the United States), (iii) to a “qualified institutional buyer” as defined in and in compliance with Rule 144A, or (iv) pursuant to an exemption from, or in a transaction not subject to, registration under the Securities Act provided by Rule 144 under the Securities Act or another exemption from the registration requirements of the Securities Act and, in each case, in accordance with any applicable securities laws of any state, province or territory of the United States and of any other jurisdiction. It understands (and each beneficial owner for which it is acting, if any, has been advised and understands) that no representation can be made as to the availability of the exemption provided by Rule 144 or Rule 144A under the Securities Act for the resale of New Ordinary Shares;
- (v) it understands that for so long as New Ordinary Shares are “restricted securities” within the meaning of US federal securities laws, no such New Ordinary Shares may be deposited into any American depository receipt facility established or maintained by a depository bank, other than a restricted depository receipt facility, and that such New Ordinary Shares will not settle or trade through the facilities of The Depository Trust Company or any other US exchange or clearing system;
- (vi) it acknowledges that it has (i) conducted its own investigation and appraisal with respect to the New Ordinary Shares, TRG and Wagamama and (ii) received and reviewed all information, including a copy of this Prospectus, that it believes is necessary or appropriate in connection with its investment decision to purchase the New Ordinary Shares as contemplated hereby on the basis of its own independent investigation and appraisal of the business, financial condition, prospects, creditworthiness, status and affairs of the Company, the Nil Paid Rights, Fully Paid Rights and the New Ordinary Shares. It has made its own assessment concerning the relevant tax, legal and other economic considerations relevant to an investment in the Nil Paid Rights, Fully Paid Rights or the New Ordinary Shares. It acknowledges that neither the Company nor any person representing the Company has made any representation to it with respect to the Company or the offering or sale or exercise of any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares other than as set forth in the Prospectus, upon which it will rely solely in making its investment decision with respect to the Nil Paid Rights, Fully Paid Rights and such New Ordinary Shares. It acknowledges that it will read and will agree to the matters stated in Part II in this Prospectus;
- (vii) it understands that the Prospectus has been prepared in accordance with UK format and style, which differs from US format and style. In particular, but without limitation, the financial information contained in the Prospectus relating to the Rights Issue has been prepared in accordance with IFRS, and thus may not be comparable to financial statements of US companies prepared in accordance with US generally accepted accounting principles;
- (viii) it has held and will hold the Prospectus and any Provisional Allotment Letter in confidence, it being understood that the Prospectus and any Provisional Allotment Letter that it has received or will receive are solely for its use and that it has not duplicated, distributed, forwarded, transferred or otherwise transmitted such documents or any other presentational or other materials concerning the Rights Issue (including electronic copies thereof) to any persons within the United States, and it acknowledges and agrees that such materials shall not be duplicated, distributed, forwarded, transferred or otherwise transmitted by it within the United States;

- (ix) it, and each other QIB, if any, for whose account it may subscribe for or acquire Nil Paid Rights, Fully Paid Rights or New Ordinary Shares, in the normal course of business, invests in or purchases securities similar to the Nil Paid Rights, Fully Paid Rights and the New Ordinary Shares, has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of purchasing or subscribing for any of the Nil Paid Rights, Fully Paid Rights and such New Ordinary Shares, fully understands the limitations on ownership and transfer and restriction on sales of the Nil Paid Rights, Fully Paid Rights and such New Ordinary Shares and is aware that it must bear the economic risk of an investment in its Nil Paid Rights, Fully Paid Rights or Rights Issue Share for an indefinite period of time and is able to afford the complete loss of such investment and bear such risk for an indefinite period;
- (x) it is not acquiring New Ordinary Shares as a result of any “general solicitation” or “general advertising” (as those terms are defined in Regulation D under the Securities Act), including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over the radio or television, or as a result of any seminar or meeting whose attendees have been invited by general solicitation or general advertising, or directed selling efforts as such terms in defined in Regulation S under the Securities Act;
- (xi) to the extent it has received or does receive a Provisional Allotment Letter in respect of the Rights Issue, it understands and agrees that it shall bear a legend substantially in the form below:

THE NIL PAID RIGHTS, THE FULLY PAID RIGHTS AND THE NEW ORDINARY SHARES OF THE COMPANY TO WHICH THIS PROVISIONAL ALLOTMENT LETTER RELATES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER PROVINCE OR TERRITORY OF THE UNITED STATES. THE NIL PAID RIGHTS, THE FULLY PAID RIGHTS AND THE NEW ORDINARY SHARES MAY NOT, SUBJECT TO CERTAIN EXCEPTIONS, BE OFFERED, SOLD, TAKEN UP OR DELIVERED, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OR ITS TERRITORIES OR POSSESSIONS.

- (xii) it understands that the New Ordinary Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

THE SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER PROVINCE OR TERRITORY OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF EXCEPT (A) TO THE COMPANY; OR (B) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (C) TO A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN AND IN COMPLIANCE WITH RULE 144A; OR (D) PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO DELIVERY TO THE COMPANY OF AN OPINION OF COUNSEL (AND OF SUCH OTHER EVIDENCE THAT THE COMPANY MAY REASONABLY REQUIRE) THAT SUCH TRANSFER OR SALE IS IN COMPLIANCE WITH THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER PROVINCE OR TERRITORY OF THE UNITED STATES. BY ITS ACCEPTANCE OF THESE SECURITIES THE PURCHASER REPRESENTS THAT IT IS A QUALIFIED INSTITUTIONAL BUYER (“QIB”) AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT AND THAT IT IS EITHER PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF OTHER PURCHASERS WHO ARE QIBs AND AGREES THAT THE SECURITIES ARE NOT BEING ACQUIRED WITH A VIEW TO DISTRIBUTION. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR REALES OF THE SHARES REPRESENTED HEREBY. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SHARES REPRESENTED HEREBY WILL BE “RESTRICTED SECURITIES” WITHIN THE MEANING OF RULE 144(A)(3) UNDER THE SECURITIES ACT AND FOR SO LONG AS

SUCH SHARES ARE “RESTRICTED SECURITIES” (AS SO DEFINED) THE SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF THESE SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS.”

- (xiii) it understands and acknowledges that the Company may make notation on its records or give instructions to the Company’s registrar and any transfer agent of the Nil Paid Rights, Fully Paid Rights or the New Ordinary Shares in order to implement the restrictions on transfer set forth and described herein;
- (xiv) no agency of the United States or any state thereof has made any finding or determination as to the fairness of the terms of, or any recommendation or endorsement in respect of, the New Ordinary Shares;
- (xv) it represents that if, in the future, it offers, resells, pledges or otherwise transfers the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares, it shall notify such subsequent transferee of the transfer restrictions set out herein;
- (xvi) it is not an affiliate (as defined in rule 501(b) under the Securities Act) of the Company, and is not acting on behalf of an affiliate of the Company;
- (xvii) the terms and provisions of these representations and agreements shall inure to the benefit of and shall be enforceable by the Company, its successors and its permitted assigns, and the terms and provisions hereof shall be binding on its permitted successors in title, permitted assigns and permitted transferees;
- (xviii) it and any person acting on (xviii) its behalf have all necessary consents and authorities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto;
- (xix) it undertakes promptly, and in any event prior to any attempted purchase of or subscription for, as applicable, Nil Paid Rights, Fully Paid Rights or New Ordinary Shares to inform the Company if, at any time prior to 14 December 2018, any of the foregoing statements ceases to be true; and
- (xx) it understands and acknowledges that the Company, and each of its affiliates and agents, and others, will rely upon the truth and accuracy of the foregoing representation, warranties, acknowledgements and agreements and it irrevocably authorises the Company to produce these representations and agreements or a copy thereof to any interested party in any administrative or legal proceeding or official enquiry with respect to the matters set forth herein.

## **11. Waiver**

The provisions of Sections 9 and 10 of this Part II and of any other terms of the Rights Issue relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholder(s) or on a general basis by the Company in its absolute discretion. Subject to this, the provisions of Sections 9 and 10 of this Part II supersede any terms of the Rights Issue inconsistent herewith. References in Sections 9 and 10 of this Part II and in this Section 11 of this Part II to Shareholders shall include references to the person or persons executing a Provisional Allotment Letter and, in the event of more than 1 person executing a Provisional Allotment Letter, the provisions of this Section 11 of this Part II shall apply to them jointly and to each of them.

## **12. Taxation**

Information on taxation in the United Kingdom in relation to the Rights Issue is set out in Part A of Part XI (*Taxation*) of this document. Information on taxation in the United States in relation to the Rights Issue is set out in Part B of Part XI (*Taxation*) of this document.

The information contained in Part XI (*Taxation*) of this document is intended only as a general guide to the current tax position in the United Kingdom and the United States. Qualifying Shareholders in the United Kingdom and the United States should consult their own tax advisers regarding the tax treatment of the Rights Issue in light of their own circumstances. Qualifying Shareholders who are in any doubt as to their tax position or who are subject to tax in any other jurisdiction should consult an appropriate professional adviser immediately.

## **13. Times and dates**

The Company shall, in its discretion and after consultation with its financial and legal advisers (and with the agreement of the Underwriter), be entitled to amend the date that dealings in Nil Paid Rights commence and

amend or extend the latest date for acceptance under the Rights Issue and all related dates set out in this document, and in such circumstances shall notify the UKLA, and a Regulatory Information Service and, if appropriate, Shareholders. If a supplementary prospectus is issued by the Company 2 days or fewer prior to the date specified in this document as the latest date for acceptance under the Rights Issue (or such later date as may be agreed between the Company and the Underwriter), the latest date of acceptance under the Rights Issue shall be extended to the date which is 3 Dealing Days after the date of issue of the supplementary prospectus (and the dates and times of principal events due to take place following such date shall be extended accordingly).

#### **14. Governing law and jurisdiction**

The terms and conditions of the Rights Issue as set out in this document and the Provisional Allotment Letter (where appropriate) and any non-contractual obligation arising out of or related thereto shall be governed by, and construed in accordance with, English law. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Rights Issue, this document or the Provisional Allotment Letter (where appropriate). By accepting rights under the Rights Issue in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Provisional Allotment Letter, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive 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.

**PART III**  
**TERMS AND CONDITIONS OF THE ACQUISITION**

**1. Share Purchase Agreement**

**1.1 Parties and structure**

The Share Purchase Agreement was entered into on 30 October 2018 between the Wagamama Vendors, the Company and TRG Holdings, for the sale and purchase, on the terms and subject to the conditions of the Share Purchase Agreement, of the entire issued share capital of Wagamama to TRG Holdings.

One shareholder of Wagamama is not a party to the Share Purchase Agreement. Under the articles of association of Wagamama, TRG Holdings has the right to exercise a drag right to require such shareholder to transfer its shares to TRG Holdings at Completion. The Management Vendors have also agreed to use reasonable endeavours prior to Completion to procure that such shareholder executes a short-form sale and purchase agreement in favour of TRG Holdings.

**1.2 Consideration**

The base consideration for the purchase of the entire issued share capital of Wagamama is £208,010,197.02. This amount is subject to certain adjustments in relation to the financing position of Wagamama in the period from 19 August 2018 (being the end of the Wagamama Interim Period 2018) and Completion, including:

- (a) a deduction for any professional or other fees, expenses or costs paid or agreed to be paid in connection with the Transaction by the Wagamama Group during the period from 19 August 2018 and the Completion Date (excluding certain professional fees, expenses or costs in connection with the preparation of historical financial information of the Wagamama Group for the purposes of this document); and
- (b) an addition of £30,383 for each day from (and excluding) 19 August 2018 to (and including) the Completion Date.

TRG Holdings has also undertaken to put the Wagamama Group in sufficient funds at Completion to redeem in full the outstanding shareholder loan notes issued by the Wagamama Group.

The cash payments at Completion are expected to consist of approximately £207 million in respect of the consideration for the entire issued share capital of Wagamama, and approximately £150 million in respect of repayment of the shareholder loan notes, based on an expected completion date of mid December 2018 and subject to closing adjustments.

The Share Purchase Agreement also includes customary locked box provisions which apply for the period from 19 August 2018 to Completion to prevent unapproved value being transferred from the Wagamama Group to the Vendors in that period.

**1.3 Conditions**

Completion of the Acquisition is subject to, and can only occur upon the satisfaction or waiver of, the following conditions:

- (a) the approval of the Resolutions by Shareholders at the General Meeting; and
- (b) Admission having occurred.

Under the terms of the Share Purchase Agreement, the Company and TRG Holdings are required to use all reasonable endeavours to procure that the Conditions are satisfied as soon as practicable and no later than 6.00 pm on the Long Stop Date.

**1.4 Conduct of Wagamama business prior to Completion**

The Wagamama Vendors (other than the Hutton Collins Vendors, the Other Institutional Vendors and the EBT Vendor) have agreed to procure that, subject to customary exceptions, the business of the Wagamama Group is carried on in the ordinary course and that certain specific actions will not be taken without the prior written consent of TRG Holdings.



### ***1.5 Wagamama Vendors' warranties, limitations on liability and undertakings***

Each of the Wagamama Vendors has severally given warranties to the Company which are customary for a transaction of this nature (including, among other things, in respect of its power and authority to enter into and perform the Share Purchase Agreement and title to its shares in Wagamama).

The Share Purchase Agreement also contains certain customary financial limitations, time limitations and other limitations and exclusions on the ability of TRG Holdings to claim against any Wagamama Vendor for breach of warranty or breach of the Share Purchase Agreement. The aggregate liability of each Wagamama Vendor is limited to the amount of Consideration received by that Wagamama Vendor together with any amount received in repayment of the shareholder loan notes held by that Wagamama Vendor.

Each of the Duke Street Vendors, the Hutton Collins Vendors and each Management Warrantor has given an undertaking to TRG that it will not, directly or indirectly, for a period of 12 months from the Completion Date, engage or employ or solicit certain senior employees of the Wagamama Group, other than a person who has responded to a bona fide recruitment advertisement not targeted at that person.

Each Management Warrantor has given an undertaking to TRG that he or she will not, directly or indirectly, in the United Kingdom or in any other country in which the Wagamama Group operates as at 30 October 2018, for a period of 12 months from the Completion Date, carry on or be interested in any pan-Asian noodles business and, for a period of 6 months from the Completion Date (9 months in respect of the undertaking given by Jane Holbrook), carry on or be interested in any casual dining restaurants, fast food, grab and go, takeaway, food delivery service or delivery aggregator.

### ***1.6 TRG's warranties and undertakings***

Each of the Company and TRG Holdings have given warranties to the Wagamama Vendors which are customary for a transaction of this nature (including, among other things, in respect of its power and authority to enter into and perform the Share Purchase Agreement and the financing arrangements in relation to the Acquisition).

The Company has also provided a customary guarantee to the Wagamama Vendors in respect of TRG Holding's performance of its obligations under the Share Purchase Agreement and related transaction documents.

### ***1.7 Termination and break fee***

If TRG announces that the Board no longer intends to give or intends or withdraw, modify, qualify or amend its recommendation that the Shareholders vote in favour of the Resolutions, such recommendation is withdrawn, modified, qualified or amended, or the Conditions are not satisfied or waived by the Long Stop Date, then:

- (a) solely in the case of the Conditions not being satisfied or waived by the Long Stop Date, TRG Holdings may elect to terminate the Share Purchase Agreement; and
- (b) in all circumstances, the Majority Investor Representative may elect to either terminate the Share Purchase Agreement or to postpone the Long Stop Date (to a date not later than 2 months after the Long Stop Date). If the Conditions are still not satisfied or waived by that postponed Long Stop Date, then either TRG Holdings or the Majority Investor Representative may elect to terminate the Share Purchase Agreement.

If the Share Purchase Agreement is terminated in the circumstances described above, then TRG must pay a break fee of £5,975,723 to the Wagamama Vendors (which shall be paid to Wagamama on behalf of the Wagamama Vendors).

### ***1.8 Governing law***

The Share Purchase Agreement is governed by English law.

## **2. Management Warranty Deed**

The Management Warranty Deed was entered into on 30 October 2018 between TRG Holdings and the Management Warrantors under which the Management Warrantors have given to TRG Holdings customary warranties relating to Wagamama's business and tax position, including in respect of the ownership of the shares of the Wagamama Group; financial information concerning the Wagamama Group and the absence of

undisclosed liabilities; litigation; material contracts of the Wagamama Group; compliance with laws and possession of licenses; employee-related and employee benefit matters; tax-related matters; environmental matters; insurance; real estate; intellectual property; data protection; and anti-corruption and sanctions.

Save in the case of fraud, the liability of the Management Warrantors pursuant to the Management Warranty Deed is limited by, among other things:

- (a) a time limit on claims under business warranties of 2 years following Completion and claims under tax warranties of 7 years following Completion; and
- (b) an aggregate financial cap of £1.

However, additional protection in respect of the warranties is provided by the Warranty and Indemnity Insurance Policy as described at Section 3 of this Part III below.

### **3. Warranty and Indemnity Insurance Policy**

Given the limitations on liability in the Management Warranty Deed described at Section 2 of this Part III, TRG Holdings and the Company entered into the Warranty and Indemnity Insurance Policy with the Insurer on 30 October 2018 in order to provide additional protection in respect of any breach of the warranties given pursuant to the Management Warranty Deed or the Share Purchase Agreement.

The Warranty and Indemnity Insurance Policy provides additional cover for breach of the warranties given by the Management Warrantors pursuant to the Management Warranty Deed and the warranties given by the Wagamama Vendors pursuant to the Share Purchase Agreement described at Section 1.5 of this Part III above (**Fundamental Warranties**), up to an aggregate limit of £56,650,000, subject to further customary limitations and exclusions in addition to those in the Management Warranty Deed and the Share Purchase Agreement. Cover is provided for breaches of business warranties for 2 years from Completion and for breaches of Fundamental Warranties and tax warranties for 7 years from Completion. The retention is £2,832,500 of covered loss before the insured parties can begin to recover and the de minimis amount on claims £100,000 for claims in respect of the tax warranties and £50,000 for claims in respect of the other warranties.

## PART IV INFORMATION ON TRG

### 1. Introduction

TRG is a significant participant in the UK casual dining market, operating over 440 restaurants and pubs (as at 26 August 2018). Its trading brands are Frankie & Benny's, Chiquito, Coast to Coast, Garfunkel's, Firejacks, Filling Station, Brunning & Price and Joe's Kitchen. TRG also operates a concession business which, as at 26 August 2018, traded at over 60 outlets across more than 30 brands, primarily in UK airports. In TRG FY 2017, TRG's revenue was £679.3 million and its Adjusted Operating Profit was £58.6 million.

### 2. History and development

TRG was incorporated in Scotland on 22 October 1954 as a private company limited by shares, with the registration number SC030343 and the name Clydesdale & County Hotels Limited. On 22 October 1954, the name of the Company was changed to Belhaven Brewery Group plc and the Company listed on the London Stock Exchange on 20 January 1969. The Company re-registered as a public limited company under the Companies Acts 1948 to 1980 on 27 October 1981. On 30 January 1987, the name of the Company was changed to Belhaven plc and then to City Centre Restaurants plc on 3 August 1989.

In the late 1980s the TRG Group acquired the Mexican restaurant chain Chi Chi's, which it renamed Chiquito. In 1995 the TRG Group opened Frankie & Benny's in Leicester. On 14 January 2004 the Company changed its name to The Restaurant Group plc. In 2005, the TRG Group acquired Blubeckers Limited which operated 12 restaurants of the same name and 5 under the Edwinns banner in the south-east of England. In 2007 the TRG Group acquired Brunning and Price Limited, consisting of 14 pub restaurants, predominantly in the north-west of England, to further develop its pub restaurants business. In 2011, the TRG Group opened its first Coast to Coast restaurant in Brighton.

On 21 May 2018 the TRG Group acquired Ribble Valley Inns Limited which owns and operates 4 leasehold pubs and represents an opportunity to expand further into the north-west of England. On 29 August 2018 the TRG Group acquired Food & Fuel Limited, which owns and operates 11 leasehold pubs and café-bars predominately situated in affluent London neighbourhoods and provides a premium offering tailored to local markets. Over the first half of 2018 the TRG Group has extensively rolled out delivery and "Click-and-Collect" across most of its Leisure estate and has successfully trialled 2 delivery-only brands, "Burger Burger" and "Kick-Ass Burrito".

The principal events in TRG's history are listed below:

Year	Event
1969	Listing on the London Stock Exchange
Late 1980s	Acquisition of Chiquito (then named Chi Chi's)
1995	Opening of the first Frankie & Benny's in Leicester
2004	Change of the Company's name to TRG
2005	Acquisition of Blubeckers Limited
2007	Acquisition of Brunning and Price Limited
2011	Opening of the first Coast to Coast in Brighton
2012	Annual turnover exceeds £500 million
2016	Strategic review of the TRG Group's business
2018	Acquisitions of Ribble Valley Inns Limited and Food & Fuel Limited

### 3. Strategy

While the Pubs and Concessions businesses have consistently performed well over recent years, TRG FY 2016 was a challenging year, with a disappointing trading performance exposing certain issues across the TRG Group's 3 main Leisure brands, Frankie & Benny's, Chiquito and Coast to Coast. As a result, the TRG Group has conducted a comprehensive strategic review of the business and developed a turnaround plan which comprises the following 4 key elements: (i) re-establish the competitiveness of the Leisure brands; (ii) serve customers better and more efficiently; (iii) grow the Pubs and Concessions businesses; and (iv) build a leaner, faster and more focused organisation.

The TRG Group is committed to progressing these 4 strategic initiatives as follows:

- (i) *Re-establish the competitiveness of the Leisure brands:* In TRG FY 2017, the TRG Group developed its Leisure brands by refreshing menus and restoring value credentials through significant investment in

core menu pricing at Frankie & Benny's and Chiquito, improving the quality of restaurant ingredients and increasing its digital media presence.

- (ii) *Serve customers better and more efficiently*: The TRG Group has sought to improve customer service by expanding its delivery services and by upgrading its customer-facing technology. For example, the TRG Group has introduced hand-held terminals for customers at its Leisure and Concessions restaurants to enable faster ordering and payment processing and has improved its restaurant booking systems, including through a partnership with the bookings website 'OpenTable'.
- (iii) *Grow the Pubs and Concessions businesses*: The TRG Group is looking to grow its Pubs business by developing new menus, expanding its geographic reach and exploring new formats, such as urban locations, private dining areas and pubs with accommodation. Likewise, the TRG Group has grown its Concessions business through site openings at new locations, such as Edinburgh airport, and arrangements with new franchise partners, such as Brewdog and Spuntino.
- (iv) *Build a leaner, faster and more focused organisation*: The TRG Group has continued to focus on opportunities to make the cost base leaner and more efficient given the significant cost headwinds that are impacting the UK casual dining sector. Good progress has been made in leveraging the purchasing power of the TRG Group to ensure it is delivering economies of scale on its food and drink input costs. The TRG Group continues to achieve improved labour efficiency through the deployment of labour scheduling tools, more flexible staff structures and more responsive deployment. The TRG Group has further consolidated its supply base on general overhead costs and has enhanced its leadership team to reflect a balance of hospitality and other consumer sector experience and to bring significantly improved analytical and customer insight capabilities, enabling the TRG Group to react more swiftly in a fast-changing market.

#### **4. Organisational structure**

TRG is the holding company of the TRG Group. A full list of TRG's principal subsidiary undertakings, which are considered by TRG to be likely to have a significant effect on the assessment of the assets and liabilities, the financial position and the profits and losses of TRG is set out in Section 5 of Part XIII (*Additional Information*) of this document. Following Completion, Wagamama will be a wholly-owned indirect subsidiary of TRG. Further information on Wagamama is set out in Part V (*Information on Wagamama*) of this document.

#### **5. Principal activities and principal markets**

##### ***Leisure***

TRG's Leisure business comprised 381 casual dining restaurants as at 26 August 2018, operating under the following well-known brands: Frankie & Benny's, Chiquito, Coast to Coast, Garfunkel's, Firejacks, Filling Station and Joe's Kitchen. The TRG Group's restaurant outlets are located across the UK, predominantly in retail and leisure parks. Frankie & Benny's, which offers classic New York Italian-style food and drinks, is the TRG Group's largest restaurant brand, with 258 outlets in the UK (as at 26 August 2018). Chiquito is the UK's largest Tex-Mex restaurant chain, with 85 outlets in the UK (as at 26 August 2018). The newest brand in the TRG Group's Leisure business is Firejacks, which serves flame-grilled steaks and burgers. The first Firejacks outlet, opened in August 2017, was a conversion of a Coast to Coast outlet in Northampton. TRG has since opened 4 additional Firejacks restaurants.

The TRG Group has introduced new technology across its Leisure business, with a 'pay with app' functionality rolled out in April 2018 and a 'real-time' guest-feedback app rolled out in May 2018 to provide a higher quality and increased volume of customer insight. The TRG Group has also continued its move into the delivery sector and has developed relationships with the 3 main delivery platforms, Just Eat, Deliveroo and Uber Eats. All the TRG Group's Leisure brands (with the exception of Firejacks) offer delivery, with most also providing a 'click and collect' service to make it easier for customers to order takeaway and address off-trade demand in regions where there is no delivery coverage. The TRG Group has also launched 2 online-only brands, "Burger Burger" and "Kick-Ass Burrito".

All of the TRG Group's Leisure brands are protected by registered trademarks. The Directors believe that the TRG Group's trademarks have significant value and are important to its business. The TRG Group's policy for the protection of its intellectual property rights is to pursue registration of trademarks and to actively oppose their infringement, as well as relying on protections provided by other common law rights, such as trade secret and unfair competition laws.

The geographical distribution of TRG’s Leisure brands across the UK as at 26 August 2018 was as follows:

	Central London	Outer London	South-East	South-West	Midlands	East Anglia	North-East	North-West	Scotland	Northern Ireland	Wales	TOTAL
Frankie & Benny’s . . . . .	3	17	39	21	40	19	35	33	33	3	15	<b>258</b>
Chiquito . . . . .	1	6	15	11	14	6	11	11	8	—	2	<b>85</b>
Coast to Coast . . . . .	—	—	4	—	3	2	2	2	1	—	—	<b>14</b>
Garfunkel’s . . . . .	6	1	—	1	—	—	—	—	—	—	—	<b>8</b>
Filling Station . . . . .	—	—	—	—	—	—	—	—	7	—	—	<b>7</b>
Firejacks . . . . .	—	1	1	—	2	—	—	1	—	—	—	<b>5</b>
Joe’s Kitchen . . . . .	1	1	—	—	1	—	1	—	—	—	—	<b>4</b>
<b>TOTAL . . . . .</b>	<b>11</b>	<b>26</b>	<b>59</b>	<b>33</b>	<b>60</b>	<b>27</b>	<b>49</b>	<b>47</b>	<b>49</b>	<b>3</b>	<b>17</b>	<b>381</b>

### **Pubs**

TRG’s Pubs business operated 66 pub restaurants as at 26 August 2018, predominantly situated in rural locations and offering locally sourced menus. Several of the TRG Group’s pub restaurants have featured in the annual UK ‘Good Pub Guide’.

The geographical distribution of TRG’s pub restaurants across the UK (as at 26 August 2018) was as follows:

Central London: None  
 Outer London: 3  
 South-East: 24  
 South-West: 1  
 Midlands: 5  
 East Anglia: 2  
 North-East: None  
 North-West: 25  
 Scotland: None  
 Northern Ireland: None  
 Wales: 6  
 Total: 66

On 29 August 2018, TRG added a London presence through the acquisition of Food & Fuel Limited, comprising 11 pubs and café-bars in Central London predominantly located in affluent London neighbours.

### **Concessions**

As at 26 August 2018, TRG’s Concessions business had 64 outlets, situated predominantly across 14 major airports and 5 railway stations in the UK. The TRG Group’s Concessions outlets operate more than 30 brands, comprising a combination of the following:

- (i) the TRG Group’s own Leisure brands, such as Frankie & Benny’s;
- (ii) bespoke concepts, such as the Nicholas Culpeper bar at Gatwick airport and The Curator bar at Heathrow airport; and
- (iii) well-known third-party brands, such as Costa Coffee, Comptoir Libanais, Giraffe and EAT, which are operated by the TRG Group under franchise arrangements. As at 26 August 2018, approximately one-third of TRG’s total concession outlets operated under franchise arrangements.

## 6. Selected financial information

### Summary Consolidated Statement of Profit or Loss

	52 weeks ended 27 December 2015	53 weeks ended 1 January 2017	52 weeks ended 31 December 2017	34 weeks ended 27 August 2017	34 weeks ended 26 August 2018
Revenue	685,381	710,712	679,282	444,328	439,398
Cost of sales	(558,491)	(717,682)	(597,876)	(392,318)	(400,251)
<b>Gross profit / (loss)</b>	<b>126,890</b>	<b>(6,970)</b>	<b>81,406</b>	<b>52,010</b>	<b>39,147</b>
Administration costs	(37,999)	(40,364)	(35,960)	(26,578)	(16,644)
<b>Operating profit / (loss)</b>	<b>88,891</b>	<b>(47,334)</b>	<b>45,446</b>	<b>25,432</b>	<b>22,503</b>
Net interest payable	(2,046)	(2,007)	(1,860)	(1,255)	(1,026)
<b>Profit / (loss) on ordinary activities before tax</b>	<b>86,845</b>	<b>(49,341)</b>	<b>43,586</b>	<b>24,177</b>	<b>21,477</b>
Tax on profit / (loss) on ordinary activities	(17,959)	1,325	(10,653)	(6,039)	(5,826)
<b>Profit / (loss) for the period</b>	<b>68,886</b>	<b>(48,016)</b>	<b>32,933</b>	<b>18,138</b>	<b>15,651</b>

### Summary Consolidated Statement of Financial Position

	27 December 2015	1 January 2017	31 December 2017	27 August 2017	26 August 2018
<b>Non-current assets</b>					
Intangible assets	26,433	26,433	26,433	26,433	26,998
Property, plant and equipment	403,640	345,952	335,029	342,939	332,544
	<b>430,073</b>	<b>372,385</b>	<b>361,462</b>	<b>369,372</b>	<b>359,542</b>
<b>Current assets</b>					
Stock	6,389	5,632	5,930	6,007	5,963
Other receivables	13,366	18,782	14,949	15,764	18,361
Prepayments	15,267	15,824	17,473	11,194	13,637
Cash and cash equivalents	2,983	9,568	9,611	14,274	16,286
Corporation tax receivable	—	688	—	—	—
	<b>38,005</b>	<b>50,494</b>	<b>47,963</b>	<b>47,239</b>	<b>54,247</b>
<b>Total assets</b>	<b>468,078</b>	<b>422,879</b>	<b>409,425</b>	<b>416,611</b>	<b>413,789</b>
<b>Current liabilities</b>					
Overdraft	(838)	—	—	—	—
Corporation tax liabilities	(8,692)	—	(2,129)	(1,519)	(3,623)
Trade and other payables	(125,388)	(121,850)	(124,238)	(127,430)	(133,749)
Other payables—finance lease obligations	(355)	(393)	(164)	(395)	(164)
Provisions	(1,130)	(15,415)	(10,408)	(12,593)	(7,991)
	<b>(136,403)</b>	<b>(137,658)</b>	<b>(136,939)</b>	<b>(141,937)</b>	<b>(145,527)</b>
<b>Non-current liabilities</b>					
Long-term borrowings	(30,527)	(37,882)	(31,223)	(33,096)	(35,437)
Other payables—finance lease obligations	(2,956)	(2,950)	(2,548)	(2,947)	(2,470)
Deferred tax liabilities	(12,096)	(4,434)	(5,127)	(3,486)	(4,412)
Provisions	(2,536)	(38,369)	(31,688)	(35,474)	(29,018)
	<b>(48,115)</b>	<b>(83,635)</b>	<b>(70,586)</b>	<b>(75,003)</b>	<b>(71,337)</b>
<b>Total liabilities</b>	<b>(184,518)</b>	<b>(221,293)</b>	<b>(207,525)</b>	<b>(216,940)</b>	<b>(216,864)</b>
<b>Net assets</b>	<b>283,560</b>	<b>201,586</b>	<b>201,900</b>	<b>199,671</b>	<b>196,925</b>
Share capital	56,518	56,550	56,551	56,550	56,551
Share premium	25,255	25,542	25,554	25,546	25,554
Other reserves	(11,080)	(9,987)	(7,753)	(8,804)	(7,139)
Retained earnings	212,867	129,481	127,548	126,379	121,959
<b>Total equity</b>	<b>283,560</b>	<b>201,586</b>	<b>201,900</b>	<b>199,671</b>	<b>196,925</b>

## Summary Consolidated Statement of Cash Flows

	52 weeks ended 27 December 2015	53 weeks ended 1 January 2017	52 weeks ended 31 December 2017	34 weeks ended 27 August 2017	34 weeks ended 26 August 2018
Cash generated from operations . . . . .	133,963	122,503	108,030	78,109	60,686
Other operating cash flows . . . . .	(18,687)	(24,121)	(27,294)	(19,363)	(12,159)
<b>Net cash flow from operating activities . . . . .</b>	<b>115,276</b>	<b>98,382</b>	<b>80,736</b>	<b>58,746</b>	<b>48,527</b>
Net cash flow from investing activities . . . . .	(72,664)	(63,061)	(38,447)	(27,548)	(24,504)
Net cash flows used in financing activities . . . . .	(41,347)	(27,898)	(42,246)	(26,492)	(17,348)
<b>Net increase in cash and cash equivalents . . . . .</b>	<b>1,265</b>	<b>7,423</b>	<b>43</b>	<b>4,706</b>	<b>6,675</b>
<b>Cash and cash equivalents at end of period . . . . .</b>	<b>2,145</b>	<b>9,568</b>	<b>9,611</b>	<b>14,274</b>	<b>16,286</b>

### 7. Current trading and prospects

After 42 weeks' trading in TRG FY 2018, total sales were down 0.5 per cent. on the comparable period in TRG FY 2017 and like-for-like sales were down 2.2 per cent. Since the announcement of TRG's results for TRG H1 2018 on 31 August 2018, TRG has continued to make good progress, and like-for-like sales were up 1.4 per cent. in the 14 week period since the end of the FIFA World Cup.

### 8. Property, plant and equipment

As at 26 August 2018:

- (i) 363 of TRG's 381 Leisure sites were leasehold and 18 were freehold;
- (ii) 29 of TRG's 66 Pub sites were leasehold and 37 were freehold; and
- (iii) 61 of TRG's 64 Concession sites were occupied under retail concession agreements. The remaining 3 were leasehold.

TRG generally seeks to secure property leases with terms of 25 years with 5 yearly rent reviews. There are no known major encumbrances or environmental issues affecting TRG's freehold or leasehold estate or fixed assets.

## PART V INFORMATION ON WAGAMAMA

### 1. Introduction

The Wagamama Group operates a market leading chain of popular restaurants offering fresh, fast-cooked pan-Asian inspired cuisine under its trading brand, “wagamama”. As at 19 August 2018, Wagamama’s restaurant portfolio comprised 138 directly-operated restaurants in the UK and the US and 58 franchised restaurants internationally, principally in continental Europe, the Middle East and New Zealand. In Wagamama FY 2018, the Wagamama Group generated Adjusted EBITDA of 42.3 million.

### 2. History and development

Wagamama can trace its history back to 1992 when its founder, Alan Yau, opened the first Wagamama-branded restaurant in Bloomsbury, London. A second site was opened in December 1995 in Soho, London.

Expansion overseas through Wagamama’s franchise operation began with the first franchised restaurant opening in Dublin, Ireland in 1998. The first directly-operated site outside London was opened in Manchester in 2000.

In 2007, Wagamama opened its first US directly-operated restaurant in Boston, Massachusetts.

As at 19 August 2018, Wagamama’s restaurant portfolio comprised 133 directly-operated restaurant sites in the UK and 5 directly-operated restaurant sites in the US. Wagamama also has 58 franchised restaurant sites internationally, principally in continental Europe, the Middle East and New Zealand.

The principal events in Wagamama’s history are as follows:

Year	Event
1992	The first directly-operated restaurant in Bloomsbury, London opens.
1995	The second directly-operated restaurant is opened in Soho, London.
1996	Management buy-out of Wagamama backed by Graphite Capital.
1998	The first franchised restaurant is opened in Dublin, Ireland.
2005	Funds controlled by Lion Capital acquire a majority stake in the Wagamama Group from Graphite Capital.
2007	The first directly-operated restaurant is opened in the US.
2011	Lion Capital and Graphite Capital sell their remaining shares in the Wagamama Group to funds controlled by Duke Street General Partner Limited and Hutton Collins Partners LLP.

### 3. Organisational structure

Wagamama is the holding company of the Wagamama Group. A full list of Wagamama’s principal subsidiary undertakings, which are considered to be likely to have a significant effect on the assessment of the assets and liabilities, financial position and profits and losses of the Enlarged Group, is set out in Section 5 of Part XIII (*Additional Information*) of this document.

### 4. Strategy

The key elements of Wagamama’s strategy are as follows:

#### ***Drive sustainable, market-beating like-for-like sales growth in the existing estate***

Wagamama aims to continue to drive like-for-like sales growth in its existing estate by focusing on its core values of offering customers fresh, high quality, fast-cooked food at good value. Wagamama has an established track record of food innovation, designed to maintain existing customer interest and attract new customers. Wagamama believes that there is potential to increase eat-in sales as well as delivery and takeaway sales. Wagamama’s delivery and takeaway sales constituted approximately 7.8 per cent. and 4.5 per cent., respectively, of Wagamama’s turnover in the UK in Wagamama FY 2018. Wagamama also regularly evaluates its menu to ensure competitive pricing. In addition, Wagamama plans to continue to build on its brand awareness through focused marketing campaigns as well as developing customer experience initiatives, such as customer-initiated payments via smart phone applications. Wagamama does not use discounting to drive traffic in its restaurants.



### *Expand operations through new restaurant openings*

Wagamama has a strong track record of successfully opening restaurants, having opened 29 directly-operated restaurants and 29 franchised restaurants in the last 3 financial years. Wagamama identifies new sites based on a methodical, data-driven approach and a capital expenditure investment appraisal that carefully evaluates and scores its key selection criteria, including demographic and competitive dynamics. Wagamama works with well-known real estate consultants familiar with Wagamama's restaurants, such as Javelin, to assess the potential return on investment and payback period at each new site. Wagamama plans to open 4 to 5 new UK restaurants and 2 new US restaurants over the course of its 2019 financial year.

### *Exploit opportunities to increase margins and returns through operational efficiencies and cost savings*

Wagamama continues to explore ways to improve its operational efficiencies in order to increase its margins and reduce its costs. Wagamama internally benchmarks all of its restaurants and internally communicates the results to establish best practices. Wagamama fosters an environment where these initiatives are constantly developed and implemented at all its restaurants. Wagamama also regularly reviews its menus to improve the mix of products that they offer. In addition, Wagamama continues to develop its smart rota labour system throughout all its restaurants to ensure they have the appropriate level of staff. Wagamama believes this system has resulted in, and will continue to result in, improved service levels, sales growth, margins and customer satisfaction scores. Furthermore, as part of its cost saving efforts, Wagamama continuously works with its suppliers and adapts its menu to optimise ingredient costs.

### *Adopt an incremental approach to international expansion*

Wagamama has a proven international business, comprised of 5 directly-operated restaurants in the US and 58 franchised restaurants internationally as at 19 August 2018. Wagamama intends to selectively expand its international operations by growing the number of franchised restaurants in existing markets as well as entering new markets in order to increase revenues and broaden its reach with limited capital requirement. Wagamama believes that there are a number of markets, particularly in continental Europe, where it could be successful based on Wagamama's understanding of the local competitive landscape and the potential for a branded pan-Asian casual dining operator in these markets. Recent openings in Spain and Italy have been well received. Wagamama intends to exploit the potential for expansion in the United States beyond New York and Boston.

## 5. Selected financial information

### Summary Consolidated Statement of Profit or Loss

	52 weeks ended 24 April 2016	52 weeks ended 23 April 2017	53 weeks ended 29 April 2018	16 weeks ended 13 August 2017	16 weeks ended 19 August 2018
Revenue .....	229,864	266,109	306,713	86,724	97,389
Cost of sales .....	(186,123)	(217,771)	(265,670)	(73,551)	(85,594)
<b>Gross profit</b> .....	<b>43,741</b>	<b>48,338</b>	<b>41,043</b>	<b>13,173</b>	<b>11,795</b>
Administration costs .....	(17,884)	(18,196)	(25,543)	(7,194)	(9,350)
<b>Operating profit</b> .....	<b>25,857</b>	<b>30,142</b>	<b>15,500</b>	<b>5,979</b>	<b>2,445</b>
Net interest payable .....	(28,499)	(30,129)	(34,490)	(18,183)	(7,267)
<b>Profit/ (loss) on ordinary activities before tax</b> .....	<b>(2,642)</b>	<b>13</b>	<b>(18,990)</b>	<b>(12,204)</b>	<b>(4,822)</b>
Tax on profit / (loss) on ordinary activities .....	(1,180)	(3,487)	(2,841)	1,257	(1,569)
<b>Loss for the period</b> .....	<b>(3,822)</b>	<b>(3,474)</b>	<b>(21,831)</b>	<b>(10,947)</b>	<b>(6,391)</b>

## Summary Consolidated Statement of Financial Position

	24 April 2016	23 April 2017	29 April 2018	13 August 2017	19 August 2018
<b>Non-current assets</b>					
Intangible assets . . . . .	145,732	145,911	147,478	146,231	147,285
Property, plant and equipment . . . . .	82,625	102,634	115,076	107,114	119,691
	<u>228,357</u>	<u>248,545</u>	<u>262,554</u>	<u>253,345</u>	<u>266,976</u>
<b>Current assets</b>					
Stock . . . . .	1,400	1,628	2,017	1,873	2,264
Other receivables . . . . .	2,860	2,944	6,097	3,697	5,077
Prepayments . . . . .	3,922	5,286	7,128	5,154	7,041
Cash and cash equivalents . . . . .	35,736	34,142	29,371	32,213	23,589
Corporation tax receivable . . . . .	—	—	—	1,477	—
	<u>43,918</u>	<u>44,000</u>	<u>44,613</u>	<u>44,414</u>	<u>37,971</u>
<b>Total assets</b> . . . . .	<u>272,275</u>	<u>292,545</u>	<u>307,167</u>	<u>297,759</u>	<u>304,947</u>
<b>Current liabilities</b>					
Corporation tax liabilities . . . . .	(2,223)	(2,954)	(974)	—	(150)
Trade and other payables . . . . .	(43,441)	(49,208)	(53,931)	(47,588)	(51,902)
Other payables—finance lease obligations . . . . .	(90)	(90)	(90)	(90)	(90)
Provisions . . . . .	(866)	(359)	(816)	(256)	(857)
	<u>(46,620)</u>	<u>(52,611)</u>	<u>(55,811)</u>	<u>(47,934)</u>	<u>(52,999)</u>
<b>Non-current liabilities</b>					
Long-term borrowings . . . . .	(313,659)	(331,649)	(361,967)	(352,959)	(366,417)
Trade and other payables . . . . .	(2,921)	(3,210)	(3,232)	(3,242)	(3,203)
Other payables—finance lease obligations . . . . .	(1,080)	(1,078)	(1,076)	(1,077)	(1,074)
Deferred tax liabilities . . . . .	(3,628)	(3,876)	(4,204)	(3,825)	(4,356)
Provisions . . . . .	(2,161)	(1,256)	(6,691)	(1,219)	(6,719)
	<u>(323,449)</u>	<u>(341,069)</u>	<u>(377,170)</u>	<u>(362,322)</u>	<u>(381,769)</u>
<b>Total liabilities</b> . . . . .	<u>(370,069)</u>	<u>(393,680)</u>	<u>(432,981)</u>	<u>(410,256)</u>	<u>(434,768)</u>
<b>Net liabilities</b> . . . . .	<u>(97,794)</u>	<u>(101,135)</u>	<u>(125,814)</u>	<u>(112,497)</u>	<u>(129,821)</u>
Share capital . . . . .	20	20	20	20	20
Share premium . . . . .	19,633	19,633	19,633	19,633	19,633
Other reserves . . . . .	284	352	(1,668)	163	219
Retained earnings . . . . .	(117,731)	(121,140)	(143,799)	(132,313)	(149,693)
<b>Total shareholders' deficit</b> . . . . .	<u>(97,794)</u>	<u>(101,135)</u>	<u>(125,814)</u>	<u>(112,497)</u>	<u>(129,821)</u>

## Summary Consolidated Statement of Cash Flows

	52 weeks ended 24 April 2016	52 weeks ended 23 April 2017	53 weeks ended 29 April 2018	16 weeks ended 13 August 2017	16 weeks ended 19 August 2018
Cash generated from operations . . . . .	37,176	44,458	42,248	10,444	10,382
Other operating cash flows . . . . .	(1,466)	(3,468)	(9,332)	(4,345)	(3,654)
<b>Net cash flow from operating activities</b> . . . . .	<u>35,710</u>	<u>40,990</u>	<u>32,916</u>	<u>6,099</u>	<u>6,728</u>
Net cash flow from investing activities . . . . .	(17,282)	(30,311)	(31,458)	(10,854)	(7,708)
Net cash flows used in financing activities . . . . .	(11,282)	(12,306)	(6,192)	2,835	(4,826)
<b>Net increase / (decrease) in cash and cash equivalents</b> . . . . .	<u>7,146</u>	<u>(1,627)</u>	<u>(4,734)</u>	<u>(1,920)</u>	<u>(5,806)</u>
<b>Cash and cash equivalents at end of period</b> . . . . .	<u>35,736</u>	<u>34,142</u>	<u>29,371</u>	<u>32,213</u>	<u>23,589</u>

## 6. Current trading and prospects

The Wagamama Group continues to enhance its position as the only pan-Asian restaurant operator of scale in the United Kingdom and remains confident in its short-term and long-term international growth prospects. In

Wagamama FY 2018, Wagamama continued to strengthen both its brand and its team through new local and national marketing campaigns as well as team training and development opportunities. Wagamama also expanded its collection and use of customer feedback with the launch of an upgraded feedback platform and Wagamama expects this investment to add value across all 3 of its business channels (eat-in, take-away and delivery). Wagamama believes that it is well-positioned for another year of continued growth.

For the 11 week period from 20 August 2018 to 4 November 2018, Wagamama's like-for-like sales increased by 12.2 per cent. As of 4 November 2018, Wagamama's like-for-like sales had outperformed the market, as measured by the Coffey-Peach tracker, for 233 consecutive weeks<sup>(7)</sup>.

## **7. Principal activities and principal markets**

### **(A) Principal activities**

Restaurant operations represent Wagamama's core business. Wagamama generates the majority of its revenues through income from directly-operated restaurants and franchise income, primarily in the form of royalties from its franchise restaurants.

Wagamama restaurants offer fresh, fast-cooked pan-Asian cuisine. The menu features a wide variety of noodle and rice dishes, as well as salads and side dishes, desserts, hot drinks, wine, sake and Asian-branded beers. The menu caters to a wide range of cultural and dietary requirements and as of the date of this document, 17 per cent. of the dishes were suitable for a vegan diet, 36 per cent. of the dishes were suitable for a vegetarian diet and 21 per cent. of the dishes were suitable for those with gluten-free dietary requirements.

A focus on communal dining distinguishes Wagamama's restaurants from those of its competitors. Many sites offer communal wooden bench seating and open kitchens in the manner of an authentic Japanese *izakaya*. Wagamama has evolved its restaurant designs to meet the requirements of its locations from basement sites and airports to shopping centres and flagship high street branches.

As at 19 August 2018, all of Wagamama's UK sites offer a takeaway service via website, app and phone order in addition to delivery in 100 sites through its exclusive delivery partner, Deliveroo. Wagamama is in the process of considering trials for delivery-only kitchens which would provide the opportunity to service populous areas where it is difficult or inappropriate to operate a Wagamama restaurant and areas where existing restaurants are unable to satisfy demand at peak times. Between 30 and 40 potential locations within the UK have been initially identified by Wagamama.

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<sup>(7)</sup> These preliminary financial results are derived from Wagamama's accounting records and internal management accounts. This information has not been audited, reviewed or compiled, nor have any procedures been performed by Wagamama's independent auditors with respect thereto.

## (B) Principal markets

As at 19 August 2018, Wagamama operated 133 directly-operated restaurant sites in the UK and 5 directly-operated restaurant sites in the United States. Wagamama also had 58 franchised restaurant sites across 23 countries. Wagamama's franchise position by number of restaurants per country is as follows:

Country	Number of franchised restaurants
1. Netherlands .....	7
2. Republic of Ireland .....	3
3. Denmark .....	2
4. Northern Ireland .....	2
5. Sweden .....	1
6. Austria .....	1
7. Norway .....	1
8. Belgium .....	1
9. Cyprus .....	5
10. Spain .....	5
11. Italy .....	3
12. Greece .....	2
13. Gibraltar .....	1
14. Malta .....	1
15. UAE .....	6
16. Qatar .....	3
17. KSA .....	3
18. Turkey .....	2
19. Oman .....	1
20. Bahrain .....	1
21. New Zealand .....	5
22. Slovakia .....	1
23. Bulgaria .....	<u>1</u>
Total .....	<u><u>58</u></u>

## 8. Property, plant and equipment

As at 19 August 2018, Wagamama operated from 138 directly-operated restaurant sites, comprising 133 directly-operated restaurant sites in the UK and 5 directly-operated restaurant sites in the US. All such restaurant sites are leasehold, save for airport sites which are occupied under retail concession agreements. Wagamama generally seeks to secure property leases of terms between 15 and 25 years in the UK and between 10 to 15 years in the US. In the case of franchised restaurants, the franchisee is the leaseholder.

## PART VI OPERATING AND FINANCIAL REVIEW OF TRG

*The following review of TRG's financial condition and operating results should be read in conjunction with the historical financial information on TRG and the notes related thereto set out in Part VIII (Historical Financial Information relating to TRG) and incorporated by reference in this document in accordance with Part XIV (Documents incorporated by reference) of this document and the other financial information included elsewhere in this document. The selected historical financial information of TRG has been extracted from the TRG audited consolidated financial statements incorporated by reference in this document, with the exception of that outlined below. The consolidated financial information of TRG as at 1 January 2017 and for the 53 week period then ended has been extracted from the comparatives included in the audited consolidated financial statements as at 31 December 2017, after changes in the presentation of net cash flows relating to Exceptional Items (as discussed in Note 1 to the audited financial statements for TRG FY 2017) and an adjustment for the presentation of cash flows related to finance leases (as discussed in Note 7 to the unaudited condensed consolidated interim statements for TRG H1 2018) and the reclassification of certain amounts within net cash flows from operating activities to net cash flows from investing activities in TRG Group's 2017 Annual Report and Accounts from that disclosed within TRG Group's 2016 Annual Report and Accounts. The financial information as at 27 August 2017 and 26 August 2018 and for the 34 week periods then ended has been extracted from the unaudited consolidated financial statements of the TRG Group for the TRG 8 Month Interim Period 2018 set out in Part VIII (Historical Financial Information relating to TRG) of this document. Accordingly, the discussion and analysis of historical periods does not reflect the significant impact that the Transaction will have on TRG. The historical financial information has been prepared in accordance with IFRS.*

*Some of the information in the review below and elsewhere in this document includes forward-looking statements based on current expectations that involve risks and uncertainties. See "Forward-Looking Statements" on page 38 of this document for a discussion of important factors that could cause actual results to differ materially from the results described in the forward-looking statements contained in this document*

### **1. Overview**

TRG is a significant participant in the UK casual dining market, operating over 440 restaurants and pubs (as at 26 August 2018). Its trading brands are Frankie & Benny's, Chiquito, Coast to Coast, Garfunkel's, Firejacks, Filling Station, Brunning & Price and Joe's Kitchen. TRG also operates a concession business which, as at 26 August 2018, traded at over 60 outlets across more than 30 brands, primarily in UK airports.

#### **1.1 Key factors affecting comparability**

##### *Financial periods*

TRG's financial year runs to a Sunday within 7 days of 31 December each year, which will be a 52- or 53-week period. Each of TRG FY 2017 and TRG FY 2015 was a 52 week period, while TRG FY 2016 was a 53-week period, which may impact the comparability of TRG's results.

##### *Number of locations*

Comparability of TRG's results is affected by the number of locations operating in each financial period. While the number of locations for TRG's Leisure brands has remained generally steady in recent financial periods, there have been an increased number of openings in the Pubs and Concessions businesses. For example, in August 2018 TRG completed its acquisition of Food & Fuel Limited, comprising 11 pubs. TRG is also growing its Concessions business and TRG sees potential over the medium term for growth into international airports, as well as further UK concessions away from airports, in other transport hubs.

The table below summarises the number of locations as at 26 August 2018 and the end of each of TRG FY 2015, TRG FY 2016 and TRG FY 2017.

	<u>As at 27 December 2015</u>	<u>As at 1 January 2017</u>	<u>As at 31 December 2017</u>	<u>As at 26 August 2018</u>
Frankie & Benny's .....	261	258	259	258
Chiquito .....	86	79	85	85
Coast to Coast .....	21	21	18	14
Garfunkel's .....	13	8	8	8
Filling Station .....	7	7	7	7
Firejacks .....	—	—	1	5
Joe's Kitchen .....	3	4	4	4
Pub restaurants .....	54	57	60	66 <sup>(1)</sup>
Concessions .....	61	59	55	64
<b>Total</b> .....	<u><b>506</b></u>	<u><b>493</b></u>	<u><b>497</b></u>	<u><b>511</b></u>

(1) Does not include the 11 pubs acquired from Food & Fuel Limited on 29 August 2018.

As new sites are opened, there can also be changes in the relative geographical and location-type mix of TRG's operating estate. For example, the acquired Food & Fuel Limited estate comprises pubs predominately located in affluent London neighbourhoods by contrast to the remainder of TRG's Pubs offering, primarily located in rural markets.

### ***1.2 Key trends and factors affecting TRG's results of operations and financial condition***

Factors affecting TRG's results of operations and financial condition include:

#### *Like-for-like sales growth*

A key driver of the results of TRG is the underlying performance of its existing locations, represented by the measure TRG terms "like-for-like sales". TRG's like-for-like sales are calculated by comparing the performance of all mature sites in the current period versus the comparable period in the prior year. Sites that are closed, disposed or disrupted during a financial year are excluded from the like-for-like calculations, with such determinations made by TRG's management. Changes in like-for-like sales can be driven by a number of different factors, such as product offerings, marketing activity and dish prices, as well as events outside of TRG's control such as weather or the occurrence of significant sporting events. There is no accounting standard or consistent definition of like-for-like sales across the industry. Performance included in Wagamama's calculation of like-for-like sales may not necessarily have been included in a calculation using TRG's definition of such term. For example, Wagamama uses a definition that includes performance of restaurants that have traded for 17 full 4-week periods while TRG requires a longer period of operation.

#### *Economic climate in the United Kingdom*

TRG's business is subject to general economic conditions in the United Kingdom, where it has all of its locations. Economic factors such as rising interest rates, declining or low wage growth, higher unemployment, tax increases, lack of consumer credit and falling house prices could all adversely affect the level of consumer confidence in the United Kingdom, which can have a significant effect on the level of discretionary spending by potential customers of TRG's restaurants, including their expenditures on casual dining. During times of economic uncertainty, consumers may dine or drink out less often, lower their expenditure on dining or drinking out, seek cheaper or local alternatives such as local "fast food" restaurants or they may be more likely to comparison shop for the best promotional deals from restaurants, increasing competition. The economic climate could also affect TRG's cost structure as a result of pressures on the supply chain or the supply of labour for its operations or those of its suppliers. For example, Brexit and related economic uncertainty could have an impact on TRG's results by affecting general economic conditions and consumer spending as well as leading to disruption to the supply chain, cost inflation, foreign exchange pressures or a reduction in the number of foreign-born workers.

#### *Cost base*

TRG's cost structure is comprised of food and drink costs, employment costs, rent costs and a number of other costs, and the ability to control these costs affects TRG's results. Certain costs, such as rent, business rates and

service charges, are fixed costs, while purchase costs of food and drink are variable costs that depend on the level of sales. Semi-variable costs include labour costs and certain operating costs such as repairs, maintenance and utilities.

TRG sells a large volume of food and drink annually. The food and drink producers and businesses TRG works with, and the logistics and supply chains supporting them, provide it with the raw materials it needs in order to deliver TRG's products to its customers. Accordingly, TRG's cost base and margins can be affected by fluctuations in the cost of food raw materials, food and drink products and related costs such as logistics, packaging, fuel and energy. TRG engages in regular contingency planning for potential disruptions in supply chains or changes in suppliers, and maintains redundancy in suppliers for all key product lines, with a broad range of suppliers for food, drink and non-consumables. Contracts are awarded using competitive tendering on all products to obtain the best price for the quality specification. Contracts generally last 12 months with fixed pricing for the duration, while those contracts with longer durations will typically include terms providing for price increases based on inflation or prevailing market rates. TRG seeks economies of scale advantages by buying across the combined group on appropriate product lines. In addition, TRG regularly reviews its menu offerings and recipes to make appropriate changes if necessary in order to minimise adverse effects on its profitability and food costs without detriment to quality.

Labour costs are another significant element of TRG's operating costs. The casual dining industry is labour intensive and a large component of the industry's workforce is employed on a part time basis. Minimum wage legislation largely establishes the base compensation levels for many of TRG's employees. In the 2015 budget, the UK government announced a "national living wage" for full time and part time workers over the age of 25. As of April 2018, the National Living Wage increased to £7.83 per hour. The National Living Wage will increase in increments with a target set by the UK government of reaching £9.00 per hour by 2020. An important component of an hourly employee's remuneration is gratuities and, in some restaurants, discretionary service charge. TRG's employees may receive their gratuities directly from the customer or through credit card gratuities. Increases in employment costs, whether due to market conditions or increases in mandatory minimum wages or benefits, can have a substantial effect on TRG's results, and increases in employee turnover can also result in increased recruiting expenses and reduced efficiency through lost experience. In recent periods, TRG has introduced new labour management software to improve sales forecasting and more efficient allocation of labour, with a focus on improved labour deployment at peak times.

TRG also incurs certain costs from its physical locations in the form of rent on leased property and maintenance and upkeep expenses. TRG's locations are a mix of freehold, long-term leasehold and short-leasehold locations. In general, Leisure locations are more likely to be in leased locations and, given relatively fast-changing casual dining formats, tend to have relatively higher degrees of maintenance expenditures than the rest of TRG's estate. By contrast, TRG's Pubs locations are a mix of freehold and leasehold properties and require relatively less ongoing maintenance due to the nature of the business. While most of TRG's leases are protected under the Landlord and Tenant Act 1954, which affords it the right to renegotiate lease renewals when they expire before the landlord seeks a new tenant, it may nevertheless be unable to negotiate new leases or lease extensions, either on commercially acceptable terms or at all. The inability to renew this lease or any of its other leases on commercially acceptable terms, if at all, could cause TRG to close restaurants which would impact its profitability. TRG hedges certain utility costs to provide for increased budget certainty.

Costs increase as new locations are opened, as they lead to additional requirements for labour, rent (if a leasehold property), insurance and other fixed charges such as utilities. The opening and closure of locations also has an impact on working capital levels. The opening of new sites generally results in working capital inflows, due to the fact that payments from customers (typically made in cash and credit cards) are received before amounts owed to suppliers (which are typically made on credit terms) become due. Conversely, the closure of a site generally has a negative effect on working capital because TRG no longer benefits from payments from customers, while amounts owed to suppliers remain outstanding.

### *Competition*

TRG operates in highly competitive markets and therefore its financial performance is affected by the behaviour and success of its competitors. TRG's restaurant offerings compete most directly with other restaurants in the casual dining space. More broadly, TRG's restaurant offerings compete with alternative providers of food and drink for consumers, such as international, national and local quick-serve restaurants, other casual eating and drinking establishments (such as hotels and coffee shops) and convenience stores and supermarkets. TRG's Pubs offerings compete with other providers of leisure facilities or services, ranging from other pub companies to

casual dining restaurants. Innovations in food offerings, reductions in prices, increased marketing activity or other operational improvements by TRG's competitors may negatively impact TRG's ability to attract customers, and changes in consumer trends and eating habits may favour the offering of competitors more than those of TRG. Companies in the casual dining industry continuously promote and market new meals and dining options and promotional discounts on meals (such as percentage discounts and free or discounted meal add-ons) and drinks (such as 2-for-1 cocktails and happy hours). Such competitors also offer bundled deals (such as prix fixe meal deals) to promote restaurant traffic. In recent years, TRG has taken steps to re-establish the competitiveness of its Leisure brands through significant investment in core menu pricing, a roll-out of refreshed brand look in some properties and an increase in promotional activity, such as the reintroduction of a 2-course value meal. The level of promotional initiatives depends on the performance of TRG's brands, as well as the promotional strategies of TRG's competitors and the spending trends of TRG's customers. Although the use of promotional discounts drives traffic, it can lead to a lower average spend per head, and therefore can adversely affect results if the increased traffic does not outweigh the decline in average spend per head. TRG has also rolled out new service standards training to improve customer experience in its locations; it has upgraded technology to use hand-held ordering terminals, introduced a "pay with app" functionality in April 2018 and a new real-time guest-feedback app rolled out in May 2018, each intended to better meet customer needs and improve its offering relative to competitors.

### *Regulation*

TRG operates in markets subject to comprehensive laws and regulations, including in relation to employment, minimum wage, health and safety, food hygiene, sanitation, data protection, pub licensing, alcoholic drinks control and access for the disabled. TRG must devote significant time and expense to compliance with these requirements, including through on-going training and development of its employees to respond to changes in legislation. For example, the recent implementation of the General Data Protection Regulation has required a project to ensure compliance in line with new requirements through new policies and procedures, data governance and training.

For further discussion of other certain factors that may adversely affect TRG's operations and financial condition, see the section of this document headed "Risk Factors."

### **1.3 Explanation of key profit and loss account line items**

#### *Revenue*

Revenue represents amounts received and receivable for goods provided (excluding value added tax and voluntary gratuities left by customers for the benefit of employees) and is recognised at the point of sale. Where TRG operates a Concession unit under a franchise agreement, it acts as principal in this trading arrangement. All revenue from franchise arrangements is recognised by TRG at the point of sale and licencing fees are recorded in cost of sales as the goods are sold. TRG does not act as a franchisor in any trading relationship.

#### *Cost of sales*

Cost of sales includes all operating costs for TRG's trading divisions, including cost of goods sold, employment costs, overhead costs and property-related costs, such as rent, business rates and service charges.

#### *Administration costs*

Administration costs includes but is not limited to the costs related to the head office staffing, head office bonuses, long term incentive plans and general head office expenses, including professional fees and insurance.

#### *Interest payable*

Interest payable consists of bank interest, other interest, bank fee amortisation and other interest due under finance leases.

#### *Tax on profit/(loss) from ordinary activities*

Tax on profit/(loss) from ordinary activities consists of UK corporation tax charged at the prevailing rate amended for allowable tax adjustments, including but not limited to effects of depreciation/impairment on



non-qualifying assets, Expenses/(income) not deductible for tax purposes and releases of tax provisions. For additional information, see Note 8(b) to the TRG Group's 2017 Annual Report and Accounts incorporated by reference in this document.

## 2. Results of operations

The following table summarises TRG's consolidated profit and loss account for the periods indicated:

(£ thousands)	52 weeks ended 27 December 2015	53 weeks ended 1 January 2017	52 weeks ended 31 December 2017	34 weeks ended 27 August 2017	34 weeks ended 26 August 2018
Revenue	685,381	710,712	679,282	444,328	439,398
Cost of sales	(558,491)	(717,682)	(597,876)	(392,318)	(400,251)
<b>Gross profit</b>	<b>126,890</b>	<b>(6,970)</b>	<b>81,406</b>	<b>52,010</b>	<b>39,147</b>
Administration costs	(37,999)	(40,364)	(35,960)	(26,578)	(16,644)
<b>Operating profit/(loss)</b>	<b>88,891</b>	<b>(47,334)</b>	<b>45,446</b>	<b>25,432</b>	<b>22,503</b>
Interest payable	(2,128)	(2,073)	(1,911)	(1,278)	(1,027)
Interest receivable	82	66	51	23	1
<b>Profit/(loss) on ordinary activities before tax</b>	<b>86,845</b>	<b>(49,341)</b>	<b>43,586</b>	<b>24,177</b>	<b>21,477</b>
Tax on profit/(loss) from ordinary activities	(17,959)	1,325	(10,653)	(6,039)	(5,826)
<b>Profit/(loss) for the period</b>	<b>68,886</b>	<b>(48,016)</b>	<b>32,933</b>	<b>18,138</b>	<b>15,651</b>

The following table summarises TRG's consolidated profit and loss account for the periods indicated on a Trading Business basis (which, as used in this Part VI, refers to a measure excluding Exceptional Items which it is considered would distort the comparability of the TRG Group's results) and presents for the periods indicated TRG's Adjusted EBITDA, a non-IFRS measure used to monitor TRG's financial performance alongside IFRS metrics because the TRG Directors believe it represents the underlying financial performance of the TRG Group. For additional information on non-IFRS measures such as Trading Business figures and Adjusted EBITDA, see "Presentation of Financial Information – Non-IFRS financial information".

### Summary Consolidated Statement of Profit or Loss – Trading Business

	52 weeks ended 27 December 2015 £'000	53 weeks ended 1 January 2017 £'000	52 weeks ended 31 December 2017 £'000	34 weeks ended 27 August 2017 £'000	34 weeks ended 26 August 2018 £'000
Revenue	685,381	710,712	679,282	444,328	439,398
Cost of sales	(558,491)	(598,136)	(589,490)	(383,693)	(391,807)
Gross profit	126,890	112,576	89,792	60,635	47,591
Administration costs	(37,999)	(33,420)	(31,188)	(22,340)	(16,644)
<b>Operating profit</b>	<b>88,891</b>	<b>79,156</b>	<b>58,604</b>	<b>38,295</b>	<b>30,947</b>
Net interest payable	(2,046)	(2,007)	(1,860)	(1,255)	(1,026)
<b>Profit on ordinary activities before tax</b>	<b>86,845</b>	<b>77,149</b>	<b>56,744</b>	<b>37,040</b>	<b>29,921</b>
Tax on profit on ordinary activities	(19,447)	(17,043)	(12,076)	(7,984)	(6,687)
<b>Profit for the period</b>	<b>67,398</b>	<b>60,106</b>	<b>44,668</b>	<b>29,056</b>	<b>23,234</b>
<b>Adjusted EBITDA</b>	<b>127,991</b>	<b>120,965</b>	<b>95,118</b>	<b>61,701</b>	<b>53,382</b>

#### 2.1 TRG 8 Month Interim Period 2018 compared with TRG 8 Month Interim Period 2017

##### Revenue

Revenue decreased 1.1 per cent. to £439.4 million in the TRG 8 Month Interim Period 2018 from £444.3 million in the TRG 8 Month Interim Period 2017. This was primarily a decline in like-for-like sales, driven by investments made in price and proposition across Leisure brands in 2017, as well as adverse weather conditions and the World Cup, partly offset by strong like-for-like performance from the Pubs and Concessions businesses.

### *Cost of sales*

Cost of sales increased 2.0 per cent. to £400.3 million in the TRG 8 Month Interim Period 2018 from £392.3 million in the TRG 8 Month Interim Period 2017. Cost of sales for TRG 8 Month Interim Period 2018 included an Exceptional Item of £8.4 million, while cost of sales for TRG 8 Month Interim Period 2017 included an Exceptional Item of £8.6 million, in each case related to onerous lease provisions and impairment of property, plant and equipment. For additional information on these Exceptional Items, see Note 3 to the unaudited interim results for the TRG 8 Month Interim Period 2018 set out in Part VIII (*Historical Financial Information relating to TRG*). On a Trading Business basis, cost of sales increased 2.0 per cent. to £391.8 million in TRG 8 Month Interim Period 2018 from £383.7 million in TRG 8 Month Interim Period 2017, primarily due to inflationary pressures, particularly in food and drink input costs, labour costs and utilities and occupancy costs.

### *Administration costs*

Administration costs decreased 37.4 per cent. to £16.6 million in the TRG 8 Month Interim Period 2018 from £26.6 million in the TRG 8 Month Interim Period 2017. Administration costs for TRG 8 Month Interim Period 2017 included an Exceptional Item of £4.2 million related to restructuring and strategic review costs. For additional information on this Exceptional Item, see Note 3 to the unaudited interim results for the TRG 8 Month Interim Period 2018 set out in Part VIII (*Historical Financial Information relating to TRG*). On a Trading Business basis, administration costs decreased 25.5 per cent. to £16.6 million in TRG 8 Month Interim Period 2018 from £22.3 million in TRG 8 Month Interim Period 2017, primarily due to reduced staff costs, lower head office bonuses and reduced long term incentive costs.

### *Interest payable*

Interest payable decreased 19.6 per cent. to £1.0 million in the TRG 8 Month Interim Period 2018 from £1.3 million in the TRG 8 Month Interim Period 2017. This was primarily due to a reduction in the non-cash interest cost relating to reduced onerous lease interest costs.

### *Tax on profit/loss on ordinary activities*

Tax on profit/loss on ordinary activities decreased 3.5 per cent. to £5.8 million in the TRG 8 Month Interim Period 2018 from £6.0 million in the TRG 8 Month Interim Period 2017. Tax on profit/(loss) from ordinary activities for TRG 8 Month Interim Period 2018 included a £0.9 million exceptional tax credit related to other Exceptional Items in TRG 8 Month Interim Period 2018, while Tax on profit/(loss) from ordinary activities for TRG 8 Month Interim Period 2017 included a £1.9 million exceptional tax credit related to other Exceptional Items in TRG 8 Month Interim Period 2017. For additional information on these Exceptional Items, see Note 3 to the unaudited interim results for the TRG 8 Month Interim Period 2018 set out in Part VIII (*Historical Financial Information relating to TRG*). On a Trading Business basis, Tax on profit/(loss) from ordinary activities decreased 16.2 per cent. to £6.7 million in TRG 8 Month Interim Period 2018 from £8.0 million in TRG 8 Month Interim Period 2017. This was primarily due to a reduction in profit before tax.

## **2.2 TRG FY 2017 compared with TRG FY 2016**

### *Revenue*

Revenue decreased 4.4 per cent. to £679.3 million in TRG FY 2017 from £710.7 million in TRG FY 2016. This was primarily due to a 53-week year in the comparable TRG FY 2016 and a 3.0 per cent. decline in like-for-like sales. On a 52-week versus 52-week basis, revenue declined 1.8 per cent.. The decline in like-for-like sales was due to investments made in price and proposition across TRG's Leisure brands, particularly in the second half of the year, partly offset by a strong like-for-like sales performance from the Pubs and Concessions businesses.

### *Cost of sales*

Cost of sales decreased 16.7 per cent. to £597.9 million in TRG FY 2017 from £717.7 million in TRG FY 2016. This was primarily due to the inclusion of a £119.5 million Exceptional Items derived in the comparative TRG FY 2016 attributable to exit costs from certain underperforming sites and an impairment charge in respect of certain additional sites. This was partly offset by an £8.4 million Exceptional Items in TRG FY 2017 primarily related to onerous lease provisions and an impairment charge against certain assets due to recent changes in markets. For additional information on these Exceptional Items, see Note 5 to the TRG Group's 2016 Annual Report and Accounts and Notes 1 and 6 to the TRG Group's 2017 Annual Report and Accounts, in each case

incorporated by reference in this document. On a Trading Business basis cost of sales decreased 1.4 per cent. to £589.5 million in TRG FY 2017 from £598.1 million in TRG FY 2016, primarily due to the reduction in sales and variable and semi-variable costs that are related to sales, such as cost of goods sold and labour costs, as well as a 53-week year in the comparable TRG FY 2016.

#### *Administration costs*

Administration costs decreased 10.9 per cent. to £36.0 million in TRG FY 2017 from £40.4 million in TRG FY 2016. Administration costs for TRG FY 2017 included a £4.8 million Exceptional Item, while Administration costs for TRG FY 2016 included a £6.9 million Exceptional Item, in each case, related to restructuring and strategic review costs. For additional information on these Exceptional Items, see Note 6 to the TRG Group's 2017 Annual Report and Accounts and Note 5 to the TRG Group's 2016 Annual Report and Accounts, in each case incorporated by reference in this document. On a Trading Business basis, administration costs decreased 6.7 per cent. to £31.2 million in TRG FY 2017 from £33.4 million in TRG FY 2016. This was primarily due to a 53-week year in the comparable TRG FY 2016, a reduction in central employee costs and other head office related costs partly offset by salary increases for head office employees.

#### *Interest payable*

Interest payable decreased 7.8 per cent. to £1.9 million in TRG FY 2017 from £2.1 million in TRG FY 2016. This was primarily due to a reduction in average Net Debt during TRG FY 2017.

#### *Tax on profit/(loss) from ordinary activities*

Tax on profit/(loss) from ordinary activities increased to an expense of £10.7 million in TRG FY 2017 from a credit of £1.3 million in TRG FY 2016. Tax on profit/(loss) from ordinary activities for TRG FY 2017 included a £1.4 million exceptional tax credit related to other Exceptional Items in TRG FY 2017, while Tax on profit/(loss) from ordinary activities for TRG FY 2016 included a £18.4 million exceptional tax credit related to other Exceptional Items in TRG FY 2016. For additional information on these Exceptional Items, see Notes 1 and 6 to the TRG Group's 2017 Annual Report and Accounts and Note 5 to the TRG Group's 2016 Annual Report and Accounts, in each case incorporated by reference in this document. On a Trading Business basis, Tax on profit/(loss) from ordinary activities decreased 29.1 per cent. to £12.1 million in TRG FY 2017 from £17.0 million in TRG FY 2016. This was primarily due to a reduction in profit before tax.

### **2.3 TRG FY 2016 compared with TRG FY 2015**

#### *Revenue*

Revenue increased 3.7 per cent. to £710.7 million in TRG FY 2016 from £685.4 million in TRG FY 2015. This was primarily due to a 53-week year in TRG FY 2016 compared to a 52-week year in TRG FY 2015 and a 3.9 per cent. decline in like-for-like sales as a result of weakness in the major Leisure brands, partly offset by performance in the Pubs and Concessions businesses.

#### *Cost of sales*

Cost of sales increased 28.5 per cent. to £717.7 million in TRG FY 2016 from £558.5 million in TRG FY 2015. This was primarily due to the inclusion of a £119.5 million Exceptional Item included in TRG FY 2016 attributable to exit costs from certain underperforming sites and an impairment charge respect of certain additional sites. For additional information on this Exceptional Item, see Note 5 to the TRG Group's 2016 Annual Report and Accounts, and the restatement in Note 1 to the TRG Group's 2017 Annual Report and Accounts, in each case incorporated by reference in this document. On a Trading Business basis, cost of sales increased 7.1 per cent. to £598.1 million in TRG FY 2016 from £558.5 million in TRG FY 2015, primarily due to wage rises as a result of an increase in the National Living Wage and food cost inflation as well as a 53-week year in TRG FY 2016.

#### *Administration costs*

Administration costs increased 6.2 per cent. to £40.4 million in TRG FY 2016 from £38.0 million in TRG FY 2015. Administration costs for TRG FY 2016 included a £6.9 million Exceptional Item related to restructuring and strategic review costs. For additional information on this Exceptional Item, see Note 5 to the TRG Group's

2016 Annual Report and Accounts, incorporated by reference in this document. On a Trading Business basis, Administration costs decreased 12.1 per cent. to £33.4 million in TRG FY 2016 from £38.0 million in TRG FY 2015. This was primarily due to cost saving initiatives implemented in many central support functions during the latter half of TRG FY 2016 as well as a 53-week year in TRG FY 2016.

#### *Interest payable*

Interest payable remained stable at £2.1 million in TRG FY 2016 and TRG FY 2015. Interest costs decreased partly due to a lower level of average Net Debt during the TRG FY 2016 and partly due to the annualisation of improved terms under the financing arrangements completed in June 2015, each mostly offset by an increase in non-cash interest as a result of increased onerous lease interest charges.

#### *Tax on profit/(loss) from ordinary activities*

Tax on profit/(loss) from ordinary activities decreased to a credit of £1.3 million in TRG FY 2016 from an expense of £18.0 million in TRG FY 2015. Tax on profit/(loss) from ordinary activities for TRG FY 2016 included a £18.4 million exceptional tax credit related to other Exceptional Items in TRG FY 2016, while Tax on profit/(loss) from ordinary activities for TRG FY 2015 included a £1.5 million exceptional tax credit related to a reduction in the main rate of corporate taxation in the United Kingdom. For additional information on these Exceptional Items, see Notes 1 and 6 to the TRG Group's 2017 Annual Report and Accounts, Note 5 to the TRG Group's 2016 Annual Report and Accounts and Note 7 to the TRG Group's 2015 Annual Report and Accounts, in each case incorporated by reference in this document. On a Trading Business basis, Tax on profit/(loss) from ordinary activities decreased 12.4 per cent. to £17.0 million in TRG FY 2016 from £19.4 million in TRG FY 2015. This was primarily due to a reduction in profit before tax.

### **3. Capitalisation and indebtedness**

#### **3.1 Capitalisation and indebtedness**

The following table shows the capitalisation and indebtedness of the TRG Group as at 26 August 2018 which has been extracted without material adjustment from the unaudited interim results for the TRG 8 Month Interim Period 2018 set out in Part VIII (*Historical Financial Information relating to TRG*). The following tables do not reflect the significant impact that the Transaction will have on TRG or developments subsequent to 26 August 2018.

<u>(£ thousands)</u>	<u>As at 26 August 2018</u>
<b>Total current debt</b>	
Guaranteed . . . . .	—
Secured . . . . .	—
Unguaranteed and unsecured (including finance leases) . . .	<u>(164)</u>
<b>Total current indebtedness . . . . .</b>	<b><u>(164)</u></b>
<b>Total non-current debt</b>	
<b>Secured:</b>	
<b>Guaranteed/unsecured:</b>	
TRG Existing Revolving Credit Facility <sup>(1)</sup> . . . . .	(35,437)
<b>Unguaranteed/unsecured:</b>	
Unguaranteed / unsecured (including finance leases) . . . . .	<u>(2,470)</u>
<b>Total non-current indebtedness . . . . .</b>	<b><u>(38,071)</u></b>

- (1) Non-current debt in respect of the TRG Existing Revolving Credit Facility is presented net of fees. On a gross basis, the balance of indebtedness outstanding as at 26 August 2018 was £36.0 million.

<u>(£ thousands)</u>	<u>As at 26 August 2018</u>
<b>Shareholder equity</b>	
Share capital .....	56,551
Share premium .....	25,554
Other reserve <sup>(1)</sup> .....	(7,139)
<b>Total equity (excluding retained reserves) .....</b>	<u>74,966</u>
<b>Total capitalisation: .....</b>	<u>36,895</u>

- (1) Other reserves represents TRG Group's share-based payment transactions and the shares held by the employee benefit trust.

Since 26 August 2018, the total non-current indebtedness of the TRG Group has increased to £76.1 million as at 28 October 2018, primarily as a result of borrowings under the TRG Existing Revolving Credit Facility. Proceeds of these borrowings have been used to complete the Food & Fuel Limited acquisition, fund the interim dividend to TRG's Shareholders paid on 11 October 2018, together with a quarterly corporation tax payment and quarterly VAT return and for general business purposes. For additional discussion of TRG's dividend policy, see Section 9 of Part I (*Letter from the Chairman*).

### 3.2 Net indebtedness

The following table sets forth components of the TRG Group's net financial indebtedness as at 26 August 2018. The statement of indebtedness is unaudited and has been extracted from the unaudited interim results for the TRG 8 Month Interim Period 2018 set out in Part VIII (*Historical Financial Information relating to TRG*). The following tables do not reflect the significant impact that the Transaction will have on TRG or developments subsequent to 26 August 2018.

<u>(£ thousands)</u>	<u>As at 26 August 2018</u>
Cash and cash equivalents .....	16,286
Bank overdrafts .....	—
Liquidity .....	16,286
<b>Current:</b>	
Finance leases .....	(164)
<b>Non-current:</b>	
Finance leases .....	(2,470)
Borrowings .....	(35,437)
Derivative assets associated with borrowings .....	—
Derivative liabilities associated with borrowings .....	—
<b>Net indebtedness .....</b>	<u>(21,785)</u>

As at 26 August 2018, the TRG Group does not have indirect or contingent indebtedness.

## 4. Liquidity and capital resources

### 4.1 Overview

TRG's principal sources of liquidity used to finance its capital requirements have been a combination of cash on hand, cash generated from operations and the TRG Existing Revolving Credit Facility which is due to mature in June 2020. Under the terms of the TRG Existing Revolving Credit Facility, TRG is required to comply with its financing covenants whereby net finance charges must be covered at least 4 times by earnings before interest, tax, depreciation and Exceptional Items (**EBITDA**) and Net Debt must not exceed 3 times EBITDA. The margin (on interest rates) applied to the TRG Existing Revolving Credit Facility is dependent on the ratio of Net Debt to EBITDA. The banking facility covenants are tested twice a year and are monitored on a regular basis. TRG remained within its banking facility covenant limits throughout TRG FY 2017 and through the TRG 8 Month Interim Period 2018. TRG also utilises a repayable on demand overdraft facility which it uses to manage its day-to-day working capital requirements.

In connection with the Transaction, the TRG Existing Revolving Credit Facility is expected to be refinanced. Going forward, TRG's principal source of liquidity will be the Enlarged Group's cash on hand, cash generated from operations and available credit facilities, including the Debt Facility provided as part of the Debt Financing. For additional information on the Debt Financing, see Section 6.1(E) of Part XIII (*Additional Information*) of this document. Additionally, TRG expects that the Wagamama Notes will remain outstanding immediately following Completion, although it may seek to redeem the Wagamama Notes thereafter. In this regard, TRG expects to continue to evaluate the liquidity needs and capital structure of the Enlarged Group following Completion.

#### 4.2 Consolidated cash flow

The following table summarises TRG's consolidated cash flow statement for the TRG 8 Month Interim Period 2018 and TRG FY 2015, TRG FY 2016 and TRG FY 2017. The figures for TRG FY 2016 below are restated amounts as shown in the comparative column for the consolidated cash flow statement for TRG FY 2017, other than net cash flows from operating activities and net cash flows from financing activities, which have been further reclassified in the comparative column for the consolidated cash flow statement for TRG H1 2018. For additional information on these reclassifications, see Note 1 to the TRG Group's 2017 Annual Report and Accounts and Note 14 to the TRG Group's 2018 Interim Report, in each case incorporated by reference in this document.

<b>(£ thousands)</b>	<b>52 weeks ended 27 December 2015</b>	<b>53 weeks ended 1 January 2017</b>	<b>52 weeks ended 31 December 2017</b>	<b>34 weeks ended 27 August 2017</b>	<b>34 weeks ended 26 August 2018</b>
Interest paid .....	(1,125)	(865)	(751)	(367)	(445)
Tax paid .....	(17,644)	(16,223)	(7,068)	(4,732)	(4,963)
Net cash flows from operating activities* .....	115,276	98,382	80,736	58,746	48,527
Purchase of property, plant and equipment .....	(72,914)	(65,280)	(39,275)	(27,548)	(23,693)
Net cash flows used in investing activities .....	(72,664)	(63,061)	(38,447)	(27,548)	(24,504)
Net cash flows used in financing activities* .....	(41,347)	(27,898)	(42,246)	(26,492)	(17,348)
Net increase in cash and cash equivalents .....	1,265	7,423	43	4,706	6,675

\* Net cash flows from operating activities and net cash flows used in investing activities have been restated from the TRG Group's 2016 Annual Report and Accounts and the TRG Group's 2017 Annual Report and Accounts. These restatements follow the review of the classification of net cash flows relating to Exceptional Items, with TRG determining such items are more appropriately classified as operating cash flows. Certain payments in respect of finance leases have also been reclassified from net cash flows used in operating activities to be disclosed within net cash flows used in financing activities. For additional information on this restatement, see Note 14 to the TRG Group's 2018 Interim Report incorporated by reference in this document. Certain amounts within net cash flows from operating activities were reclassified in the TRG Group's 2016 Annual Report and Accounts, from that disclosed within the TRG Group's 2015 Annual Report and Accounts, and classified within net cash flows from investing activities in relation to the purchase of property, plant and equipment

#### *Net cash flows from operating activities*

Net cash flows from operating activities decreased 17.4 per cent. to £48.5 million in the TRG 8 Month Interim Period 2018 from £58.7 million in the TRG 8 Month Interim Period 2017. This was primarily due to a reduction in cash generated from operations (particularly in Leisure locations), a reduction in working capital being partly offset by reduction in administration costs.

Net cash flows from operating activities decreased 17.9 per cent. to £80.7 million in TRG FY 2017 from £98.4 million in TRG FY 2016. This was primarily due to a reduction in the cash generated from operations (particularly in Leisure locations), a cash outflow from exceptional onerous lease and restructuring costs partly offset by lower taxes paid in the period.

Net cash flows from operating activities decreased 14.7 per cent. to £98.4 million in TRG FY 2016 from £115.3 million in TRG FY 2015. This was primarily due to a reduction in cash generated from operations (particularly in Leisure locations) and a cash outflow relating to Exceptional Items.

#### *Net cash flows used in investing activities*

Net cash flows used in investing activities decreased 11.0 per cent. to £24.5 million in the TRG 8 Month Interim Period 2018 from £27.5 million in the TRG 8 Month Interim Period 2017. This was primarily due to increased expenditure on property, plant and equipment and the acquisition of Ribble Valley Inns Limited.

Net cash flows used in investing activities decreased 39.0 per cent. to an outflow of £38.4 million in TRG FY 2017 from an outflow of £63.1 million in TRG FY 2016. This was primarily due to a reduction in expenditure on property, plant and equipment as a result of a decrease of maintenance and refurbishments expenditures to £14.9 million (from £26.2 million in TRG FY 2016) as a result of one-off spending in the comparable prior period and the rephasing of certain major refurbishment projects into 2018, as well as a decrease in new site expenditure to £18.4 million (from £28.8 million in TRG FY 2016) reflecting the lower number of new site openings in TRG FY 2017.

Net cash flows used in investing activities decreased 13.2 per cent. to an outflow of £63.1 million in TRG FY 2016 from an outflow of £72.7 million in TRG FY 2015. This was due to an increase in maintenance and refurbishments expenditure to £26.2 million (from £19.7m in TRG FY 2015) offset by a decrease in development expenditure to £28.8 million (from £55.1 million in TRG FY 2015) and a cash inflow of £2.2 million from the disposal of property, plant and equipment.

#### *Net cash flows used in financing activities*

Net cash flows used in financing activities decreased 34.5 per cent. to £17.3 million in the TRG 8 Month Interim Period 2018 from £26.5 million in the TRG 8 Month Interim Period 2017. This was primarily due to a drawdown of £4.0 million from the outstanding revolving credit facility in TRG 8 Month Interim Period 2018 compared against a repayment of £5.0 million in the TRG 8 Month Interim Period 2017.

Net cash flows used in financing activities increased 51.4 per cent. to an outflow of £42.2 million in TRG FY 2017 from an outflow of £27.9 million in TRG FY 2016. This was primarily due to a decrease in the utilisation of loans under the outstanding revolving credit facility.

Net cash flows used in financing activities decreased 32.5 per cent. to an outflow of £27.9 million in TRG FY 2016 from an outflow of £41.3 million in TRG FY 2015. This was primarily due to a drawdown of £7.0 million from the outstanding credit facility in TRG FY 2016 compared against a repayment of £8.0 million in TRG FY 2015.

### **4.3 Capital expenditures**

TRG's investments in capital expenditures decreased 14.0 per cent. to £23.7 million in the TRG 8 Month Interim Period 2018 from £27.5 million in the TRG 8 Month Interim Period 2017. This was primarily due to a reduction in expenditure in development expenditure to £11.3m in TRG 8 Month Interim Period 2018 from £16.8m in TRG 8 Month Interim Period 2017.

TRG's investments in capital expenditures decreased 39.8 per cent. to £39.2 million in TRG FY 2017 from £65.3 million in TRG FY 2015. This was primarily due to a decrease of maintenance and refurbishments expenditures to £14.9 million (from £26.2 million in TRG FY 2016) as a result of one-off spend in the comparable prior period and the rephasing of certain major refurbishment projects into 2018, as well as a decrease in new site expenditure to £18.4 million (from £28.8 million in TRG FY 2016) reflecting the lower number of new site openings in TRG FY 2017.

TRG's investments in capital expenditures decreased 10.5 per cent. to £65.3 million in TRG FY 2016 from £72.9 million in TRG FY 2015. This was primarily due to a decrease to £28.8 million of new site development expenditure (from £55.1 million in TRG FY 2015) as a result of opening 24 new sites rather than 44 new sites in the comparable period. Maintenance and refurbishment expenditures increased to £26.2 million from £19.7 million, as a result of a one-off £7.0 million spent on a Frankie & Benny's bar reduction program.

The table below summarises the number of locations as at 26 August 2018 and the end of each of TRG FY 2015, TRG FY 2016 and TRG FY 2017.

	<u>As at 27 December 2015</u>	<u>As at 1 January 2017</u>	<u>As at 31 December 2017</u>	<u>As at 26 August 2018</u>
Frankie & Benny's .....	261	258	259	258
Chiquito .....	86	79	85	85
Coast to Coast .....	21	21	18	14
Garfunkel's .....	13	8	8	8
Filling Station .....	7	7	7	7
Firejacks .....	—	—	1	5
Joe's Kitchen .....	3	4	4	4
Pub restaurants .....	54	57	60	66 <sup>(1)</sup>
Concessions .....	<u>61</u>	<u>59</u>	<u>55</u>	<u>64</u>
<b>Total</b> .....	<u><u>506</u></u>	<u><u>493</u></u>	<u><u>497</u></u>	<u><u>511</u></u>

(1) Does not include the 11 pubs acquired from Food & Fuel Limited on 29 August 2018.

#### 4.4 Contractual and other obligations

##### Financial liabilities

The financial liabilities of TRG, all of which are classified as other financial liabilities at amortised cost, comprise, as at the end of the Financial Year ended 31 December 2017 and as at the end of the TRG 8 Month Interim Period 2018:

<u>(£ thousands)</u>	<u>As at 31 December 2017</u>	<u>As at 26 August 2018</u>
Trade and other payables .....	102,621	109,464
Finance lease payable .....	164	164
<b>Short-term financial liabilities</b> .....	<b>102,785</b>	<b>109,628</b>
Long-term borrowings—at floating interest rates <sup>(1)</sup> .....	32,000	36,000
Bank fees .....	(777)	(563)
Finance lease payable .....	2,548	2,470
<b>Long-term financial liabilities</b> .....	<b>33,771</b>	<b>37,907</b>
<b>Total financial liabilities</b> .....	<b>136,556</b>	<b>147,535</b>

(1) Total financial liabilities attracting interest were £32.0 million as at December 31, 2017 and £36.0 million as at August 26, 2018. Interest is payable at floating interest rates which fluctuate and are dependent on LIBOR and base rate. The average rate of interest charged during TRG FY 2017 on TRG's debt was 2.22 per cent. and in the TRG 8 Month Interim Period 2018 was 2.04 per cent.

At 31 December 2017, TRG had £108.0 million of committed borrowing facilities in excess of gross borrowings and £10.0 million of undrawn overdraft. At 26 August 2018 TRG had £104.0 million of committed borrowing facilities in excess of gross borrowings and £10.0 million of undrawn overdraft.



The maturity profile of anticipated gross future cash flows, including interest, relating to TRG's non-derivative financial liabilities, on an undiscounted basis, are set out below:

<b>As at 31 December 2017</b>				
<u>(£ thousands)</u>	<u>Trade and other payables</u>	<u>Floating rate loan</u>	<u>Finance lease payable</u>	<u>Total</u>
Within 1 year . . . . .	102,621	669	164	103,454
Within 2 to 5 years . . . . .	—	33,204	658	33,862
After 5 years . . . . .	—	—	8,140	8,140
<b>Total</b> . . . . .	<b><u>102,621</u></b>	<b><u>33,873</u></b>	<b><u>8,962</u></b>	<b><u>145,456</u></b>

  

<b>As at 26 August 2018</b>				
Within 1 year . . . . .	109,464	827	164	110,455
Within 2 to 5 years . . . . .	—	36,722	658	37,380
After 5 years . . . . .	—	—	8,032	8,032
<b>Total</b> . . . . .	<b><u>109,464</u></b>	<b><u>37,549</u></b>	<b><u>8,854</u></b>	<b><u>155,867</u></b>

*Lease commitments*

Future lease payments in respect of finance leases are due as follows:

<u>(£ thousands)</u>	<u>Minimum lease payments</u>		<u>Present value of minimum lease payments</u>	
	<u>As at 31 December 2017</u>	<u>As at 26 August 2018</u>	<u>As at 31 December 2017</u>	<u>As at 26 August 2018</u>
Within 1 year . . . . .	164	164	164	164
Within 2 to 5 years . . . . .	658	658	627	626
After 5 years . . . . .	<u>8,140</u>	<u>8,032</u>	<u>1,921</u>	<u>1,844</u>
	8,962	8,854		
Less: future interest payments . . . . .	<u>(6,250)</u>	<u>(6,220)</u>		
Present value of lease obligations . . . . .	<u>2,712</u>	<u>2,634</u>	<u>2,712</u>	<u>2,634</u>
Analysed as:				
Amount due for settlement within 1 year . . . . .			164	164
Amount due for settlement after 1 year . . . . .			2,548	2,470
Present value of lease obligations . . . . .			<u>2,712</u>	<u>2,634</u>

Lease commitments are in respect of property leases where the initial term of the lease is in excess of 25 years and the conditions of the lease are in keeping with a finance lease. There are no finance leases where TRG itself is the lessor. The interest rate applied in calculating the present value of the payments is the incremental borrowing cost of TRG in relation to each lease.

The total future minimum rentals payable and receivable under operating leases over the remaining lives of the leases are:

<u>(£ thousands)</u>	<u>As at 31 December 2017</u>		<u>As at 26 August 2018</u>	
	<u>Payable</u>	<u>Receivable</u>	<u>Payable</u>	<u>Receivable</u>
Payments due:				
Within 1 year . . . . .	73,606	2,037	72,067	2,026
Within 2 to 5 years . . . . .	263,256	6,499	253,738	5,593
After 5 years . . . . .	<u>512,931</u>	<u>17,312</u>	<u>508,120</u>	<u>11,936</u>
	849,793	25,848	833,925	19,555

TRG has entered into a number of property leases on standard commercial terms, both as lessee and lessor. There are no restrictions imposed by TRG's operating lease arrangements, either in the current or prior year.

Included within the minimum rentals are amounts payable on properties where the rental payment is based on turnover. For these properties, primarily in TRG's Concessions business, the amount included above is the minimum guaranteed rent as detailed in the concession agreement.

## 5. Off balance sheet arrangements

TRG does not have any off balance sheet arrangements.

## 6. Qualitative and quantitative disclosures about market risk

### *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to TRG.

Counterparties for cash balances are large established financial institutions. TRG is exposed to credit related losses in the event of non-performance by the financial institutions but does not expect them to fail to meet their obligations.

As a retail business with trading receipts settled either by cash or credit and debit cards, there is very limited exposure from customer transactions. TRG is exposed to credit risk in respect of commercial discounts receivable from suppliers but TRG's directors believe adequate provision has been made in respect of doubtful debts and there are no material amounts past due that have not been provided against. Receivables that are neither past due nor impaired are expected to be fully recoverable.

TRG has an outstanding long-term receivable of £2.9 million from Black House Newco Limited (formerly BH Restaurants Limited), arising from a previous divestment. As a result of a detailed trading review of the business, TRG's board made full provision against the loan note due within the financial year ended 2014 (further details are provided in Note 14 to TRG's consolidated financial statements for TRG FY 2017 incorporated by reference into this document). On 24 October 2018 the TRG Group received £350,000 for the sale of all its loan notes in Blackhouse Newco Limited to certain managers within the Blackhouse group. This amount will be recognised in the TRG Group's income statement for the period ended 30 December 2018, given the full receivable balance of £2.9 million was fully provided for in prior years.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represent TRG's maximum exposure to credit risk. The financial assets of TRG, all of which are classified as loans and receivables at amortised cost, comprise:

<u>(£ thousands)</u>	<u>As at 31 December 2017</u>	<u>As at 26 August 2018</u>
Cash and cash equivalents . . . . .	9,611	16,286
Other receivables . . . . .	<u>14,949</u>	<u>18,361</u>
<b>Total financial assets</b> . . . . .	<u><u>24,560</u></u>	<u><u>34,647</u></u>

### *Liquidity risk*

TRG's liquidity risk is managed through the maintenance of adequate cash reserves and bank facilities by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Prior to the Transaction, the TRG Existing Revolving Credit Facility, which is due to mature in June 2020 (as disclosed above and set out in Note (a) to TRG Group's 2017 Annual Report and Accounts incorporated by reference into this document) ensures continuity of funding, provided TRG continues to meet its covenant requirements (including maintaining a required Net Debt to EBITDA ratio and EBITDA to net finance charge ratio). In connection with the Transaction, the TRG Existing Revolving Credit Facility is expected to be refinanced.

Following the Transaction, continuity of funding is expected to be provided by the Wagamama Notes, which TRG expects will remain outstanding immediately following Completion but which may be redeemed thereafter, and the Debt Facility provided as part of the Debt Financing. For additional information on the Wagamama Notes, see Section 4 of Part VII (*Operating and Financial Review of Wagamama*) of this document. For additional information on the Debt Financing, see Section 6.1(E) of Part XIII (*Additional Information*) of this document.

### *Foreign currency risk*

TRG is indirectly exposed to changes in foreign currency rates through its supply chain and does not use foreign exchange forward contracts.

### *Interest rate risk*

Exposure to interest rate movements has been controlled historically through the use of floating rate debt and interest rate swaps to achieve a balanced interest rate profile. TRG does not currently have any interest rate swaps in place as the continued reduction in the level of debt combined with current market conditions results in a low level of exposure. TRG's exposure will continue to be monitored and the use of interest rate swaps may be considered in the future.

On TRG FY 2017 results, net interest was covered 65.6 times by earnings before interest, tax, depreciation and Exceptional Items. Based on debt and earnings for TRG FY 2017, a 1 per cent. rise in interest rates would reduce interest cover to 53.5 times.

## **7. Significant accounting policies and critical accounting estimates and assumptions**

TRG's consolidated financial statements which comprise the consolidated balance sheets as at 31 December 2017, 1 January 2017, and 27 December 2015 and related consolidated statements of income, changes in equity, and cash flows for the 52 weeks ended 31 December 2017, the 53 weeks ended 1 January 2017 and the 52 weeks ended 27 December 2015 and the condensed set of financial statements in the half yearly financial report at 1 July 2018 have been prepared in accordance with IFRS. The preparation of these financial statements requires TRG to make various estimates and assumptions that affect the reported results. Such estimates or assumptions are based on TRG's historical experience and currently available information, including expectations of future events that it believes are reasonable under the circumstances. Actual results may differ significantly from such estimates and assumptions in light of the uncertainty surrounding the conditions upon which they are based. There are certain significant accounting policies determined on the basis of such estimates and assumptions for which changes during a financial period could involve a significant risk of material change in the carrying amount of assets and liabilities. A list of critical accounting judgments and estimation uncertainty is included in Note 1 to TRG's consolidated financial statements for TRG FY 2017 incorporated by reference into this document. These accounting policies applied during the TRG 8 Month Interim Period 2018 covered by this operating and financial review.

## **PART VII OPERATING AND FINANCIAL REVIEW OF WAGAMAMA**

*The following review of Wagamama's financial condition and operating results should be read in conjunction with the historical financial information on Wagamama and the notes related thereto set out in Part IX (Historical Financial Information relating to Wagamama) and the other financial information included elsewhere in this document. Except as otherwise stated, the information in this Part VII has been extracted without material adjustment from Wagamama's accounts as of and for Wagamama FY 2016, as of and for Wagamama FY 2017, and as of and for Wagamama FY 2018 and the unaudited interim results as of and for the Wagamama Interim Period 2018 (including the unaudited interim results for the comparable Wagamama Interim Period 2017), in each case set out in Part IX (Historical Financial Information relating to Wagamama). Accordingly, the discussion and analysis of historical periods does not reflect the significant impact that the Transaction will have on Wagamama.*

*The historical financial information has been prepared in accordance with IFRS. The consolidated financial statements of Wagamama for Wagamama FY 2016, Wagamama FY 2017, Wagamama FY 2018, the Wagamama Interim Period 2018 and Wagamama Interim Period 2017 were originally prepared in accordance with UK GAAP, including Financial Reporting Standard 102. For an analysis of the main adjustments and reclassifications between UK GAAP and IFRS, please see Note 26 to the consolidated financial statements of Wagamama set out in Part IX (Historical Financial Information relating to Wagamama).*

*Some of the information in the review below and elsewhere in this document includes forward-looking statements based on current expectations that involve risks and uncertainties. See "Forward-Looking Statements" on page 38 of this document for a discussion of important factors that could cause actual results to differ materially from the results described in the forward-looking statements contained in this document.*

### **1. Overview**

The Wagamama Group operates a market leading chain of popular restaurants offering fresh, fast-cooked pan-Asian inspired cuisine under its trading brand, "wagamama". As at 19 August 2018, Wagamama's restaurant portfolio comprised 138 directly-operated restaurants in the UK and the US and 58 franchised restaurants internationally, principally in continental Europe, the Middle East and New Zealand.

#### **1.1 Key factors affecting comparability**

##### *Restaurant openings*

A significant portion of the growth of Wagamama's revenue during the periods under review is attributable to revenue from newly opened restaurants. Wagamama plans to continue to open new directly-operated restaurants in the UK and the United States, where it believes there is opportunity for growth and to open new franchise restaurants in countries where it believes there is an opportunity for profitable expansion.

Wagamama opened 10, 10 and 9 new directly-operated restaurants in Wagamama FY 2016, Wagamama FY 2017 and Wagamama FY 2018, respectively and 4 new directly-operated restaurants in the Wagamama Interim Period 2018. Wagamama opened 2 new restaurants in the United States in Wagamama FY 2018, including 1 restaurant in Boston, and 7 new restaurants throughout the UK. Some of these openings have been replacements for existing restaurants where preferred locations have become available. Wagamama opened 4 new restaurants in the UK in the Wagamama Interim Period 2018. In the next 12 months, Wagamama expects to open 4 to 5 new restaurants in the UK as well as 2 new restaurants in the United States.

The table below shows the number of directly-operated and franchised restaurants as at the following dates:

	As at 24 April 2016	As at 23 April 2017	As at 29 April 2018	As at 19 August 2018
Directly-operated restaurants <sup>(1)</sup> .....	124	128	135	138
<i>United Kingdom restaurants</i> .....	120	124	130	133
<i>United States restaurants</i> .....	4	4	5	5
<i>Directly-operated restaurant openings during the     period</i> .....	10	10	9	4
<i>Directly-operated restaurants closures during the     period</i> <sup>(2)</sup> .....	(1)	(6)	(2)	(1)
Franchised <sup>(3)</sup> .....	<u>35</u>	<u>44</u>	<u>56</u>	<u>58</u>
<b>Total</b> .....	<u>159</u>	<u>172</u>	<u>191</u>	<u>196</u>

- (1) Directly-operated restaurants include all of Wagamama's restaurants in the UK and the United States.
- (2) The closures in Wagamama FY 2016, Wagamama FY 2017, Wagamama FY 2018 and for the Wagamama Interim Period 2018 were due to 1 relocation, closure of certain low profit locations and the expiration of certain leases.
- (3) Franchise restaurants as at 24 April 2016 were located in Belgium, Greece, Ireland, Malta, The Netherlands, Northern Ireland, Denmark, Sweden, Switzerland, Cyprus, Slovakia, Turkey, Qatar, United Arab Emirates, Bahrain, New Zealand. As at 23 April 2017, no franchise restaurants were located in Switzerland, while franchise restaurant locations were added in Gibraltar, Saudi Arabia, Bulgaria and Spain. As at 29 April 2018, franchise restaurant locations were added in Italy and Oman. As at 19 August 2018, franchise restaurant locations were added in Norway.

#### *Financial periods*

Wagamama typically has 4 accounting periods each financial year, with the first such accounting period lasting 16 weeks. Each accounting period ends on a Sunday and the financial year of the business ends on the Sunday nearest to April 30. Each of Wagamama FY 2016 and Wagamama FY 2017 was a 52 week period while Wagamama FY 2018 was a 53-week period, which may impact the comparability of Wagamama's results.

#### *Seasonality*

Wagamama has limited seasonality in sales with all periods contributing somewhat evenly to the total year performance, except that the half term holiday, Christmas and Easter periods contribute slightly more on average.

### **1.2 Key trends and factors affecting Wagamama's results of operations and financial condition**

Factors affecting Wagamama's results of operations and financial condition include:

#### *Like-for-like sales growth*

Wagamama defines like-for-like sales as sales from UK and/or US restaurants that traded for at least 17 full 4 week periods. Restaurants are included on a rolling basis as each new restaurant is included in the like-for-like comparison once it has traded for 17 full 4 week periods. Any week in which a restaurant did not have revenue and the preceding and following week are excluded both in the period considered and in the comparative period. Like-for-like sales growth for Wagamama FY 2016 and Wagamama FY 2017 are based on a 52 week period, respectively, and Wagamama FY 2018 is based on a 53 week period. See "Key factors affecting comparability—Financial periods." Like-for-like sales growth is affected by footfall, the number of customers Wagamama serves during a given period, and by the average spend per head of each customer. The key drivers of average spend per head include (i) the number of products per ticket, (ii) overall product mix and (iii) product pricing. There is no accounting standard or consistent definition of like-for-like sales across the industry, and performance included in Wagamama's calculation of like-for-like sales may not necessarily have been counted using TRG's definition of such term. For example, TRG requires a longer period of operation to be included in like-for-like sales than the 17 full 4-week periods used by Wagamama.

#### *General economic conditions and trends in consumer spending*

Results of operations and financial condition are strongly impacted by general economic developments in the UK, where Wagamama generated 96.9 per cent. and 96.6 per cent. of directly-operated revenue for the

Wagamama FY 2017 and the Wagamama FY 2018, respectively, that affect consumer spending generally, as well as specific factors that affect consumer demand for casual dining experiences. General economic factors affecting consumer spending on casual dining include macroeconomic conditions, unemployment levels, consumer confidence and levels of discretionary income. A change in these factors encourages consumers to adopt a more considered approach to discretionary spending, and consumers may not dine out, preferring to prepare food at home, or may be more likely to comparison shop for the best promotional deals from restaurants, which can reduce footfall at Wagamama restaurants and average spend per head (as Wagamama typically does not rely on discounting to drive traffic to its restaurants). For example, the potential impacts of Brexit or the uncertainty relating to Brexit could negatively affect consumer confidence and potentially reduce consumer spending. Additionally, consumer price inflation in the UK recently started to outpace wage growth, which could lead to lower spending by consumers.

Similar trends affect revenue in restaurants in Wagamama's international markets. However, there is a lesser degree of exposure to such trends, as only 3.1 per cent. and 3.4 per cent. of revenue arose from directly-operated US restaurants and international franchised restaurants in Wagamama FY 2017 and Wagamama FY 2018, respectively. In Wagamama FY 2018, US directly-operated restaurants generated a revenue of £10.3 million and Wagamama generated £3.1 million revenue from international franchising restaurants.

#### *Food and drink costs*

Wagamama sources a wide range of ingredients, including meat, fresh produce and noodles to create its meals. Many of the ingredients it uses in its preparation processes are commodities and are subject to price volatility.

Wagamama seeks to optimise spending on ingredients and reduce its exposure to price fluctuations through a variety of measures, including regular review of supply contracts, fixed price contracts, negotiation of cost savings, which Wagamama is able to undertake as a result of its scale and long term relationships with suppliers and the expansion of its central kitchen operation over time to provide for a more cost effective use of preparation time and ingredients. In addition, Wagamama continuously reviews its specifications, menu offerings and recipes to make appropriate changes if necessary in order to minimise adverse effect on its profitability and food costs without detriment to quality.

Wagamama has long term relationships with most suppliers, whilst also entering into a mix of short term and long term contracts, depending on market outlook and type of product. Prices are generally fixed for the duration of the contractual terms subject to certain exceptions such as "force majeure". Euro and US dollar denominated ingredients are hedged on Wagamama's behalf by its suppliers and are invoiced in pounds sterling, mitigating exposure to exchange rate fluctuations.

Supply and price of ingredients are also subject to market conditions and are influenced by other factors beyond Wagamama's control, such as general economic conditions, unanticipated demand, problems in production or distribution, natural disasters, weather conditions during the growing and harvesting seasons, and plant and livestock diseases. Such factors limit Wagamama's ability to avoid the adverse effects of a pronounced, sustained price increase; however, historically, Wagamama's suppliers have worked with it to avoid such substantial price increases.

#### *Labour costs*

The casual dining industry is labour intensive and known for having a high level of employee turnover given low hourly wages and the part time composition of the workforce. There is a consistent need to find new staff which creates an additional cost.

Labour costs consist primarily of direct staff employed at individual restaurants (hourly paid staff plus managers and supervisors). Hourly paid staff costs are largely variable in nature and can be managed based on expected customers in the restaurant, while the cost of managers and supervisors and a portion of hourly paid staff costs represent fixed costs. An important component of an hourly employee's wage is tips of which the employee receives 100 per cent. of without any administrative deduction by Wagamama. Since employees receive their tips directly from the customer, this is not a component of Wagamama's labour cost.

As a proportion of total cost of sales, labour costs have increased over time as compared to Wagamama's other significant cost driver, food and drinks costs, which have reduced due to efficiency gains resulting from its expanded operations at Wagamama's central kitchen and the consequent reduction in food costs. There has also been some increase in labour costs as a percent of revenue.

In the 2015 budget, the UK government announced a “national living wage” for full time and part time workers over the age of 25. As of April 2018, the National Living Wage increased to £7.83 per hour. The National Living Wage will increase in increments with a target set by the UK government of reaching £9.00 per hour by 2020.

Wagamama continually looks for efficiencies in this area to mitigate the inflationary pressure and have limited the increases as a result of actions to drive sales growth in the restaurants and with the use of systems to optimise labour deployment by day and day part. Wagamama also uses the strength of its brand and initiatives to retain staff and avoid the costs of recruitment and training. For example, during the Wagamama Interim Period 2018 Wagamama achieved its lowest ever level of team turnover as a result of investment in team training and development opportunities.

Brexit, however, has brought new uncertainty and it is unclear at this stage what further impact Brexit will have on the size of the labour pool available and its ability to retain employees who are not British citizens (which comprised approximately 59 per cent. of Wagamama’s workforce in the UK as at 21 September 2018). It is not clear at this stage what impact Brexit will have on wage and labour costs.

#### *Leases*

Wagamama’s portfolio contains 138 directly-operated restaurant sites, comprising 133 directly-operated restaurant sites in the UK and 5 directly-operated restaurant sites in the United States, in each case as at 19 August 2018. All such restaurant sites are leasehold, save for airport sites which are occupied under retail concession agreements. Wagamama generally seeks to secure property leases for terms of 15 to 25 years in the UK and 10 to 15 years in the United States, and leases generally provide for rent review periods every 5 years over the full term of the lease. While in the UK, under the Landlord and Tenant Act 1954, Wagamama has the right to renegotiate a significant portion of its lease renewals when they expire before the landlord seeks a new tenant, it may nevertheless be unable to negotiate new leases or lease extensions, either on commercially acceptable terms or at all. The inability to renew any of its leases on commercially acceptable terms, if at all, could cause Wagamama to close restaurants which would impact its profitability. In addition, Wagamama’s estate costs will increase as a result of the revaluation of business rates.

Increases in property costs occur when Wagamama opens new restaurants. Bringing new restaurants into service also has the effect of increasing restaurant overhead more broadly with additional rent, insurance and other fixed charges.

#### *Regulation*

Wagamama operates in a line of business subject to comprehensive laws and regulations, including in relation to employment, minimum wage, health and safety, food hygiene, sanitation, data protection, alcoholic drinks control and access for the disabled. Wagamama is also subject to various regulations governing the offer and sale of franchises and aspects of the licensor-licensee relationship. Wagamama is subject to various local, national and international laws and regulations regarding the foregoing, depending on the jurisdiction of the location, and Wagamama must devote significant time and expense to compliance with these requirements, including through on-going training and development of its employees to respond to changes in legislation. For example, the recent implementation of the General Data Protection Regulation has required a project to ensure compliance in line with new requirements through new policies and procedures, data governance and training.

For further discussion of other certain factors that may adversely affect Wagamama’s operations and financial condition, see the section of this document headed “Risk Factors.”

### ***1.3 Explanation of key profit and loss account line items***

#### *Revenue*

Revenue represents sales of food and drink and franchise fees, all excluding value added tax. Turnover of restaurant services is recognised when the goods have been provided. Franchise fees comprise on-going royalties based on the sales results of the franchisee and up front initial site and territory fees. Royalty revenue is accrued in line with reported sales performance once revenue can be reliably measured. Up-front initial site and territory fees are deferred and recognised on opening of the associated franchisee restaurant or restaurants.

#### *Cost of sales*

Cost of sales includes all operating costs for Wagamama’s locations, including cost of goods sold, employment costs, overhead costs and property-related costs, such as rent, business rates and service charges.

### *Administration costs*

Administration costs includes but is not limited to the costs related to the head office staffing, head office bonuses, long term incentive plans and general head office expenses, including professional fees and insurance.

### *Interest payable*

Interest payable consists of interest payable on indebtedness, including outstanding securities, other bank loans and overdrafts as well as mezzanine debt and amortisation of loan fees and the interest on the unwinding of onerous lease provisions.

### *Tax on profit/(loss) from ordinary activities*

Tax on profit/(loss) from ordinary activities comprises current tax and deferred tax. Current tax consists of UK corporation taxes, overseas corporation taxes, and under/(over) provisions in respect of prior periods. Deferred tax consists of origination and reversal of timing differences, the effect of a change in the tax rate, and under provisions in respect of prior periods.

## **2. Results of operations**

The following table summarises Wagamama's consolidated profit and loss account for the periods indicated:

<b>(£ thousands)</b>	<b>For the Financial Year ended</b>			<b>For the Interim Period ended</b>	
	<b>24 April 2016</b>	<b>23 April 2017</b>	<b>29 April 2018</b>	<b>13 August 2017</b>	<b>19 August 2018</b>
Revenue .....	229,864	266,109	306,713	86,724	97,389
Cost of sales .....	(186,123)	(217,771)	(265,670)	(73,551)	(85,594)
<b>Gross profit</b> .....	43,741	48,338	41,043	13,173	11,795
Administration costs .....	(17,884)	(18,196)	(25,543)	(7,194)	(9,350)
<b>Operating profit</b> .....	25,857	30,142	15,500	5,979	2,445
Interest payable .....	(28,609)	(30,321)	(34,652)	(18,244)	(7,412)
Interest receivable .....	110	192	162	61	145
<b>Loss on ordinary activities before tax</b> .....	(2,642)	13	(18,990)	(12,204)	(4,822)
Tax on profit/(loss) from ordinary activities .....	(1,180)	(3,487)	(2,841)	1,257	(1,569)
<b>Loss for the period</b> .....	<u>(3,822)</u>	<u>(3,474)</u>	<u>(21,831)</u>	<u>(10,947)</u>	<u>(6,391)</u>

The following table summarises Wagamama's consolidated profit and loss account for the periods indicated on a Trading Business basis (which, as used in this Part VII, refers to a measure excluding Exceptional Items which it is considered would distort the comparability of the Wagamama Group's results) and presents for the periods indicated Wagamama's Adjusted EBITDA, a non-IFRS measure used to assess Wagamama's financial performance alongside IFRS metrics and presented for readers to understand how the TRG Directors will evaluate the performance of the Enlarged Group's business. For additional information on non-IFRS measures such as Trading Business figures and Adjusted EBITDA, see "Presentation of Financial Information—Non-IFRS financial information".



## Summary Consolidated Statement of Profit or Loss—Trading Business

	52 weeks ended 24 April 2016 £'000	52 weeks ended 23 April 2017 £'000	53 weeks ended 29 April 2018 £'000	16 weeks ended 13 August 2017 £'000	16 weeks ended 19 August 2018 £'000
Revenue . . . . .	229,864	266,109	306,713	86,724	97,389
Cost of sales . . . . .	(186,123)	(218,686)	(257,200)	(73,551)	(85,594)
<b>Gross profit . . . . .</b>	<b>43,741</b>	<b>47,423</b>	<b>49,513</b>	<b>13,173</b>	<b>11,795</b>
Administration costs . . . . .	(16,817)	(17,628)	(21,085)	(6,012)	(7,795)
<b>Operating profit . . . . .</b>	<b>26,924</b>	<b>29,795</b>	<b>28,428</b>	<b>7,161</b>	<b>4,000</b>
Net interest payable . . . . .	(28,499)	(30,129)	(25,374)	(9,067)	(7,267)
<b>Profit / (loss) on ordinary activities</b>					
<b>before tax . . . . .</b>	<b>(1,575)</b>	<b>(334)</b>	<b>3,054</b>	<b>(1,906)</b>	<b>(3,267)</b>
Tax on ordinary activities . . . . .	(1,180)	(3,350)	(6,663)	(628)	(1,569)
<b>Loss for the period . . . . .</b>	<b>(2,755)</b>	<b>(3,684)</b>	<b>(3,609)</b>	<b>(2,534)</b>	<b>(4,836)</b>
<b>Adjusted EBITDA<sup>(1)</sup> . . . . .</b>	<b>35,463</b>	<b>40,245</b>	<b>42,313</b>	<b>10,966</b>	<b>9,114</b>

<sup>(1)</sup> Adjusted EBITDA for the 16 weeks ended 19 August 2018 includes a £2.0 million share-based payment charge following a grant of RSUs in May 2018.

### 2.1 Wagamama Interim Period 2018 compared with Wagamama Interim Period 2017

#### Revenue

Revenue increased 12.3 per cent. to £97.4 million in the Wagamama Interim Period 2018 from £86.7 million in the Wagamama Interim Period 2017. This was primarily due to a 8.5 per cent. increase in like-for-like sales in directly-operated United Kingdom restaurants and an increase in the number of restaurants (including franchised restaurants) from 178 open at the end of the Wagamama Interim Period 2017 to 196 open at the end of the Wagamama Interim Period 2018.

#### Cost of sales

Cost of sales increased 16.4 per cent. to £85.6 million in the Wagamama Interim Period 2018 from £73.6 million in the Wagamama Interim Period 2017. This was primarily due to the addition of new restaurants, like-for-like sales growth affecting variable and semi-variable costs, business rate increases and National Living Wage cost increases as well as additional depreciation commensurate with the addition of new restaurants.

#### Administration costs

Administration costs increased 30.0 per cent. to £9.4 million in the Wagamama Interim Period 2018 from £7.2 million in the Wagamama Interim Period 2017. Administration costs for Wagamama Interim Period 2018 also included an Exceptional Item of £1.6 million of expenditure related to executive team restructuring and costs related to the Wagamama Group's refinancing, while administration costs for Wagamama Interim Period 2017 also included an Exceptional Item of £1.2 million related to a restructuring of the executive team. For additional information on these Exceptional Items, see Note 3 to the consolidated financial statements of Wagamama for Wagamama Interim Period 2018 set out in Part IX (*Historical Financial Information relating to Wagamama*). On a Trading Business basis, administration costs increased 29.7 per cent. to £7.8 million in the Wagamama Interim Period 2018 from £6.0 million in the Wagamama Interim Period 2017. This was primarily due to overhead costs commensurate with the addition of new restaurants in addition to increased central overhead expenses, reflecting the increase in estate size, as well as a £2.0 million share-based payment charge following a grant of RSUs in May 2018.

#### Interest payable

Interest payable decreased 59.4 per cent. to £7.4 million in the Wagamama Interim Period 2018 from £18.2 million in the Wagamama Interim Period 2017. This was primarily due to an Exceptional Item of £9.1 million included in Interest payable for Wagamama Interim Period 2017 relating to the refinancing costs of the Wagamama Group's previously issued senior secured notes refinanced by the Wagamama Notes, as well as a lower interest rate on the Wagamama Group's indebtedness from the date of the issuance of the Wagamama Notes in July 2017, and a reduced level of bank facility fees.

### *Tax on profit/loss from ordinary activities*

Tax on profit/loss from ordinary activities increased to an expense of £1.6 million in the Wagamama Interim Period 2018 from a credit of £1.3 million in the Wagamama Interim Period 2017. In the Wagamama Interim Period 2017, the exceptional refinancing charges incurred resulted in a loss before tax.

## **2.2 Wagamama FY 2018 compared with Wagamama FY 2017**

### *Revenue*

Revenue increased 15.3 per cent. to £306.7 million in Wagamama FY 2018 from £266.1 million in Wagamama FY 2017. On a 52-week versus 52-week basis, revenue increased 13.0 per cent. to £300.6 million. This was primarily due to a 7.4 per cent. increase in like-for-like sales in directly-operated United Kingdom restaurants and the increase in the number of restaurants from 172 open at the end of Wagamama FY 2017 to 191 open at the end of Wagamama FY 2018 (net of 2 closures).

### *Cost of sales*

Cost of sales increased 22.0 per cent. to £265.7 million in Wagamama FY 2018 from £217.8 million in Wagamama FY 2017. Cost of sales for Wagamama FY 2018 included an Exceptional Item of a £8.5 million increase in onerous lease provisions and impairment charges on poorly performing sites. Cost of sales for Wagamama FY 2017 also included Exceptional Items of a £0.8 million decrease in onerous lease provisions and £0.1 million decrease in impairment of property, plant and equipment, each related to closed sites. For additional information on these Exceptional Items, see Note 6 to the consolidated financial statements of Wagamama set out in Part IX (*Historical Financial Information relating to Wagamama*). On a Trading Business basis, cost of sales increased 17.6 per cent. to £257.2 million in Wagamama FY 2018 from £218.7 million in Wagamama FY 2017. This was primarily due to the 53-week Wagamama FY 2018, the growth in the estate (including additional depreciation commensurate with the addition of new restaurants) and like-for-like sales growth (which increased variable and semi-variable costs), as well as the impact of cost increases in the supply chain, National Living Wage and business rates. There were a number of additional costs in the year relating to: repair costs due to a dispute with a supplier; investment in attracting, training and retraining staff; and transformational refurbishing of sites that were closed for longer than normal.

### *Administration costs*

Administration costs increased 40.4 per cent. to £25.5 million in Wagamama FY 2018 from £18.2 million in Wagamama FY 2017. Administration costs for Wagamama FY 2018 included an Exceptional Item of £4.5 million related to the restructuring of the Wagamama Group executive team and refinancing costs. Administration costs for Wagamama FY 2017 included an Exceptional Item of £0.6 million related to infrastructure development in readiness for the Wagamama Group's expansion in the United States. For additional information on these Exceptional Items, see Note 6 to the consolidated financial statements of Wagamama set out in Part IX (*Historical Financial Information relating to Wagamama*). On a Trading Business basis, administration costs increased 19.6 per cent from £21.1 million in Wagamama FY 2018 from £17.6 million in Wagamama FY 2017. In addition to an additional trading week, this was primarily due to overhead costs commensurate with the addition of new restaurants and the increase in central overhead expenses, again reflecting the increase in estate size as well as costs related to development in readiness for the Wagamama Group's expansion in the United States.

### *Interest payable*

Interest payable increased 14.3 per cent. to £34.7 million in Wagamama FY 2018 from £30.3 million in Wagamama FY 2017. This was due to an Exceptional Item of £9.1 million included in interest payable for Wagamama FY 2018 relating to the refinancing costs of the Wagamama Group's previously issued senior secured notes refinanced by the Wagamama Notes. For additional information on this Exceptional Item, see Note 6 to the consolidated financial statements of Wagamama set out in Part IX (*Historical Financial Information relating to Wagamama*). On a Trading Business basis, interest payable decreased 15.8 per cent. to £25.5 million in Wagamama FY 2018 from £30.3 million in Wagamama FY 2017. This was primarily due to refinancing of the high-yield bond to a lower interest rate in addition to repayment of historical interest accrued on the unsecured loan notes.

#### *Tax on profit/loss from ordinary activities*

Tax on profit/loss from ordinary activities decreased 18.5 per cent. to £2.8 million in Wagamama FY 2018 from £3.5 million in Wagamama FY 2017. This was primarily due to credits arising on Exceptional Items.

### **2.3 Wagamama FY 2017 compared with Wagamama FY 2016**

#### *Revenue*

Revenue increased 15.8 per cent. to £266.1 million in Wagamama FY 2017 from £229.9 million in Wagamama FY 2016. This was primarily due to a 8.2 per cent. increase in like-for-like sales in directly-operated United Kingdom restaurants and the increase in the number of restaurants from 159 open at the end of Wagamama FY 2016 to 172 open at the end of Wagamama FY 2017 (net of 6 closures).

#### *Cost of sales*

Cost of sales increased 17.0 per cent. to £217.8 million in Wagamama FY 2017 from £186.1 million in Wagamama FY 2016. Cost of sales for Wagamama FY 2017 included Exceptional Items of a £0.8 million decrease in onerous lease provisions and £0.1 million decrease in impairment of property, plant and equipment, each related to closed sites. For additional information on these Exceptional Items, see Note 6 to the consolidated financial statements of Wagamama set out in Part IX (*Historical Financial Information relating to Wagamama*). On a Trading Business basis, cost of sales increased 17.5 per cent. to £218.7 million in Wagamama FY 2017 from £186.1 million in Wagamama FY 2016. This was primarily due to the opening of 10 new directly-operated restaurants in Wagamama FY 2017 and additional depreciation commensurate with the addition of new restaurants, the growth in like-for-like sales, increased labour costs and the commissions paid to Deliveroo.

#### *Administration costs*

Administration costs increased 1.7 per cent. to £18.2 million in Wagamama FY 2017 from £17.9 million in Wagamama FY 2016. Administration costs for Wagamama FY 2017 included an Exceptional Item of £0.6 million and administration costs for Wagamama FY 2016 also included an Exceptional Item of £1.1 million, in each case related to infrastructure development in readiness for the Wagamama Group's expansion in the United States. For additional information on these Exceptional Items, see Note 6 to the consolidated financial statements of Wagamama set out in Part IX (*Historical Financial Information relating to Wagamama*). On a Trading Business basis, administration costs increased 4.8 percent to £17.6 million in Wagamama FY 2017 from £16.8 million in Wagamama FY 2016. This was primarily due to increased overhead costs resulting from the addition of new restaurants as well as an increase in central overhead expenses.

#### *Interest payable*

Interest payable increased 6.0 per cent. to £30.3 million in Wagamama FY 2017 from £28.6 million in Wagamama FY 2016. This was primarily due to compounding interest on unsecured loan notes.

#### *Tax on profit/loss on ordinary activities*

Tax on profit/loss on ordinary activities increased 195.5 per cent. to £3.4 million in Wagamama FY 2017 from £1.2 million in Wagamama FY 2016. This was primarily due to the increased profitability of Wagamama in the UK and its inability to use tax losses in the United States to offset this increase at this point in time.

### **3. Capitalisation and indebtedness**

The following table shows the capitalisation and the indebtedness and cash of the Wagamama Group as at 19 August 2018. The figures for the capitalisation and the indebtedness and cash of the Wagamama Group have been extracted without material adjustment from the Wagamama Group's unaudited interim financial information for the 16 weeks ended 19 August 2018. The figures exclude balances between entities that comprise Wagamama's subsidiaries and subsidiary undertakings.

The following tables do not reflect the significant impact that the Transaction will have on Wagamama.

	<u>As at 19 August 2018</u> (in thousands of £)
<b>Total current debt</b> . . . . .	—
Guaranteed . . . . .	—
Secured . . . . .	—
Unguaranteed/ unsecured . . . . .	—
<b>Total non-current debt (excluding current position of long-term debt)</b> . . . . .	<b>366,417</b>
<b>Guaranteed</b> . . . . .	—
<b>Secured</b> . . . . .	222,286
Unguaranteed/ unsecured . . . . .	144,131
<b>Shareholder's equity</b> . . . . .	<b>19,872</b>
Share capital . . . . .	20
Share premium . . . . .	19,633
Other reserves . . . . .	219
<b>Total</b> . . . . .	<b>386,289</b>

The following table sets forth components of Wagamama's Net Debt as of 19 August 2018:

<u>(£ thousands)</u>	<u>As at</u> <u>19 August</u> <u>2018</u>
A. Cash . . . . .	23,589
B. Cash equivalent (detail) . . . . .	—
C. Trading securities . . . . .	—
<b>D. Liquidity (A) + (B) + (C)</b> . . . . .	<b>23,589</b>
<b>E. Current financial receivable</b> . . . . .	—
F. Current bank debt . . . . .	—
G. Current portion of non-current debt . . . . .	—
H. Other current financial debt . . . . .	—
<b>I. Current financial debt (F) + (G) + (H)</b> . . . . .	—
<b>J. Net current financial indebtedness (I) – (E) – (D)</b> . . . . .	<b>(23,589)</b>
K. Non-current bank loans . . . . .	—
L. Bonds issued . . . . .	222,286
M. Other non-current loans . . . . .	144,131
<b>N. Non-current financial indebtedness (K) + (L) + (M)</b> . . . . .	<b>367,417</b>
<b>O. Net financial indebtedness</b> . . . . .	<b>342,828</b>

The Wagamama Group did not have any indirect or contingent indebtedness as at 19 August 2018.

#### 4. Liquidity and capital resources

##### 4.1 Overview

Wagamama's principal sources of liquidity have been its cash on hand, operating cash flows, availability under its revolving credit facility and the proceeds from the Wagamama Notes. Wagamama's ability to generate cash depends on its operating performance, which in turn depends to some extent on general economic, financial, industry, regulatory and other factors, many of which are beyond its control, as well as other factors discussed in the section of this document headed "Risk Factors." Principal uses of cash include operating expenses, capital expenditures and payment of interest on the Wagamama Notes.

The indenture that governs the Wagamama Notes includes incurrence covenants that limit, among other things, the ability of the Wagamama Group to (i) incur or guarantee additional indebtedness and issue certain preferred stock; (ii) pay dividends or make other distributions to its parent companies; (iii) make investments or other restricted payments; (iv) transfer or sell assets; (v) create liens to secure indebtedness; or (vi) merge or

consolidate with other entities, in each case subject to certain exceptions, baskets or leverage ratio tests set out in the indenture. The indenture for the Wagamama Notes also limits the ability of the Wagamama Group to engage in transactions with affiliates, which following the Transaction will include the TRG Group, subject to exceptions for transactions on an arm's-length basis and other exceptions, including a *de minimis* threshold. The Wagamama Notes are secured by certain bank accounts, intercompany receivables and substantially all assets of certain subsidiaries in the Wagamama Group that also guarantee the Wagamama Notes, and the guarantees and security can be released in certain circumstances. The Wagamama Notes can be redeemed at the option of Wagamama at any time prior to 1 January 2019 with payment of a "make-whole" premium, and following 1 January 2019 at redemption prices set out in the Wagamama Notes, which begins at a price of 102.063 per cent. and reduces over time to par for redemptions on or following 1 January 2021. The Wagamama Notes can also be redeemed upon certain changes in tax law or, in part, with the net cash proceeds of certain equity offerings. The Wagamama Notes are governed by the law of the state of New York.

In connection with the Transaction, the Wagamama Notes are expected to remain outstanding immediately following Completion by virtue of the terms and conditions governing the Wagamama Notes which, subject to certain conditions having been met, allow for a change in the beneficial ownership of the issuer without requiring an offer to be made to noteholders to repurchase the Wagamama Notes. Going forward, Wagamama's principal source of liquidity will be the Enlarged Group's cash on hand, cash generated from operations and proceeds of the Enlarged Group's available credit facilities (including where such proceeds are contributed to Wagamama), including the Debt Facility provided as part of the Debt Financing. For additional information on the Debt Financing, see Section 6.1(E) of Part XIII (*Additional Information*) of this document.

#### 4.2 Consolidated cash flow

The following table summarises Wagamama's consolidated cash flow statement for Wagamama FY 2016, Wagamama FY 2017, Wagamama FY 2018 and for the Wagamama Interim Period 2017 and the Wagamama Interim Period 2018:

(£ thousands)	For the Financial Year ended			As at the Interim Period ended	
	24 April 2016	23 April 2017	29 April 2018	13 August 2017	19 August 2018
Tax paid . . . . .	(509)	(2,509)	(4,390)	(3,224)	(2,244)
Net cash flows from operating activities . . . . .	35,710	40,990	32,916	6,099	6,728
Net cash flows used in investing activities . . . . .	(17,282)	(30,311)	(31,458)	(10,854)	(7,708)
Interest paid . . . . .	(12,113)	(12,055)	(68,987)	(64,204)	(4,686)
Net cash flows used in financing activities . . . . .	(11,282)	(12,306)	(6,192)	2,835	(4,826)
Net increase/(decrease) in cash and cash equivalents . . . . .	7,146	(1,627)	(4,734)	(1,920)	(5,806)

##### *Net cash flows from operating activities*

Net cash flows from operating activities increased 10.3 per cent. to £6.7 million in the Wagamama Interim Period 2018 from £6.1 million in the Wagamama Interim Period 2017. This increase was primarily due to a reduction in cash outflows in relation to tax payments of £1.0 million offset by an increase in cash outflows in relation to Exceptional Items of £0.4 million.

Net cash flows from operating activities decreased 19.7 per cent. to £32.9 million in Wagamama FY 2018 from £41.0 million in Wagamama FY 2017. This was primarily due to the cash outflows related to Exceptional Items of £5.1 million in Wagamama FY 2018 (comprising payments related to onerous leases on poorly performing sites; severance payments in connection with an executive restructure, primarily to the departed Chief Executive Officer; and costs related to the refinancing of Wagamama's prior outstanding notes with the issuance of the Wagamama Notes in July 2017) compared to £1.2 million in Wagamama FY 2017 (comprising the cash component of the release of onerous leases in relation to closed sites and payments in relation to the Wagamama Group's United States expansion) a working capital outflow (as a result of an increase in receivable balances due to increased income from franchises and delivery-based sales, as a result of growth in these areas) and an increase in tax paid, partly offset by an increase in Adjusted EBITDA.

##### *Net cash flows used in investing activities*

Net cash flows used in investing activities decreased 29.0 per cent. to £7.7 million in the Wagamama Interim Period 2018 from £10.9 million in the Wagamama Interim Period 2017. This was primarily due to lower new

restaurant expenditure in the UK (with 5 new openings in the Wagamama Interim Period 2018 compared with 4 in the Wagamama Interim Period 2017) and the timing of capital expenditures for refurbishment.

Net cash flows used in investing activities increased 3.8 per cent. to an outflow of £31.5 million in Wagamama FY 2018 from an outflow of £30.3 million in Wagamama FY 2017. This was primarily due to an increased level of maintenance expenditure due to the growth in the estate and a conscious decision to invest in maintenance, partly offset by lower capital expenditures for new openings (with 9 new openings in Wagamama FY 2018 compared with 10 new openings in Wagamama FY 2017). See “Capital expenditures” below.

Net cash flows used in investing activities increased 75.4 per cent. to an outflow of £30.3 million in Wagamama FY 2017 from an outflow of £17.3 million in Wagamama FY 2016, due to an increase in capital expenditure primarily due to expenditures for 10 new directly-operated restaurant openings in the UK together with capital expenditures relating to the expansion in the United States. See “Capital expenditures” below.

#### *Net cash flows used in financing activities*

Net cash flows used in financing activities decreased to a £4.8 million outflow in the Wagamama Interim Period 2018 from a £2.8 million inflow in the Wagamama Interim Period 2017. This was primarily due to the refinancing of Wagamama’s prior outstanding notes with the issuance of the Wagamama Notes in July 2017. The proceeds of the Wagamama Notes were used to repay the prior notes and the associated redemption premium, accrued interest and fees. The outflow in the Wagamama Interim Period 2018 reflected payment of the semi-annual interest on the Wagamama Notes.

Net cash flows used in financing activities decreased 49.7 per cent. to a £6.2 million outflow in Wagamama FY 2018 from a £12.3 million outflow in Wagamama FY 2017. This was primarily due to the refinancing of Wagamama’s prior outstanding notes with the issuance of the Wagamama Notes in July 2017. The proceeds of the Wagamama Notes were used to repay the prior notes and the associated redemption premium, accrued interest and fees. 2 semi-annual interest payments on the Wagamama Notes have been made since their issuance. The cash outflow in Wagamama FY 2018 reflected payment of the semi-annual interest on Wagamama’s prior outstanding notes.

Net cash flows used in financing activities increased 9.1 per cent. to a £12.3 million outflow in Wagamama FY 2017 from a £11.3 million outflow in Wagamama FY 2016. This was primarily due to a purchase of unsecured loan notes by the Wagamama EBT in Wagamama FY 2017 compared to sales of unsecured loan notes in Wagamama FY 2016.

### **4.3 Capital expenditures**

Wagamama’s capital expenditures mainly consist of new site capital expenditures, or the costs incurred in opening new restaurants, maintenance expenditure relating to ongoing replacement of existing assets in its restaurants, refurbishment capital expenditure on sites to improve brand presentation and increase capacity where possible, and other capital expenditures, principally related to developing its central kitchen and other centralised capital expenditures, principally upgrading its IT systems.

Payments to acquire tangible fixed assets increased 4.0 per cent. to £31.5 million in Wagamama FY 2018 from £30.3 million in Wagamama FY 2017. This was primarily due to an increased level of maintenance expenditure due to the growth in the estate and a conscious decision to invest in maintenance, partly offset by lower capital expenditures for new openings (with 9 new openings in Wagamama FY 2018 compared with 10 new openings in Wagamama FY 2017).

Payments to acquire tangible fixed assets increased 75.1 per cent. to £30.3 million in Wagamama FY 2017 from £17.3 million in Wagamama FY 2016. This was primarily due to expenditures for new restaurant openings in the UK together with capital expenditures relating to the expansion in the United States as well as an increased level of expenditures on refurbishments, head office and IT systems.

The following table shows Wagamama's capital expenditures for the periods indicated:

(£ millions)	For the Financial Year ended			For the Interim Period ended	
	24 April 2016	23 April 2017	29 April 2018	13 August 2017	19 August 2018
New site capital expenditures	10.2	18.1	15.8	8.1	4.4
Refurbishment expenditures	2.8	8.1 <sup>(1)</sup>	7.8	0.3	1.3
Maintenance expenditures	2.4	2.9	5.9	1.0	1.7
Other capital expenditures <sup>(2)</sup>	1.9	1.2	2.0	1.5	0.3
<b>Purchase of property, plant and equipment</b>	<b>17.3</b>	<b>30.3</b>	<b>31.5</b>	<b>10.9</b>	<b>7.7</b>

- (1) Relates to significant refurbishment costs at Heathrow Terminal 5 restaurant together with refurbishment across a large proportion of Wagamama's UK restaurants.
- (2) Other capital expenditure includes office, systems and central kitchen and acquisition of certain intangible assets.

#### 4.4 Contractual and other obligations

##### Financial liabilities

The financial liabilities of Wagamama, all of which are classified as other financial liabilities at amortised cost, comprise, as at the end of Wagamama FY 2018 and as at the end of the Wagamama Interim Period 2018:

(£ thousands)	As at 29 April 2018	As at 19 August 2018
Trade and other payables	43,067	38,757
<b>Finance lease payable</b>	<b>90</b>	<b>90</b>
<b>Short-term financial liabilities</b>	<b>43,157</b>	<b>38,847</b>
Unsecured loan notes (fixed interest rate of 10.00 per cent.)	139,881	144,131
High yield bond (fixed interest rate of 4.125 per cent.)	225,000	225,000
Bank fees (in relation to high yield bond)	(2,914)	(2,714)
Trade and other payables	3,232	3,203
Finance lease payable	1,076	1,074
<b>Long-term financial liabilities</b>	<b>366,275</b>	<b>370,694</b>
<b>Total financial liabilities</b>	<b>409,432</b>	<b>409,541</b>

Total financial liabilities attracting interest were £364.9 million and £369.1 million at the end of Wagamama FY 2018 and the Wagamama Interim Period 2018, respectively. Interest is payable at fixed interest rates which, in the case of the unsecured loan notes, compound semi-annually. Interest on Wagamama Notes accrues at 4.125 per cent. per annum and is payable semi-annually. Interest on the previous bond financing, refinanced by the Wagamama Notes, accrued at 7.875 per cent. per annum and was payable semi-annually. As at 19 August 2018, Wagamama had an undrawn revolver facility of £15.0 million. The revolver facility expires in December 2021 with an interest rate of the London Interbank Offered Rate (LIBOR) plus 2.5 per cent. for any drawn amounts and commitment fee of LIBOR plus 35 per cent. of drawn margin for undrawn amounts. Net interest was covered 0.9 times at the end of Wagamama FY 2018 by profit before tax, interest and Exceptional Items. Given the Wagamama Group's interest-bearing liabilities are all at fixed rate there is no volatility to movements in underlying interest rates.

The maturity profile of anticipated gross future cash flows, including interest, relating to Wagamama's non-derivative financial liabilities, on an undiscounted basis, are set out below:

(£ thousands)	As at 29 April 2018			Total
	Trade and other payables	Fixed rate loan	Finance lease debt	
Within 1 year	43,067	23,455	90	66,612
Within 2 to 5 years	—	404,732	360	405,092
After 5 years	—	—	3,960	3,960
<b>Total</b>	<b>43,067</b>	<b>428,187</b>	<b>4,410</b>	<b>475,664</b>

  

(£ thousands)	As at 19 August 2018			Total
	Trade and other payables	Fixed rate loan	Finance lease debt	
Within 1 year	38,757	24,131	90	62,978
Within 2 to 5 years	—	401,235	360	401,595
After 5 years	—	—	3,930	3,930
<b>Total</b>	<b>38,757</b>	<b>425,366</b>	<b>4,380</b>	<b>468,503</b>

#### Lease commitments

Future lease payments in respect of finance leases are due as follows:

(£ thousands)	Minimum lease payments		Present value of minimum lease payments	
	As at 29 April 2018	As at 19 August 2018	As at 29 April 2018	As at 19 August 2018
	Within 1 year	90	90	90
Within 2 to 5 years	360	360	280	280
After 5 years	3,960	3,930	796	794
	4,410	4,380		
Less: future interest payments	(3,244)	(3,216)	—	—
Present value of lease obligations	1,166	1,164	1,166	1,164
Analysed as:				
Amount due for settlement within 1 year			90	90
Amount due for settlement after 1 year			1,076	1,074
<b>Present value of lease obligations</b>			<b>1,166</b>	<b>1,164</b>

Lease commitments are in respect of property leases where the initial term of the lease is in excess of 25 years and the conditions of the lease are in keeping with a finance lease. There are no finance leases where Wagamama itself is the lessor. The interest rate applied in calculating the present value of the payments is the incremental borrowing cost of Wagamama in relation to each lease.

The total future minimum rentals payable and receivable under operating leases over the remaining lives of the leases are:

£ (thousands)	As at 29 April 2018		As at 19 August 2018	
	Payable	Receivable	Payable	Receivable
Payments due:				
Within 1 year	25,799	295	26,182	295
Within 2 to 5 years	76,007	1,180	77,008	1,180
After 5 years	230,569	1,507	231,217	1,417
<b>Total</b>	<b>332,375</b>	<b>2,982</b>	<b>334,407</b>	<b>2,892</b>

Wagamama has entered into a number of property leases on standard commercial terms, both as lessee and lessor. There are no restrictions imposed by Wagamama's operating lease arrangements, either in the current or prior year.



Included within the minimum rentals are amounts payable on properties where the rental payment is based on turnover. For these properties, the amount included above is the minimum guaranteed rent as detailed in the lease agreement.

## **5. Off balance sheet arrangements**

Wagamama does not have any material off balance sheet arrangements.

## **6. Qualitative and quantitative disclosures about market risk**

### *Brexit*

Brexit has brought new uncertainty to the UK market as a whole, which may impact Wagamama's sales. While Wagamama has fixed price contracts in place for most of its ingredient and distribution costs for at least the next financial period and in many cases beyond this, a continued weakness of the Pound Sterling will increase its food costs.

It is unclear at this stage what further impact Brexit will have on Wagamama's labour availability, underlying costs, and its international costs and revenues.

Wagamama's management is continuously reviewing potential risks and formulating its responses.

### *UK economy*

As a consumer facing business, any risks to the UK economy as a whole, and in particular to consumer spending could impact on Wagamama's overall performance. However, its brand is relatively well positioned as a result of the overall affordability of the "wagamama" offering. Significant food and wage inflation are also risk factors, although the business can to a certain extent offset inflationary pressures through moderate menu price increases.

### *Foreign exchange risk*

Wagamama's principal operating segment relates to the UK restaurant business; however, the growth of its US restaurant business does expose it to an increased level of foreign exchange risk.

A significant proportion of this risk is mitigated by the fact that employees and suppliers of the US business are predominantly paid in US dollars from sales and revenue generated in the United States; however, Wagamama has used financial instruments to manage its remaining foreign exchange risk as part of its overall foreign exchange risk management strategy.

Additionally, Wagamama is exposed to foreign currency risk on royalty payments from its franchisees that are determined on the basis of revenue in a foreign currency and that are denominated in a currency other than the pound.

### *Credit risk*

Trade receivables predominately arise from Wagamama's franchising business. The franchising business is immaterial to Wagamama's operations. Accordingly, Wagamama does not have significant concentrations of credit risk. Wagamama has implemented policies that require appropriate credit checks on potential franchisees before sales are made.

Credit risk also arises on short term bank deposits. Wagamama executes short term bank deposits only with A rated authorised counterparties, based on ratings issued by the major rating agencies. Wagamama monitors its counterparty exposure positions regularly so that credit exposures to any 1 counterparty are within predetermined limits. Overall, Wagamama considers that it is not exposed to a significant amount of credit risk.

### *Liquidity risk*

Wagamama adopts a prudent approach to liquidity risk management, maintaining sufficient cash and short term deposits and the availability of funding through an adequate amount of committed credit facilities. On the basis of the cash deposits held and ongoing cash generation through its restaurant operations, Wagamama has historically been able to fully meet all of its obligations as they fall due.

### *Cash flow and fair value interest rate risk*

Prior to the Transaction, Wagamama has been financed through a mixture of the Wagamama Notes and loan notes. These borrowings are in Pound Sterling at fixed interest rates. Wagamama is therefore able to plan and manage its interest commitments.

## **7. Critical accounting policies and estimates**

Wagamama's consolidated financial statements have been prepared in accordance with IFRS for purposes of this document. The preparation of these financial statements requires the making of certain estimates and assumptions that affect the reported results. Such estimates or assumptions are based on historical experience and currently available information, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ significantly from such estimates and assumptions in light of the uncertainty surrounding the conditions upon which they are based. The following are certain significant accounting policies determined on the basis of such estimates and assumptions for which changes during a financial period could involve a significant risk of material change in the carrying amount of assets and liabilities.

### *Foreign currency*

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the balance sheet. Transactions in foreign currencies are translated into sterling at the rate of exchange at the date of the transaction.

### *Property, plant and equipment and intangible assets*

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see "Impairment" below). Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

### Finance leases

Leases in which Wagamama assumes substantially all the risks and rewards of ownership are classified as finance leases. The owner-occupied properties (excluding land element) acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (see "Impairment" below).

### Subsequent costs

Wagamama recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that enhanced future economic benefits embodied with the item will flow to Wagamama and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

### Depreciation

Depreciation is charged to the income statement on a straight-line basis to the residual value over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Leasehold property	Term of lease or useful life of the asset, whichever is the shorter
Fixtures and equipment	3-10 years
Motor vehicles	4 years
Computer equipment	3-5 years

The estimated useful lives and residual values applied are reviewed at each reporting date with any changes in estimates being applied prospectively.

### Intangible assets—Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill represents amounts arising on acquisition of subsidiaries. In respect of business acquisitions that have occurred since 1 January 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. Goodwill is not subject to amortisation but is formally tested for impairment at least annually or when an impairment trigger has arisen (see “Impairment” below).

### *Financial assets*

#### Classification

Wagamama classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Wagamama’s loans and receivables comprise ‘cash and cash equivalents’ and ‘other receivables’ in the balance sheet.

Other receivables are amounts due from suppliers or sub tenants in the ordinary course of business. Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (see “Impairment” below).

#### Recognition and measurement

Financial assets are recognised when Wagamama becomes party to the contractual provisions of the instrument and are subsequently carried at amortised cost using the effective interest rate method, less provisions for impairment. Impairment of financial assets is based on management’s estimate of future cash inflows.

#### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

### *Financial liabilities—Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

### *Stock*

Stock is stated at the lower of cost and net realisable value. Cost is determined in accordance with the weighted average stock costing model, including applicable commercial discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and debit and credit card payments received within 48 working hours. Bank overdrafts that are repayable on demand and form an integral part of Wagamama's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

### *Impairment*

The carrying amounts of Wagamama's assets are reviewed annually to determine whether there is any indication of impairment.

Wagamama formally determines whether property, plant and equipment are impaired by considering indicators of impairment annually. This requires Wagamama to determine the lowest level of assets which generate largely independent cash flows (cash-generating units or CGU) and to determine their recoverable amount, based on estimating the value-in-use of these assets or CGUs; and compare these to their carrying value. Cash-generating units are deemed to be individual units or a cluster of units depending on the nature of the trading environment in which they operate. Wagamama only considers sites as a cluster of units, i.e. as a single CGU, where they are in a single, shared location, such as an airport, such that demand at 1 unit can directly affect that of other units in the same location. The discount rate used in the value-in-use calculations is Wagamama's weighted average cost of capital, with adjustments made as required to reflect the specific risks associated with the CGUs estimated cash flows. Wagamama applies any CGU specific risks to the underlying cash flow assumptions in calculating the value-in-use and therefore apply the same discount rate to each CGU. Impairment losses are recognised in the income statement. Wagamama's directors believe the risks associated with each CGU are the same, the nature of assets being tested for impairment is consistent, all CGUs are within the restaurant sector and cash flow projections are compiled in the same way for every CGU.

For goodwill and assets that have an indefinite useful life, the recoverable amount is estimated annually. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Goodwill Impairment losses are recognised in the income statement and are not subsequently reversed.

### *Share-based payment transactions*

Wagamama granted restricted stock units (**RSUs**) which vest upon a sale or flotation and lapse no later than 10 years subsequent to the grant date. All RSUs are equity settled. The fair value of the RSUs is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period to an anticipated sale or flotation. The likelihood and anticipated timing of a sale or flotation is reassessed at each reporting date together with the number of RSUs which are anticipated to vest. A BlackScholes option pricing model is used to assess the fair value of an RSU.

### *Provisions*

A provision is recognised in the balance sheet when Wagamama has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

### *Onerous lease provisions*

A provision for onerous lease is recognised when the expected benefits to be derived by Wagamama from a lease are lower than the unavoidable cost of meeting its obligations under the lease.

Wagamama provides for its onerous obligations under operating leases where the property is closed or vacant and for properties where the fixed cost is in excess of income. The amount provided is based on the lowest net cost of exiting the contract. Estimates have been made with respect to the time to exit, sublet or cover the fixed cost base, along with other associated exit costs as well as an evaluation of the cost of void period prior to sublet and the value of lease incentive which may be required to be paid as part of the sublet process.

### *Deferred and current tax*

Corporation tax payable is provided on the taxable profit at the current rate. Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, except to the extent

that the deferred tax arises from the initial recognition of goodwill. Temporary differences are differences between the carrying amount of Wagamama's assets and liabilities and their tax base.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse based on tax rates and laws that are enacted, or substantively enacted, by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### *Pensions*

Wagamama makes contributions for eligible workers into defined contribution pension plans and these contributions are charged to the income statement as they are accrued. Wagamama does not operate any defined benefit plans.

### *Other income—rental income*

Rental income is derived from sites where Wagamama is the lessor. Rental income is recognised in the income statement as earned. Provisions are made for any doubtful debts. Where any lease incentives are provided to the lessee (such as rent-free periods), such incentives are accounted for as a reduction in lease income over the lease term.

### *Expenses*

#### Operating lease payments

Fixed payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Contingent rents, such as turnover related rents, are recognised in the income statement as incurred. Incentives to enter into an operating lease are spread on a straight-line basis over the lease term as a reduction in rental expense.

#### Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### Pre-opening expenses

Property rentals and related costs incurred up to the date of opening of a new restaurant are written off to the income statement in the period in which they are incurred. Promotional and training costs are written off to the income statement in the period in which they are incurred.

#### Borrowing costs

Debt is stated net of borrowing costs which are spread over the term of the loan. All other borrowings costs are recognised in the income statement in the period in which they are incurred.

#### Commercial discount

Commercial discounts represent a reduction in cost of goods and services in accordance with negotiated supplier contracts, the majority of which are based on purchase volumes. Commercial discounts are recognised in the period in which they are earned and to the extent that any variable targets have been achieved in that financial period.

**PART VIII  
HISTORICAL FINANCIAL INFORMATION RELATING TO TRG**

**SECTION 1**

**CONSOLIDATED FINANCIAL STATEMENTS FOR TRG FY 2015, TRG FY 2016 AND TRG FY 2017**

**1. Basis of financial information**

The audited consolidated financial statements of the TRG Group for TRG FY 2015, TRG FY 2016 and TRG FY 2017, together with the audit reports thereon, are incorporated by reference into this document from TRG Group's 2015 Annual Report and Accounts, TRG Group's 2016 Annual Report and Accounts and TRG Group's 2017 Annual Report and Accounts respectively.

The unaudited interim results of the TRG Group for TRG H1 2018 have been incorporated by reference into this document. The unaudited interim results of the TRG Group for the TRG 8 Month Interim Period 2018 are set out in Section 2 of this Part VIII.

The audited consolidated financial statements of the TRG Group for TRG FY 2015, TRG FY 2016 and TRG FY 2017 have been prepared in accordance with IFRS as adopted in the EU, and the audit reports on these financial statements were unqualified. The unaudited interim results of the TRG Group for TRG H1 2018 and the TRG 8 Month Interim Period 2018 have been prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting).

**2. Cross-reference list**

The following list is intended to enable investors to identify easily specific items of information which have been incorporated by reference into this document.

**2.1 TRG Group's 2015 Annual Report and Accounts**

The page numbers below refer to the relevant pages of TRG Group's 2015 Annual Report and Accounts:

- Independent Auditor's Report—pages 56 to 59;
- Consolidated Income Statement—page 64;
- Consolidated Statement of Changes in Equity—page 65;
- Consolidated Balance Sheet —page 66;
- Consolidated Cash Flow Statement—page 67; and
- Notes to the Consolidated Accounts—pages 68 to 88.

**2.2 TRG Group's 2016 Annual Report and Accounts**

The page numbers below refer to the relevant pages of TRG Group's 2016 Annual Report and Accounts:

- Independent Auditor's Report—pages 57 to 65;
- Consolidated Income Statement—page 71;
- Consolidated Statement of Changes in Equity—page 72;
- Consolidated Balance Sheet—page 73;
- Consolidated Cash Flow Statement—page 74; and
- Notes to the Consolidated Accounts—pages 75 to 95.

**2.3 TRG Group's 2017 Annual Report and Accounts**

The page numbers below refer to the relevant pages of TRG Group's 2017 Annual Report and Accounts:

- Independent Auditor's Report—pages 62 to 72;
- Consolidated Income Statement—page 73;

- Consolidated Statement of Changes in Equity—page 75;
- Consolidated Balance Sheet—page 74;
- Consolidated Cash Flow Statement—page 76; and
- Notes to the Consolidated Accounts—pages 77 to 108.

#### ***2.4 TRG Group's 2018 Interim Report***

The page numbers below refer to the relevant pages of TRG Group's 2018 Interim Report:

- Consolidated Income Statement—pages 10 to 12;
- Condensed Balance Sheet—page 13;
- Consolidated Statement of Changes in Equity—page 14;
- Consolidated Cash Flow Statement—page 15;
- Notes to the Condensed Financial Statements—pages 19 to 25; and
- Independent Review Report—page 26.

## SECTION 2

### UNAUDITED INTERIM RESULTS FOR THE TRG GROUP FOR THE 8 MONTH INTERIM PERIOD 2018

#### Condensed income statement

For the 34 weeks ended 26 August 2018

	34 weeks ended 26 August 2018			34 weeks ended 27 August 2017			52 weeks ended 31 December 2017		
	Trading business (unaudited) £'000	Exceptional Items (see note 6) (unaudited) £'000	Total (unaudited) £'000	Trading business (unaudited) £'000	Exceptional Items (see note 3) (unaudited) £'000	Total (unaudited) £'000	Trading business (audited) £'000	Exceptional Items (see note 6) (audited) £'000	Total (audited) £'000
<b>Revenue</b> . . . . .	439,398	—	439,398	444,328	—	444,328	679,282	—	679,282
<b>Cost of sales</b>									
(note 2) . . . . .	(391,807)	(8,444)	(400,251)	(383,693)	(8,625)	(392,318)	(589,490)	(8,386)	(597,876)
<b>Gross profit/</b>									
<b>(loss)</b> . . . . .	47,591	(8,444)	39,147	60,635	(8,625)	52,010	89,792	(8,386)	81,406
Administration									
costs . . . . .	(16,644)	—	(16,644)	(22,340)	(4,238)	(26,578)	(31,188)	(4,772)	(35,960)
<b>Operating</b>									
<b>profit/(loss)</b> . .	30,947	(8,444)	22,503	38,295	(12,863)	25,432	58,604	(13,158)	45,446
Interest									
payable . . . . .	(1,027)	—	(1,027)	(1,278)	—	(1,278)	(1,911)	—	(1,911)
Interest									
receivable . . .	1	—	1	23	—	23	51	—	51
<b>Profit/(loss) on</b>									
<b>ordinary</b>									
<b>activities</b>									
<b>before tax</b> . . .	29,921	(8,444)	21,477	37,040	(12,863)	24,177	56,744	(13,158)	43,586
Tax on profit/									
(loss) from									
ordinary									
activities									
(note 4) . . . . .	(6,687)	861	(5,826)	(7,984)	1,945	(6,039)	(12,076)	1,423	(10,653)
<b>Profit/(loss) for</b>									
<b>the period</b> . . .	23,234	(7,583)	15,651	29,056	(10,918)	18,138	44,668	(11,735)	32,933
<b>Earnings/(loss)</b>									
<b>per share</b>									
<b>(pence)</b>									
Basic (note 5) . .	11.60		7.81	14.50		9.05	22.29		16.44
Diluted									
(note 5) . . . . .	11.55		7.78	14.45		9.02	22.18		16.36

The table below is provided to give additional information to shareholders on a key performance indicator:

<b>Earnings before</b>									
<b>interest, tax,</b>									
<b>depreciation</b>									
<b>and</b>									
<b>amortisation</b> .	53,382	(2,266)	51,116	61,701	(8,584)	53,117	95,118	(8,973)	86,145
Depreciation and									
impairment . .	(22,435)	(6,178)	(28,613)	(23,406)	(4,279)	(27,685)	(36,514)	(4,185)	(40,699)
<b>Operating</b>									
<b>profit</b> . . . . .	30,947	(8,444)	22,503	38,295	(12,863)	25,432	58,604	(13,158)	45,446

There are no other income items recognised for the TRG Group and the profit / (loss) for the period represents the TRG Group's total comprehensive income / (loss)



## Condensed balance sheet

As at 26 August 2018

	26 August 2018 (unaudited) £'000	At 27 August 2017 (unaudited) £'000	At 31 December 2017 (audited) £'000
<b>Non-current assets</b>			
Intangible assets . . . . .	26,998	26,433	26,433
Property, plant and equipment . . . . .	332,544	342,939	335,029
	<u>359,542</u>	<u>369,372</u>	<u>361,462</u>
<b>Current assets</b>			
Stock . . . . .	5,963	6,007	5,930
Other receivables . . . . .	18,361	15,764	14,949
Prepayments . . . . .	13,637	11,194	17,473
Cash and cash equivalents . . . . .	16,286	14,274	9,611
	<u>54,247</u>	<u>47,239</u>	<u>47,963</u>
<b>Total assets</b> . . . . .	<u>413,789</u>	<u>416,611</u>	<u>409,425</u>
<b>Current liabilities</b>			
Corporation tax liabilities . . . . .	(3,623)	(1,519)	(2,129)
Trade and other payables . . . . .	(133,749)	(127,430)	(124,238)
Other payables—finance lease obligations . . . . .	(164)	(395)	(164)
Provisions . . . . .	(7,991)	(12,593)	(10,408)
	<u>(145,527)</u>	<u>(141,937)</u>	<u>(136,939)</u>
<b>Net current liabilities</b> . . . . .	<u>(91,280)</u>	<u>(94,698)</u>	<u>(88,976)</u>
<b>Non-current liabilities</b>			
Long-term borrowings . . . . .	(35,437)	(33,096)	(31,223)
Other payables – finance lease obligations . . . . .	(2,470)	(2,947)	(2,548)
Deferred tax liabilities . . . . .	(4,412)	(3,486)	(5,127)
Provisions . . . . .	(29,018)	(35,474)	(31,688)
	<u>(71,337)</u>	<u>(75,003)</u>	<u>(70,586)</u>
<b>Total liabilities</b> . . . . .	<u>(216,864)</u>	<u>(216,940)</u>	<u>(207,525)</u>
<b>Net assets</b> . . . . .	<u>196,925</u>	<u>199,671</u>	<u>201,900</u>
<b>Equity</b>			
Share capital (note 10) . . . . .	56,551	56,550	56,551
Share premium . . . . .	25,554	25,546	25,554
Other reserves . . . . .	(7,139)	(8,804)	(7,753)
Retained earnings . . . . .	121,959	126,379	127,548
<b>Total equity</b> . . . . .	<u>196,925</u>	<u>199,671</u>	<u>201,900</u>

## Consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 2 January 2017 (audited) . . . . .	56,550	25,542	(9,987)	129,481	201,586
Profit for the period . . . . .	—	—	—	18,138	18,138
Issue of new shares . . . . .	—	4	—	—	4
Dividends . . . . .	—	—	—	(21,240)	(21,240)
Share-based payments – credit to equity . . . . .	—	—	1,135	—	1,135
Deferred tax on share-based payments taken directly to equity . . . . .	—	—	48	—	48
<b>Balance at 27 August 2017 (unaudited) . . . . .</b>	<b>56,550</b>	<b>25,546</b>	<b>(8,804)</b>	<b>126,379</b>	<b>199,671</b>
Balance at 2 January 2017 (audited) . . . . .	56,550	25,542	(9,987)	129,481	201,586
Profit for the year . . . . .	—	—	—	32,933	32,933
Issue of new shares . . . . .	1	12	—	—	13
Dividends . . . . .	—	—	—	(34,866)	(34,866)
Share-based payments—credit to equity . . . . .	—	—	2,158	—	2,158
Deferred tax on share-based payments taken directly to equity . . . . .	—	—	76	—	76
<b>Balance at 31 December 2017 (unaudited) . . . . .</b>	<b>56,551</b>	<b>25,554</b>	<b>(7,753)</b>	<b>127,548</b>	<b>201,900</b>
Balance at 1 January 2018 (audited) . . . . .	56,551	25,554	(7,753)	127,548	201,900
Profit for the period . . . . .	—	—	—	15,651	15,651
Dividends . . . . .	—	—	—	(21,240)	(21,240)
Share-based payments—credit to equity . . . . .	—	—	531	—	531
Deferred tax on share-based payments taken directly to equity . . . . .	—	—	83	—	83
<b>Balance at 26 August 2018 (unaudited) . . . . .</b>	<b>56,551</b>	<b>25,554</b>	<b>(7,139)</b>	<b>121,959</b>	<b>196,925</b>

## Consolidated cash flow statement

for the 34 weeks ended 26 August 2018

	34 weeks ended 26 August 2018 (unaudited) £'000	34 weeks ended 27 August 2017 (unaudited) £'000	52 weeks ended 31 December 2017 (audited) £'000
<b>Operating activities</b>			
Cash generated from operations (note 20) . . . . .	60,686	78,109	108,030
Interest received . . . . .	10	38	55
Interest paid . . . . .	(445)	(367)	(751)
Tax paid . . . . .	(4,963)	(4,732)	(7,068)
Cash outflows from exceptional onerous lease provisions . . . . .	(6,761)	(8,731)	(12,738)
Cash outflows from exceptional restructuring costs . . . . .	—	(5,571)	(6,792)
<b>Net cash flows from operating activities</b> . . . . .	<u>48,527</u>	<u>58,746</u>	<u>80,736</u>
<b>Investing activities</b>			
Purchase of property, plant and equipment . . . . .	(23,693)	(27,548)	(39,275)
Proceeds from disposal of property, plant and equipment . . . . .	—	—	828
Purchase of subsidiary . . . . .	(925)	—	—
Cash acquired on acquisition of subsidiary . . . . .	114	—	—
<b>Net cash flows used in investing activities</b> . . . . .	<u>(24,504)</u>	<u>(27,548)</u>	<u>(38,447)</u>
<b>Financing activities</b>			
Net proceeds from issue of ordinary share capital . . . . .	—	5	13
Net drawdown/ (repayment) of borrowings . . . . .	4,000	(5,000)	(7,000)
Dividends paid to shareholders . . . . .	(21,240)	(21,240)	(34,866)
Decrease in obligations under finance leases . . . . .	(108)	(257)	(393)
<b>Net cash flows used in financing activities</b> . . . . .	<u>(17,348)</u>	<u>(26,492)</u>	<u>(42,246)</u>
<b>Net increase in cash and cash equivalents</b> . . . . .	6,675	4,706	43
<b>Cash and cash equivalents at the beginning of the year/period</b> . . . . .	<u>9,611</u>	<u>9,568</u>	<u>9,568</u>
<b>Cash and cash equivalents at the end of the year/period</b> . . . . .	<u>16,286</u>	<u>14,274</u>	<u>9,611</u>

## **Accounting policies**

### ***Basis of preparation***

The annual financial statements of TRG are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union. The accounting policies and methods of computation used are consistent with those used in the TRG Group's latest annual audited financial statements.

### ***General information***

The historical financial information does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006.

### ***Going concern***

Despite the challenging trading environment in the 34 weeks of the year, the TRG Group is profitable, cash generative and retains a low level of debt. The TRG Existing Revolving Credit Facility matures in June 2020. As at 26 August 2018 the TRG Group had drawn down £36.0 million of the TRG Existing Revolving Credit Facility and had Net Debt of £19.2 million. Based on the TRG Group's plans for the next 12 months and after making enquiries (including preparation of reasonable trading forecasts, consideration of current financing arrangements and current headroom for liquidity and covenant compliance), the Directors have a reasonable expectation that the TRG Group has adequate resources to continue operations for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the condensed financial statements.

### ***Changes in accounting policies***

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the TRG Group's latest annual audited financial statements, with the exception of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' which have been adopted by the TRG Group. The implementation of these accounting standards, with effect from 1 January 2018, has not had a material impact on the TRG Group. There have been no other changes to the accounting standards in the current year that have materially impacted the TRG Group financial statements.

As noted in the TRG Group's latest audited financial statements the TRG Group expects IFRS 16 'Leases', which will replace IAS 17 'Leases', to have a material impact on the reported assets, liabilities and income statement of the TRG Group. The TRG Group will be required to adopt the new standard for its financial year commencing 30 December 2019.

Under IFRS 16, the majority of the TRG Group's operating leases will be 'on balance sheet' as reflected by a right-of-use asset and corresponding lease liability. As a result, earnings before interest, tax, depreciation and amortisation (EBITDA) will increase as the current operating lease charge will be substituted for an increased depreciation charge, arising from the right-of-use asset, and an increased interest charge, arising from the unwinding of discount on the lease liability, both which are presented below EBITDA. IFRS 16 will impact other financial measures, including debt, debt covenants, gearing and earnings per share.

Management are currently assessing the impact of adopting IFRS 16 and accordingly it is not yet practicable to quantify the effects or the option which the TRG Group may select upon transition.

## Notes to the condensed financial statements

### 1. Segmental analysis

The TRG Group trades in 1 business segment (that of operating restaurants) and 1 geographical segment (being the United Kingdom). The TRG Group's brands meet the aggregation criteria set out in paragraph 22 of IFRS 8 'Operating Segments' and as such the TRG Group reports the business as 1 reportable segment.

### 2. Cost of sales

	<b>34 weeks ended 26 August 2018 (unaudited) £'000</b>	34 weeks ended 27 August 2017 (unaudited) £'000	52 weeks ended 31 December 2017 (audited) £'000
Containing business excluding pre-opening costs . . . . .	<b>391,011</b>	381,893	587,347
Pre-opening costs . . . . .	<b>796</b>	1,800	2,143
<b>Trading cost of sales</b> . . . . .	<b>391,807</b>	383,693	589,490
Exceptional Items (note 3) . . . . .	<b>8,444</b>	8,625	8,386
<b>Cost of sales for the period/year</b> . . . . .	<b>400,251</b>	392,318	597,876

### 3. Exceptional Items

	<b>34 weeks ended 26 August 2018 (unaudited) £'000</b>	34 weeks ended 27 August 2017 (unaudited) £'000	52 weeks ended 31 December 2017 (audited) £'000
Onerous lease provision in respect of closed and other sites . . . . .	<b>2,266</b>	4,346	4,201
Impairment of property, plant and equipment . . . . .	<b>6,178</b>	4,279	4,185
Restructuring and strategic review costs . . . . .	<b>—</b>	4,238	4,772
<b>Exceptional Items before tax</b> . . . . .	<b>8,444</b>	12,863	13,158
Tax effect of Exceptional Items . . . . .	<b>(861)</b>	(1,945)	(1,423)
Net Exceptional Items for the period/ year . . . . .	<b>7,583</b>	10,918	11,735

An exceptional pre-tax charge of £8.4 million has been recorded in the period (8 months to August 2017: £12.9 million), which includes the following:

- onerous lease provisions of £2.3 million (8 months to August 2017: £4.3 million) recognising the successful exit of 12 sites (£3.5 million credit), the reassessment of the remaining closed sites (£1.6 million charge) and a further review of our existing estate giving rise to a net £4.2 million charge where we have reassessed individual leases and the expected timescale to either exit or sublet the location (£5.4 million charge offset by a £1.2 million credit);
- impairment charge of £6.2 million (8 months to August 2017: £4.3 million) made against the carrying value of specific restaurant assets due to trading conditions in certain local markets; and
- restructuring and strategic review costs of £nil (8 months to August 2017: £4.2 million) relating to costs incurred in the restructuring projects that were initiated in 2017 to implement the new strategy and cost saving initiatives.

The tax credit relating to these Exceptional Items was £0.9 million (8 months to August 2017: £1.9 million).

### 4. Tax

The underlying tax charge has been calculated by reference to the expected effective current and deferred tax rates for the full financial year to 30 December 2018 applied against the trading profit before tax for the period ended 26 August 2018.

The full year effective tax rate on the underlying profit (before Exceptional Items) is estimated to be 22.4 per cent. (2017: 21.3 per cent.).

The Finance (No.2) Act 2015 introduced a reduction in the main rate of corporation tax from 20 per cent. to 19 per cent. from April 2017 and from 19 per cent. to 18 per cent. from April 2020. These reductions were substantively enacted on 24 October 2015. The Finance Act 2016 introduced a further reduction in the main rate of corporation tax to 17 per cent. from April 2020. This was substantively enacted on 6 September 2016. The deferred tax provision at the balance sheet date has been calculated at this rate.

## 5. Earnings per share

	34 weeks ended 26 August 2018			34 weeks ended 27 August 2017			52 weeks ended 31 December 2017		
	Earnings (unaudited) £'000	Weighted average number of shares (unaudited) millions	Per-share amount (unaudited) pence	Earnings (unaudited) £'000	Weighted average number of shares (unaudited) millions	Per-share amount (unaudited) pence	Earnings (audited) £'000	Weighted average number of shares (audited) millions	Per-share amount (audited) pence
<b>Basic earnings per share</b> . . . . .	<b>15,651</b>	<b>200.4</b>	<b>7.81</b>	18,138	200.4	9.05	32,933	200.4	16.44
Effect of dilutive options . . . . .	—	<b>0.1</b>	—	—	0.1	(0.00)	—	0.3	(0.02)
Shares held by employee benefit trust . . . . .	—	<b>0.7</b>	<b>(0.03)</b>	—	0.7	(0.02)	—	0.7	(0.06)
<b>Diluted earnings per share</b> . . . . .	<b>15,651</b>	<b>201.2</b>	<b>7.78</b>	18,138	201.1	9.03	32,933	201.3	16.36
<b>Basic earnings per share</b> . . . . .	<b>15,651</b>	<b>200.4</b>	<b>7.81</b>	18,138	200.4	9.05	32,933	200.4	16.44
Effect of Exceptional Items . . . . .	<b>7,583</b>	—	<b>3.78</b>	10,918	—	5.45	11,735	—	5.85
<b>Earnings per share—trading business</b> . . . . .	<b>23,234</b>	<b>200.4</b>	<b>11.59</b>	29,056	200.4	14.50	44,668	200.4	22.29
Effect of dilutive options . . . . .	—	<b>0.1</b>	<b>(0.00)</b>	—	0.1	(0.00)	—	0.3	(0.03)
Shares held by employee benefit trust . . . . .	—	<b>0.7</b>	<b>(0.04)</b>	—	0.7	(0.05)	—	0.7	(0.08)
<b>Diluted earnings per share—trading business</b> . . . . .	<b>23,234</b>	<b>201.2</b>	<b>11.55</b>	29,056	201.1	14.45	44,668	201.3	22.18

## 6. Dividends

Following approval at the 2018 AGM, the final dividend in respect of 2017 of 10.6p per share, totalling £21.2 million (2017: £21.2 million), was paid to Shareholders on 5 July 2018.

The Directors declared an interim dividend of 6.8p per share (2017: 6.8p per share) which was paid on 11 October 2018 to Shareholders on the register on 14 September 2018 and shares were marked ex-dividend on 13 September 2018. In accordance with IAS 10, this will be recognised in the reserves of the TRG Group at the date the dividend was declared.

## 7. Reconciliation of profit before tax to cash generated from operations

	34 weeks ended 26 August 2018 (unaudited) £'000	34 weeks ended 27 August 2017 (unaudited) £'000	52 weeks ended 31 December 2017 (audited) £'000
Profit before tax . . . . .	21,477	24,177	43,586
Net interest charges . . . . .	1,026	1,255	1,860
Onerous lease provision in respect of closed and other sites . . . . .	2,266	4,346	4,201
Impairment of property, plant and equipment . . . . .	6,178	4,279	4,185
Restructuring and strategic review costs . . . . .	—	4,238	4,772
Depreciation . . . . .	22,435	23,406	36,514
Share-based payments . . . . .	531	1,135	2,158
Loss on disposal of property, plant and equipment . . . . .	31	—	—
Decrease/(increase) in stocks . . . . .	11	(376)	(298)
Decrease in other receivables . . . . .	474	7,649	2,185
Increase in payables . . . . .	6,257	8,000	8,867
<b>Cash generated from operations . . . . .</b>	<b>60,686</b>	<b>78,109</b>	<b>108,030</b>

## 8. Bank loans

The TRG Group has a committed bank facility of £140.0 million in place until June 2020 (the “**TRG Existing Revolving Credit Facility**”). During the 34 weeks ended 26 August 2018, the TRG Group increased its draw down under this facility by £4.0 million to £36.0 million (34 weeks ended 27 August 2017: decrease of £5.0 million, 52 weeks ended 31 December 2017: decrease of £7.0 million).

## 9. Property, plant and equipment

The opening property, plant and equipment balance as at 1 January 2018 was £335.0 million. During the period, the TRG Group made additions of £25.8 million and acquired £0.8 million as part of a business combination (note 14). This was offset by depreciation of £22.4 million, disposals of £0.5 million and an impairment charge of £6.2 million results in a closing balance at 26 August 2018 of £332.5 million.

## 10. Financial instruments

The treasury strategy, treasury risk management, capital risk management and financial risk management remain consistent with those used in the TRG Group’s latest annual audited financial statements.

### Financial assets

The financial assets of the TRG Group, all of which are classified as loans and receivables at amortised cost, comprise:

	At 26 August 2018 (unaudited) £'000	At 27 August 2017 (unaudited) £'000	At 31 December 2017 (audited) £'000
Cash and cash equivalents . . . . .	16,286	14,274	9,611
Other receivables . . . . .	18,361	15,764	14,949
<b>Total financial assets . . . . .</b>	<b>34,647</b>	<b>30,038</b>	<b>24,560</b>

Cash and cash equivalents include £0.5 million (27 August 2017 and 31 December 2017: £0.5 million) held on account in respect of deposits paid by tenants under the terms of their rental agreement.

## Financial liabilities

The financial liabilities of the TRG Group, all of which are classified as other financial liabilities at amortised cost, comprise:

	At 26 August 2018 (unaudited) £'000	At 27 August 2017 (unaudited) £'000	At 31 December 2017 (audited) £'000
Trade and other payables . . . . .	109,464	104,101	102,621
Finance lease payable . . . . .	164	395	164
<b>Short-term financial liabilities . . . . .</b>	<b>109,628</b>	<b>104,496</b>	<b>102,785</b>
Long-term borrowings—at floating interest rates . . . . .	36,000	34,000	32,000
Bank fees . . . . .	(563)	(904)	(777)
Finance lease payable . . . . .	2,470	2,947	2,548
<b>Long-term financial liabilities . . . . .</b>	<b>37,907</b>	<b>36,043</b>	<b>33,771</b>
<b>Total financial liabilities . . . . .</b>	<b>147,535</b>	<b>140,539</b>	<b>136,556</b>

## Fair value of financial assets and liabilities

All financial assets and liabilities are accounted for at amortised cost and the Directors consider the carrying value to approximate to their fair values.

### 11. Share capital

Share capital at 26 August 2018 amounted to £56.6 million. The number of shares authorised, issued and fully paid as at 26 August 2018 was 201,067,400.

### 12. Related party transactions

There were no related party transactions in the 34 weeks ended 26 August 2018. For the 34 weeks ended 27 August 2017: £0.1 million of loan note interest was received from Black House Newco Limited (formerly BH Restaurants Ltd), all of which was recognised in the income statement; and £0.4 million of capital repayments in relation to a convertible loan note receivable of £2.9 million all of which has been fully provided for in prior years.

### 13. Contingent liabilities

There were no significant changes in the nature and size of contingent liabilities at 26 August 2018 to those reported in TRG Group's 2017 Annual Report and Accounts.



#### 14. Acquisition of subsidiary

On 21 May 2018, the TRG Group acquired 100 per cent. of issued shares in Ribble Valley Inns Limited, a pubs business, for consideration of £0.9 million.

	<u>£'000</u>
<b>Purchase consideration</b>	
Cash paid .....	<b>925</b>
Cash due .....	<u>14</u>
<b>Total purchase consideration .....</b>	<b>939</b>
	<b>Fair value</b>
	<u>£'000</u>
Cash and cash equivalents .....	<b>114</b>
Property, plant and equipment .....	<b>835</b>
Stock .....	<b>45</b>
Receivables .....	<b>50</b>
Payables .....	<u>(670)</u>
Net identifiable assets acquired .....	<b>374</b>
Add: goodwill .....	<u>565</u>
	<u>939</u>

Acquisition related costs of £0.2 million are included in administration costs in the consolidated income statement.

Between the date of acquisition and the balance sheet date, Ribble Valley Inns Limited contributed £0.8 million of revenue and £0.2 million of operating loss. If the acquisition of Ribble Valley Inns Limited had been completed on 1 January 2018, TRG Group revenues for the period would have increased by £2.9 million and the group operating profit would have decreased by £0.6 million. There is no contingent consideration as part of the acquisition and no contingent assets or liabilities were acquired.

The acquisition accounting of Ribble Valley Inns Limited is ongoing and accordingly the purchase price allocation to determine the nature of any acquired intangible assets will be completed for the 2018 full year financial statements.

#### 15. Events occurring after the reporting date

On 29 August 2018, the TRG Group acquired 100 per cent. of issued shares in Food & Fuel Limited, a premium pubs business, for consideration of £14.9 million.

On 24 October 2018 the TRG Group received £350,000 for the sale of all its loan notes in Blackhouse Newco Limited to certain managers within the Blackhouse group. This amount will be recognised in the TRG Group's income statement for the period ended 30 December 2018, given the full receivable balance of £2.9 million was fully provided for in prior years.

No material events have arisen since the end of the period which have significantly affected or may significantly affect the operations of the TRG Group, the results of those operations, or the state of affairs of the TRG Group in future financial periods.

**PART IX**  
**HISTORICAL FINANCIAL INFORMATION RELATING TO WAGAMAMA**

**Basis of financial information**

The historical financial information of Wagamama for Wagamama FY 2016, Wagamama FY 2017 and Wagamama FY 2018 (**Wagamama Historical Financial Information**), the accountant's report thereon, and the interim financial information for Wagamama Interim Period 2018 (**Wagamama Interim Financial Information**) are set out in this Part IX.

The Wagamama Historical Financial Information has been prepared in accordance with IFRS and using accounting policies consistent with those used to prepare the latest audited consolidated financial statements of the TRG Group.

The TRG Directors confirm that the Wagamama Interim Financial Information has been prepared in accordance with International Accounting Standard 34 (*Interim Financial Reporting*) and using accounting policies consistent with those used to prepare the latest audited consolidated financial statements of the TRG Group.

## SECTION 1

### ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF WAGAMAMA FOR THE PERIODS WAGAMAMA FY 2016, WAGAMAMA FY 2017 AND WAGAMAMA FY 2018

The Directors  
The Restaurant Group plc  
5-7 Marshalsea Road  
London  
SE1 1EP

12 November 2018

Dear Sirs

#### **Mabel Topco Limited**

We report on the historical financial information set out in Section 2 of Part IX of the combined prospectus and circular (the "Document") dated 12 November 2018 for the 52 weeks ended 24 April 2016, the 52 weeks ended 23 April 2017 and the 53 weeks ended 29 April 2018 (the "Financial Information"). This Financial Information has been prepared for inclusion in the Document relating to the acquisition of Mabel Topco Limited dated 12 November 2018 by The Restaurant Group plc on the basis of the accounting policies set out in Note 1 to the Financial Information. This report is required by Listing Rule 13.5.21 and is given for the purpose of complying with that rule and for no other purpose.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided and which we may have to ordinary shareholders as a result of the inclusion of this report in the Document, 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 item 23.1 of Annex I to Commission Regulation (EC) 809/2004 and Listing Rule 13.4.1R (6), consenting to its inclusion in the Document.

#### **Responsibilities**

The Directors of The Restaurant Group plc are responsible for preparing the Financial Information on the basis of preparation set out in note 1 to the Financial Information and in a form that is consistent with the accounting policies adopted in The Restaurant Group plc's latest annual accounts.

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

#### **Basis of opinion**

We conducted our work in accordance with 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 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.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions 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 Financial Information gives, for the purposes of the Document dated 12 November 2018, a true and fair view of the state of affairs of Mabel Topco Limited as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

**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 item 1.2 of Annex I of Commission Regulation (EC) 809/2004.

Yours faithfully

Ernst & Young LLP

## SECTION 2

### HISTORICAL FINANCIAL INFORMATION OF WAGAMAMA FOR THE PERIODS WAGAMAMA FY 2016, WAGAMAMA FY 2017 AND WAGAMAMA FY 2018

#### Consolidated income statement

	<i>Note</i>	52 weeks ended 24 April 2016 £'000	52 weeks ended 23 April 2017 £'000	53 weeks ended 29 April 2018 £'000
<b>Revenue</b> .....	3	229,864	266,109	306,713
<b>Cost of sales</b> .....	4	<u>(186,123)</u>	<u>(217,771)</u>	<u>(265,670)</u>
<b>Gross profit</b> .....		43,741	48,338	41,043
Administration costs .....		<u>(17,884)</u>	<u>(18,196)</u>	<u>(25,543)</u>
<b>Operating profit</b> .....		25,857	30,142	15,500
Interest payable .....	7	(28,609)	(30,321)	(34,652)
Interest receivable .....	7	110	192	162
<b>Profit / (loss) on ordinary activities before tax</b> .....		(2,642)	13	(18,990)
Tax on profit / (loss) from ordinary activities .....	8	<u>(1,180)</u>	<u>(3,487)</u>	<u>(2,841)</u>
<b>Loss for the year</b> .....		<u>(3,822)</u>	<u>(3,474)</u>	<u>(21,831)</u>
<b>Other comprehensive (expenses)/income:</b>				
Foreign exchange differences arising on consolidation .....		<u>(109)</u>	<u>65</u>	<u>(828)</u>
<b>Total comprehensive loss for the year</b> .....		<u>(3,931)</u>	<u>(3,409)</u>	<u>(22,659)</u>

The table below is provided to give additional information to shareholders on a key performance indicator:

<b>EBITDA</b> .....	34,396	40,521	31,316
Depreciation and impairment .....	(8,539)	(10,379)	(15,816)
<b>Operating profit</b> .....	25,857	30,142	15,500

## Consolidated balance sheet

	<i>Note</i>	At 24 April 2016 £'000	At 23 April 2017 £'000	At 29 April 2018 £'000
<b>Non-current assets</b>				
Intangible assets	10	145,732	145,911	147,478
Property, plant and equipment	11	82,625	102,634	115,076
		<u>228,357</u>	<u>248,545</u>	<u>262,554</u>
<b>Current assets</b>				
Stock	12	1,400	1,628	2,017
Other receivables		2,860	2,944	6,097
Prepayments		3,922	5,286	7,128
Cash and cash equivalents	19	35,736	34,142	29,371
		<u>43,918</u>	<u>44,000</u>	<u>44,613</u>
<b>Total assets</b>		<u>272,275</u>	<u>292,545</u>	<u>307,167</u>
<b>Current liabilities</b>				
Corporation tax liabilities		(2,223)	(2,954)	(974)
Trade and other payables	13	(43,441)	(49,208)	(53,931)
Other payables—finance lease obligations	21	(90)	(90)	(90)
Provisions	14	(866)	(359)	(816)
		<u>(46,620)</u>	<u>(52,611)</u>	<u>(55,811)</u>
<b>Net current liabilities</b>		<u>(2,702)</u>	<u>(8,611)</u>	<u>(11,198)</u>
<b>Non-current liabilities</b>				
Long-term borrowings	19	(313,659)	(331,649)	(361,967)
Trade and other payables	13	(2,921)	(3,210)	(3,232)
Other payables—finance lease obligations	21	(1,080)	(1,078)	(1,076)
Deferred tax liabilities	15	(3,628)	(3,876)	(4,204)
Provisions	14	(2,161)	(1,256)	(6,691)
		<u>(323,449)</u>	<u>(341,069)</u>	<u>(377,170)</u>
<b>Total liabilities</b>		<u>(370,069)</u>	<u>(393,680)</u>	<u>(432,981)</u>
<b>Net liabilities</b>		<u>(97,794)</u>	<u>(101,135)</u>	<u>(125,814)</u>
<b>Equity</b>				
Share capital	16	20	20	20
Share premium		19,633	19,633	19,633
Other reserves		284	352	(1,668)
Retained earnings		(117,731)	(121,140)	(143,799)
<b>Total shareholders' deficit</b>		<u>(97,794)</u>	<u>(101,135)</u>	<u>(125,814)</u>

## Consolidated statement of changes in equity

	<i>Note</i>	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 27 April 2015 .....		19	19,625	263	(113,800)	(93,893)
Loss for the year .....		—	—	—	(3,822)	(3,822)
Other comprehensive income for the year .....		—	—	—	(109)	(109)
Issue of new shares .....	16	1	8	—	—	9
Gain on shares held by employee benefit trust .....		—	—	18	—	18
Net sale of shares by employee benefit trust .....	17	—	—	3	—	3
<b>Balance at 24 April 2016</b> .....		<u>20</u>	<u>19,633</u>	<u>284</u>	<u>(117,731)</u>	<u>(97,794)</u>
Balance at 25 April 2016 .....		20	19,633	284	(117,731)	(97,794)
Loss for the year .....		—	—	—	(3,474)	(3,474)
Other comprehensive income for the year .....		—	—	—	65	65
Gain on shares held by employee benefit trust .....		—	—	125	—	125
Net purchase of shares by employee benefit trust .....	17	—	—	(57)	—	(57)
<b>Balance at 23 April 2017</b> .....		<u>20</u>	<u>19,633</u>	<u>352</u>	<u>(121,140)</u>	<u>(101,135)</u>
Balance at 24 April 2017 .....		20	19,633	352	(121,140)	(101,135)
Loss for the year .....		—	—	—	(21,831)	(21,831)
Other comprehensive expenses for the year .....		—	—	—	(828)	(828)
Gain on shares held by employee benefit trust .....		—	—	323	—	323
Net purchase of shares by employee benefit trust .....	17	—	—	(2,343)	—	(2,343)
<b>Balance at 29 April 2018</b> .....		<u>20</u>	<u>19,633</u>	<u>(1,668)</u>	<u>(143,799)</u>	<u>(125,814)</u>

Other reserves represent the Wagamama Group's share-based payment transactions and the shares held by the Wagamama EBT.

## Consolidated cash flow statement

	<i>Note</i>	52 weeks ended 24 April 2016 £'000	52 weeks ended 23 April 2017 £'000	53 weeks ended 29 April 2018 £'000
<b>Operating activities</b>				
Cash generated from operations before Exceptional Items	18	37,176	44,458	42,248
Interest received		110	192	162
Tax paid		(509)	(2,509)	(4,390)
Cash outflows from exceptional onerous lease provisions	6	—	(583)	(646)
Cash outflows from USA expansion	6	(1,067)	(568)	—
Cash outflows from executive restructure	6	—	—	(3,412)
Cash outflows from refinancing	6	—	—	(1,046)
<b>Net cash flows from operating activities</b>		<u>35,710</u>	<u>40,990</u>	<u>32,916</u>
<b>Investing activities</b>				
Purchase of property, plant and equipment		(17,282)	(30,311)	(31,458)
<b>Net cash flows used in investing activities</b>		<u>(17,282)</u>	<u>(30,311)</u>	<u>(31,458)</u>
<b>Financing activities</b>				
Repayment of bonds		—	—	(150,000)
Issue of bonds		—	—	225,000
Finance costs related to bond issue		—	—	(9,323)
Interest paid		(12,113)	(12,055)	(68,987)
Issue of share capital		8	—	—
Sale / (purchase) of shares by employee benefit trust		43	68	(2,020)
Sale / (purchase) of unsecured loan notes by employee benefit trust		870	(229)	(772)
Decrease in obligations under finance leases		(90)	(90)	(90)
<b>Net cash flows used in financing activities</b>		<u>(11,282)</u>	<u>(12,306)</u>	<u>(6,192)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		7,146	(1,627)	(4,734)
Cash and cash equivalents at the beginning of the year	19	28,591	35,736	34,142
Exchange differences		(1)	33	(37)
<b>Cash and cash equivalents at the end of the year</b>	19	<u>35,736</u>	<u>34,142</u>	<u>29,371</u>



## Notes to the consolidated historical financial information

### 1. Accounting policies for the consolidated accounts

#### *Significant accounting policies*

Mabel Topco Limited (**Wagamama**) is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is 76 Wardour Street, London, W1F 0UR. The consolidated historical financial information of the Wagamama Group for the periods ended 29 April 2018, 23 April 2017 and 24 April 2016 comprises Wagamama and its subsidiaries. The principal activity of the Wagamama Group during the period was the operation of restaurants.

#### (a) Statement of compliance

The consolidated historical financial information has been prepared in accordance with International Financial Reporting Standards and IFRS interpretations as adopted by the European Union (**IFRS**).

#### (b) Going concern basis

The consolidated historical financial information has been prepared on the going concern basis as, after making appropriate enquires, and with consideration as to the historical and projected performance of the Wagamama Group, including Wagamama's and the Enlarged Group's working capital forecasts and projections taking account of reasonably possible changes in trading performance and the current state of its operating market, the TRG Directors have a reasonable expectation that the Wagamama Group will be able to operate within the level of the debt facilities available to the Enlarged Group and has adequate resources to continue in operational existence for the foreseeable future at the time of approving the historical financial information. Accordingly, they have adopted the going concern basis in preparing historical financial information.

#### (c) Basis of preparation

This historical financial information does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006. The basis of preparation describes how the historical financial information has been prepared in accordance with the Listing Rules and PD Regulation. The historical financial information has been prepared in accordance with IFRS and using accounting policies consistent with those used to prepare the latest audited consolidated financial statements of the TRG Group.

The accounting year runs to a Sunday within 7 days of 30 April each year which will be a 52 or 53 week period. The year ended 29 April 2018 was a 53 week period, with the comparative year to 23 April 2017 being a 52 week period and the year to 24 April 2016 being a 52 week period.

The historical financial information has been presented in sterling, rounded to the nearest thousand. They have been prepared on the historical cost basis.

The preparation of historical financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions 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.

#### *Future accounting policies*

The Wagamama Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and in some cases have not yet been adopted by the EU:

IFRS 16 Leases

IFRS 2 (amendments) Classification and Measurement of Share-based Payment Transactions

The directors of TRG do not expect that the adoption of the standards listed above will have a material impact on the historical financial information of the Wagamama Group in future periods, except as noted below:

IFRS 16, which will be applicable for accounting periods commencing on or after 1 January 2019 and will be adopted by the Wagamama Group for the period ended April 2020. IFRS 16 will have a material impact on the reported assets, liabilities and income statement of the Wagamama Group given the extensive portfolio of operating leases held. Under IFRS 16, the Wagamama Group will be required to account for its operating leases by recognising a right-of-use asset and related lease liability on the balance sheet. This will additionally impact the depreciation and interest amounts recognised in the income statement. The measurement of overall cash flows of the Wagamama Group will remain unchanged, although there will be classification changes within the cash flow statement as a result of adopting IFRS 16. Furthermore, extensive disclosures will be required by IFRS 16. As shown in note 21, the Wagamama Group has lease commitments of £332 million at 29 April 2018 across leases of varying remaining length and age. The impact of the standard on the Wagamama Group is currently being assessed and it is not yet practicable to quantify the effect of IFRS 16 on this consolidated historical financial information.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

#### **(d) Basis of consolidation**

##### **Subsidiaries**

Subsidiaries are entities controlled by the Wagamama Company. Control exists when the Wagamama Company possess power over the investee, has exposure to variable returns from its involvement with the entity and has the ability to use its power over the investee to affect its returns. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account, regardless of management's intention to exercise that option or warrant. The financial statements of subsidiaries are included in the consolidated historical financial information from the date that control commences until the date that control ceases.

##### **Transactions eliminated on consolidation**

Intragroup balances and any gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated historical financial information.

#### **(e) Foreign currency**

The results of overseas subsidiaries are translated at the average rate for the period. The statements of financial position are translated at year-end exchange rates. The resulting exchange differences are booked into reserves and reported in the consolidated statement of comprehensive income.

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities held at the end of the reporting period are translated at year-end exchange rates. The resulting exchange gain or loss is recognised within the income statement.

#### **(f) Property, plant and equipment and intangible assets**

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy k). Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

##### ***Finance leases***

Leases in which the Wagamama Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The owner-occupied properties (excluding land element) acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (see accounting policy k).

### ***Subsequent costs***

The Wagamama Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that enhanced future economic benefits embodied with the item will flow to the Wagamama Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

### ***Depreciation***

Depreciation is charged to the income statement on a straight-line basis to the residual value over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Leasehold property	Term of lease or useful life of the asset, whichever is the shorter
Fixtures and equipment	3-10 years
Motor vehicles	4 years
Computer equipment	3-5 years

The estimated useful lives and residual values applied are reviewed at each reporting date with any changes in estimates being applied prospectively.

### ***Intangible assets—Goodwill***

All business combinations are accounted for by applying the acquisition method. Goodwill represents amounts arising on acquisition of subsidiaries. In respect of business acquisitions that have occurred since 1 January 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units. Goodwill is not subject to amortisation but is formally tested for impairment at least annually or when an impairment trigger has arisen (see accounting policy k).

## **(g) Financial assets**

### ***Classification***

The Wagamama Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Wagamama Group's loans and receivables comprise 'cash and cash equivalents' and 'other receivables' in the balance sheet.

Other receivables are amounts due from suppliers or sub tenants in the ordinary course of business. Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (see accounting policy k).

### ***Recognition and measurement***

Financial assets are recognised when the Wagamama Group becomes party to the contractual provisions of the instrument and are subsequently carried at amortised cost using the effective interest rate method, less provisions for impairment. Impairment of financial assets is based on management's estimate of future cash inflows.

### ***Offsetting financial instruments***

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

**(h) Financial liabilities—borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

**(i) Stock**

Stock is stated at the lower of cost and net realisable value. Cost is determined in accordance with the weighted average stock costing model, including applicable commercial discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

**(j) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and debit and credit card payments received within 48 working hours. Bank overdrafts that are repayable on demand and form an integral part of the Wagamama Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

**(k) Impairment**

The carrying amounts of the Wagamama Group's assets are reviewed annually to determine whether there is any indication of impairment.

The Wagamama Group formally determines whether property, plant and equipment are impaired by considering indicators of impairment annually. This requires the Wagamama Group to determine the lowest level of assets which generate largely independent cash flows (cash generating units or 'CGU') and to determine their recoverable amount, based on estimating the value-in-use of these assets or CGUs; and compare these to their carrying value. Cash generating units are deemed to be individual units or a cluster of units depending on the nature of the trading environment in which they operate. We only consider sites as a cluster of units, i.e. as a single CGU, where they are in a single, shared location, such as an airport, such that demand at 1 unit can directly affect that of other units in the same location. The discount rate applied in the value-in-use calculations is based on the Wagamama Group's weighted average cost of capital, with adjustments made as required to reflect the specific risks associated with the CGUs estimated cash flows. Impairment losses are recognised in the income statement.

For goodwill and assets that have an indefinite useful life, the recoverable amount is estimated annually. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Goodwill Impairment losses are recognised in the income statement and are not subsequently reversed.

**(l) Provisions**

A provision is recognised in the balance sheet when the Wagamama Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

**(m) Onerous lease provisions**

A provision for onerous lease is recognised when the expected benefits to be derived by the Wagamama Group from a lease are lower than the unavoidable cost of meeting its obligations under the lease.

The Wagamama Group provides for its onerous obligations under operating leases where the property is closed or vacant and for properties where the fixed cost is in excess of income. The amount provided is based on the

lowest net cost of exiting the contract. Estimates have been made with respect to the time to exit, sublet or cover the fixed cost base, along with other associated exit costs as well as an evaluation of the cost of void period prior to sublet and the value of lease incentive which may be required to be paid as part of the sublet process.

**(n) Deferred and current tax**

Corporation tax payable is provided on the taxable profit at the current rate. Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, except to the extent that the deferred tax arises from the initial recognition of goodwill. Temporary differences are differences between the carrying amount of the Wagamama Group's assets and liabilities and their tax base.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse based on tax rates and laws that are enacted, or substantively enacted, by the balance sheet date. Deferred tax is measured on a non-discounted basis.

**(o) Pensions**

The Wagamama Group makes contributions for eligible workers into defined contribution pension plans and these contributions are charged to the income statement as they are accrued. The Wagamama Group does not operate any defined benefit plans.

**(p) Revenue**

Revenue represents amounts received and receivable for goods provided (excluding value added tax and voluntary gratuities left by customers for the benefit of employees) and is recognised at the point of sale. Revenue also includes royalty income from franchise partners; which is not considered to be material and has therefore not been separately disclosed.

**(q) Other income**

***Rental income***

Rental income is derived from sites where the Wagamama Group is the lessor. Rental income is recognised in the income statement as earned. Provisions are made for any doubtful debts. Where any lease incentives are provided to the lessee (such as rent-free periods), such incentives are accounted for as a reduction in lease income over the lease term.

***Franchise fees***

Franchise fees comprise on-going royalties based on the sales results of the franchisee and up front initial site and territory fees. Royalty revenue is accrued in line with reported sales performance once revenue can be reliably measured. Up front initial site and territory fees are deferred and recognised on opening of the associated franchisee restaurant(s).

**(r) Expenses**

***Operating lease payments***

Fixed payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Contingent rents, such as turnover related rents, are recognised in the income statement as incurred. Incentives to enter into an operating lease are spread on a straight-line basis over the lease term as a reduction in rental expense.

***Finance lease payments***

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

***Pre-opening expenses***

Property rentals and related costs incurred up to the date of opening of a new restaurant are written off to the income statement in the period in which they are incurred. Promotional and training costs are written off to the income statement in the period in which they are incurred.

### ***Borrowing costs***

Debt is stated net of borrowing costs which are spread over the term of the loan. All other borrowings costs are recognised in the income statement in the period in which they are incurred.

### ***Commercial discount***

Commercial discounts represent a reduction in cost of goods and services in accordance with negotiated supplier contracts, the majority of which are based on purchase volumes. Commercial discounts are recognised in the period in which they are earned and to the extent that any variable targets have been achieved in that financial period.

### ***Exceptional Items***

In order to illustrate the trading performance of the Wagamama Group, presentation has been made of performance measures excluding those Exceptional Items which it is considered would distort the comparability of the Wagamama Group's results. Exceptional Items are defined as those items that, by virtue of their unusual nature or size, warrant separate additional disclosure in the historical financial information in order to fully understand the performance of the Wagamama Group.

### **(s) Dividends**

In accordance with IAS 10 "Events after the Balance Sheet Date", dividends declared after the balance sheet date are not recognised as a liability at that balance sheet date, and are recognised in the historical financial information when they have received approval by Shareholders.

### ***Critical accounting judgements***

The Wagamama Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### **Critical accounting estimates and assumptions**

#### **a) Onerous lease provisions**

Provisions for onerous leases are identified as major sources of estimation uncertainty and by their nature are inherently judgemental. The Wagamama Group provides for its onerous obligations under operating leases where the property is closed or vacant and for properties where the fixed cost is in excess of income. The amount provided is based on the lowest net cost of exiting the contract.

Estimates have been made with respect to the time to exit, sublet or cover the fixed cost base, along with other associated exit costs as well as an evaluation of the cost of void periods prior to sublet and the value of lease incentive which may be required to be paid as part of the sublet process.

In determining the provision, the risk adjusted cash flows have been discounted on a pre-tax basis using a risk free rate.

Changes in cash generation of each site could impact on the value of the provision. It is estimated that, a 10 per cent. decline in EBITDA, with a direct impact on cash flow performance of the sites included in the provision would generate an additional provision of £1.1 million as at 29 April 2018, £0.1 million as at 23 April 2017 and .£0.2 million as at 24 April 2016.

Additionally, it is estimated that, should all leases with more than 10 years remaining on the committed lease term be exited 2 years ahead of expiry, the provision would reduce by £0.8 million as at 29 April 2018, £0.1 million as at 23 April 2017 and £0.1 million as at 24 April 2016.

A 1 per cent. increase or decrease in the risk free rate would reduce, or increase, respectively, the provision by £0.5 million as at 29 April 2018, £0.1 million as at 23 April 2017 and £0.1 million as at 24 April 2016.

## b) Impairment of property, plant and equipment

The Wagamama Group formally determines whether property, plant and equipment are impaired by considering indicators of impairment annually. This requires the Wagamama Group to determine the lowest level of assets which generate largely independent cash flows (cash generating units or 'CGU') and to determine their recoverable amount, based on estimating the value-in-use of these assets or CGUs; and compare these to their carrying value. Cash generating units are deemed to be individual units or a cluster of units depending on the nature of the trading environment in which they operate. We only consider sites as a cluster of units, i.e. as a single CGU, where they are in a single, shared location, such as an airport, such that demand at 1 unit can directly affect that of other units in the same location.

Calculating the value-in-use requires the Wagamama Group to make an estimate of the future cash flows of each CGU and to choose a suitable discount rate in order to calculate the present value of those cash flows. The estimated future cash flows for each CGU are based on past experience and trading at the specific CGU. The discount rate used in the year ended 29 April 2018 for all CGUs was the Wagamama Group's weighted average cost of capital at 10 per cent. (52 weeks ended 23 April 2017: 10 per cent., 52 weeks ended 24 April 2016). The directors of Wagamama believe the risks associated with each CGU are the same, considering the nature of assets being tested for impairment is consistent, all CGUs are within the restaurant sector and cash flow projections are compiled in the same way for every CGU.

## 2. Segmental analysis

The Wagamama Group trades in one business segment (that of operating restaurants) primarily within the United Kingdom. In addition, the Wagamama Group operates restaurants in the United States and generates revenues from franchise royalties primarily in the Middle East and Europe. The segmentation between geographical location and restaurant operations and royalty revenues are not considered significant to be reportable segments under IFRS 8.

## 3. Revenue

Revenue has been generated from the operation of restaurants, with approximately 97 per cent. of revenue generated within the United Kingdom. The remainder is attributable to restaurants within the United States and from franchise royalties primarily in the Middle East and Europe.

## 4. Profit for the year

	52 weeks ended 24 April 2016 £'000	52 weeks ended 23 April 2017 £'000	53 weeks ended 29 April 2018 £'000
Continuing business excluding pre-opening costs . . . . .	183,691	214,825	254,120
Pre-opening costs . . . . .	2,432	3,668	3,080
<b>Trading cost of sales . . . . .</b>	<b>186,123</b>	<b>218,493</b>	<b>257,200</b>
Exceptional Item / (credit) (note 6) . . . . .	—	(722)	8,470
<b>Total cost of sales for the year . . . . .</b>	<b>186,123</b>	<b>217,771</b>	<b>265,670</b>

	52 weeks ended 24 April 2016 £'000	52 weeks ended 23 April 2017 £'000	53 weeks ended 29 April 2018 £'000
Profit for the year has been arrived at after charging/ (crediting):			
Amortisation	23	78	271
Depreciation (see note 11)	8,516	10,372	13,614
Impairment of property, plant and equipment	—	(71)	1,931
Purchases of food, beverages and consumables	41,235	46,752	55,038
Staff costs (see note 5)	84,125	97,154	114,957
Minimum lease payments	14,864	16,761	19,780
Contingent lease payments	<u>3,516</u>	<u>5,245</u>	<u>5,494</u>
Total operating lease rentals of land and buildings	18,380	22,006	25,274
Rental income	<u>(113)</u>	<u>(194)</u>	<u>(307)</u>
<b>Net rental costs</b>	<u><u>18,267</u></u>	<u><u>21,812</u></u>	<u><u>24,967</u></u>
<b>Auditor's remuneration:</b>			
Fee payable to the Company's auditor for the audit of the Group's annual accounts	3	3	4
<b>Fees payable to the Company's auditor and their associates for other services to the Group:</b>			
The audit of the Company's subsidiaries	<u>66</u>	<u>77</u>	<u>91</u>
<b>Total audit fees</b>	<u>69</u>	<u>80</u>	<u>95</u>
Audit-related assurance services	—	13	13
Tax compliance services	30	32	34
Other tax advisory services	147	158	129
Other services	<u>80</u>	<u>24</u>	<u>128</u>
<b>Total non-audit fees</b>	<u>257</u>	<u>227</u>	<u>304</u>
<b>Total auditor's remuneration</b>	<u><u>326</u></u>	<u><u>307</u></u>	<u><u>399</u></u>

All of the auditor's remuneration in the years ended 24 April 2016, 23 April 2017 and 29 April 2018 was expensed as administration costs.

## 5. Staff costs and numbers

	52 weeks ended 24 April 2016 £'000	52 weeks ended 23 April 2017 £'000	53 weeks ended 29 April 2018 £'000
<b>a) Average staff numbers during the year (including directors)</b>			
Restaurant staff	4,373	4,948	5,564
Administration staff	<u>110</u>	<u>130</u>	<u>155</u>
	<u>4,483</u>	<u>5,078</u>	<u>5,719</u>
<b>b) Staff costs (including directors)</b>			
Wages and salaries	77,845	89,329	105,153
Social security costs	5,617	7,083	8,873
Pension costs	<u>663</u>	<u>742</u>	<u>931</u>
	<u>84,125</u>	<u>97,154</u>	<u>114,957</u>
<b>c) Directors' remuneration</b>			
Emoluments	1,544	1,198	1,683
Termination benefits	252	—	1,345
Money purchase (and other) pension contributions	<u>96</u>	<u>78</u>	<u>92</u>
	<u>1,892</u>	<u>1,276</u>	<u>3,120</u>



Directors' emoluments of £1.7 million include £0.4 million of exceptional costs in relation to the refinancing costs (see note 6).

## 6. Exceptional Items

	52 weeks ended 24 April 2016 £'000	52 weeks ended 23 April 2017 £'000	53 weeks ended 29 April 2018 £'000
Included within cost of sales:			
—Increase / (decrease) in onerous lease provisions . . .	—	(844)	6,539
—Impairment of property, plant & equipment . . . . .	—	(71)	1,931
	—	(915)	8,470
Included within administration costs:			
—USA infrastructure development . . . . .	1,067	568	—
—Executive team restructuring . . . . .	—	—	3,412
—Refinancing costs . . . . .	—	—	1,046
	1,067	568	4,458
Included within interest payable:			
—Costs incurred in relation to early redemption of high yield bond . . . . .	—	—	9,116
Exceptional Items before tax . . . . .	1,067	(347)	22,044
Tax effect of Exceptional Items . . . . .	—	213	(3,822)
<b>Net Exceptional Items for the year</b> . . . . .	<u>1,067</u>	<u>(134)</u>	<u>18,222</u>

For the period ended 24 April 2016, the exceptional administration charge of £1.1 million is in relation to infrastructure development in readiness for expansion into the United States, including costs relating to legal, marketing and supply chain consultants.

For the period ended 23 April 2017, of the £0.3 million credit in relation to Exceptional Items, the £0.9 million credit within cost of sales is due to the release of onerous lease and impairment provisions in relation to closed sites, offset by a further charge of £0.6 million in relation to the Wagamama Group's United States expansion.

For the period ended 29 April 2018, of the £22.0 million charge in relation to Exceptional Items, £8.5 million included within cost of sales is in relation to onerous lease provisions and impairment charges on poorly performing sites no longer performing in line with expectation, partially offset by reversals of previously recognised impairment losses; of the £4.5 million charge within administration costs, £1.0 million is in relation to a bonus paid to a number of long-standing employees following the refinancing, together with severance payments of £3.4 million, primarily in relation to the Chief Executive Officer. The £9.1 million within interest payable relates to the Wagamama Group's refinancing in the year and comprise early redemption charges on the repayment of the previous £150 million bond and the write-off of the unamortised finance costs related to the bond.

## 7. Net interest charges

	52 weeks ended 24 April 2016 £'000	52 weeks ended 23 April 2017 £'000	53 weeks ended 29 April 2018 £'000
Loan notes interest (note 20) . . . . .	15,589	17,167	14,666
High yield bond interest (note 20) . . . . .	12,650	12,833	10,559
Other interest charges . . . . .	370	321	311
<b>Total interest payable (trading)</b> . . . . .	28,609	30,321	25,536
Exceptional Items—in relation to early redemption of high yield bond (note 6) . . . . .	—	—	9,116
Total interest payable . . . . .	<u>28,609</u>	<u>30,321</u>	<u>34,652</u>
Bank interest receivable . . . . .	(110)	(192)	(162)
<b>Total interest receivable</b> . . . . .	<u>(110)</u>	<u>(192)</u>	<u>(162)</u>
<b>Net interest charges</b> . . . . .	<u>28,499</u>	<u>30,129</u>	<u>34,490</u>

## 8. Tax

	52 weeks ended 24 April 2016 £'000	52 weeks ended 23 April 2017 £'000	53 weeks ended 29 April 2018 £'000
<b>a) The tax charge comprises:</b>			
Current tax			
UK corporation tax at 19% (2017: 19.94%, 2016: 20%) .....	1,476	3,239	1,800
Adjustments in respect of previous years .....	9	—	713
	<u>1,485</u>	<u>3,239</u>	<u>2,513</u>
Deferred tax			
Origination and reversal of temporary differences .....	186	165	(172)
Adjustments in respect of previous years .....	(123)	337	539
Charge/(credit) in respect of rate change on deferred tax liability .....	(368)	(254)	(39)
	<u>(305)</u>	<u>248</u>	<u>328</u>
<b>Total tax charge for the year .....</b>	<b><u>1,180</u></b>	<b><u>3,487</u></b>	<b><u>2,841</u></b>

### b) Factors affecting the tax charge for the year

The tax charged for the year varies from the standard  
UK corporation tax rate due to the following factors:

	52 weeks ended 24 April 2016 £'000	52 weeks ended 23 April 2017 £'000	53 weeks ended 29 April 2018 £'000
Profit/(loss) on ordinary activities before tax .....	(2,642)	13	(18,990)
Profit/(loss) on ordinary activities before tax multiplied by the standard UK corporation tax rate of 19% (2017: 19.94%, 2016: 20%) .....	(528)	2	(3,608)
<i>Effects of:</i>			
Expenses /(income) not deductible for tax purposes ...	2,228	2,321	3,598
Differences in tax rates .....	(432)	(816)	(919)
Tax losses not recognised .....	1,018	1,897	2,455
Re-measurement of deferred tax—change in UK tax rate .....	(368)	(254)	(39)
Adjustment in respect of previous years .....	(738)	337	1,354
<b>Total tax charge for the year .....</b>	<b><u>1,180</u></b>	<b><u>3,487</u></b>	<b><u>2,841</u></b>

The Finance Act 2012 introduced a reduction in the main rate of corporation tax from April 2015 from 21 per cent. to 20 per cent.. The Finance (No.2) Act 2015 introduced a reduction in the main rate of corporation tax from 20 per cent. to 19 per cent. from April 2017 and from 19 per cent. to 18 per cent. from April 2020 which was substantively enacted on 26 October 2015.

Accordingly, a rate of 20.00 per cent. has been used to calculate the tax liability for the 52 weeks ended 24 April 2016, a rate of 19.92 per cent. has been used for the 52 weeks ended 23 April 2017 and a rate of 19.00 per cent. has been used for the 53 weeks ended 29 April 2018.

The Finance Act 2016 introduced a further reduction in the main rate of corporation tax to 17 per cent. from April 2020.

This was substantively enacted on 6 September 2016. The deferred tax provision at the balance sheet date has been calculated at this rate.

## 9. Dividend

No dividends have been proposed or paid in respect of the period ending 24 April 2016, the period ended 23 April 2017 or the period ended 29 April 2018.

## 10. Intangible assets

	Goodwill £'000	Trademarks and licences £'000	Software and IT Development £'000	Total £'000
<b>Cost</b>				
At 27 April 2015	145,493	228	—	145,721
Additions	—	—	104	104
<b>At 24 April 2016</b>	<b>145,493</b>	<b>228</b>	<b>104</b>	<b>145,825</b>
<b>Accumulated depreciation and impairment</b>				
At 27 April 2015	—	70	—	70
Charged during the year	—	17	6	23
<b>At 24 April 2016</b>	<b>—</b>	<b>87</b>	<b>6</b>	<b>93</b>
<b>Cost</b>				
At 25 April 2016	145,493	228	104	145,825
Additions	—	12	245	257
Disposals	—	(58)	—	(58)
<b>At 23 April 2017</b>	<b>145,493</b>	<b>182</b>	<b>349</b>	<b>146,024</b>
<b>Accumulated depreciation and impairment</b>				
At 25 April 2016	—	87	6	93
Charged during the year	—	17	61	78
Disposals	—	(58)	—	(58)
<b>At 23 April 2017</b>	<b>—</b>	<b>46</b>	<b>67</b>	<b>113</b>
<b>Cost</b>				
At 24 April 2017	145,493	182	349	146,024
Additions	—	295	1,544	1,839
Disposals	—	(2)	—	(2)
<b>At 29 April 2018</b>	<b>145,493</b>	<b>475</b>	<b>1,893</b>	<b>147,861</b>
<b>Accumulated depreciation and impairment</b>				
At 24 April 2017	—	46	67	113
Charged during the year	—	16	255	271
Disposals	—	(1)	—	(1)
<b>At 29 April 2018</b>	<b>—</b>	<b>61</b>	<b>322</b>	<b>383</b>
Net book value as at 24 April 2016	145,493	141	98	145,732
Net book value as at 23 April 2017	145,493	136	282	145,911
<b>Net book value as at 29 April 2018</b>	<b>145,493</b>	<b>414</b>	<b>1,571</b>	<b>147,478</b>

Goodwill arising on business combinations is not amortised but is subject to an impairment review annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Therefore, goodwill arising on acquisition is monitored and an impairment test is carried out which compares the value in use of each cash generating unit (CGU) to its carrying value. The intangible assets reported on the balance sheet represent goodwill arising on the acquisition of Lion/Katsu Investments Sarl.

The Wagamama Group has conducted a sensitivity analysis taking into consideration the impact on key impairment test assumptions arising from a range of possible trading and economic scenarios. The scenarios have been performed separately with the sensitivities summarised as follows:

- An increase in the discount rate of 1 per cent.
- A decrease of 5 per cent. on forecast cash flows

The sensitivity analysis shows that no impairment would result from either an increase in the discount rate or a decrease in forecast cash flows.

## 11. Property, plant and equipment

	Leasehold properties £'000	Fixtures, equipment and vehicles £'000	Total £'000
<b>Cost</b>			
At 27 April 2015	75,659	29,875	105,534
Additions	11,341	7,145	18,486
Disposals	(650)	(7,254)	(7,904)
Foreign exchange differences	311	89	400
<b>At 24 April 2016</b>	<b>86,661</b>	<b>29,855</b>	<b>116,516</b>
<b>Accumulated depreciation and impairment</b>			
At 27 April 2015	19,018	13,639	32,657
Charged during the year	3,796	4,720	8,516
Disposals	(650)	(7,254)	(7,904)
Foreign exchange differences	535	87	622
<b>At 24 April 2016</b>	<b>22,699</b>	<b>11,192</b>	<b>33,891</b>
<b>Cost</b>			
At 25 April 2016	86,661	29,855	116,516
Additions	20,118	11,621	31,739
Disposals	(1,211)	(2,851)	(4,062)
Foreign exchange differences	764	237	1,001
<b>At 23 April 2017</b>	<b>106,332</b>	<b>38,862</b>	<b>145,194</b>
<b>Accumulated depreciation and impairment</b>			
At 25 April 2016	22,699	11,192	33,891
Charged during the year	5,084	5,288	10,372
Impairment	(71)	—	(71)
Disposals	(222)	(2,363)	(2,585)
Foreign exchange differences	749	204	953
<b>At 23 April 2017</b>	<b>28,239</b>	<b>14,321</b>	<b>42,560</b>
<b>Cost</b>			
At 24 April 2017	106,332	38,862	145,194
Additions	15,009	13,628	28,637
Disposals	(3,082)	(8,889)	(11,971)
Foreign exchange differences	(719)	(157)	(876)
<b>At 29 April 2018</b>	<b>117,540</b>	<b>43,444</b>	<b>160,984</b>
<b>Accumulated depreciation and impairment</b>			
At 24 April 2017	28,239	14,321	42,560
Charged during the year	6,478	7,136	13,614
Impairment	2,009	(78)	1,931
Disposals	(3,040)	(8,469)	(11,509)
Foreign exchange differences	(558)	(130)	(688)
<b>At 29 April 2018</b>	<b>33,128</b>	<b>12,780</b>	<b>45,908</b>
Net book value as at 24 April 2016	63,962	18,663	82,625
Net book value as at 23 April 2017	78,093	24,541	102,634
<b>Net book value as at 29 April 2018</b>	<b>84,412</b>	<b>30,664</b>	<b>115,076</b>

The impairment charge for the period ended 29 April 2018 comprises a charge of £3.6 million partially offset by reversals of previously recognised impairment losses of £1.7 million.

Included within the book value of property, plant and equipment are assets under construction of £3.0 million (2017: £10.0 million; 2016: £4.2 million) which are not depreciated.

	At 24 April 2016 £'000	At 23 April 2017 £'000	At 29 April 2018 £'000
<b>Net book value of land and buildings:</b>			
Freehold .....	—	—	—
Long leasehold .....	3,194	3,312	3,185
Short leasehold .....	60,768	74,781	81,227
	<u>63,962</u>	<u>78,093</u>	<u>84,412</u>
<b>Assets held under finance leases—land and buildings</b>			
<b>Costs at the beginning of the year</b> .....	1,345	1,345	1,345
<b>Costs at the end of the year</b> .....	<u>1,345</u>	<u>1,345</u>	<u>1,345</u>
<b>Depreciation</b>			
At the beginning of the year .....	217	239	261
Provided during the year .....	22	22	22
<b>At the end of the year</b> .....	<u>239</u>	<u>261</u>	<u>283</u>
<b>Net book value at the end of the year</b> .....	<u>1,106</u>	<u>1,084</u>	<u>1,062</u>

## 12. Stock

Stock comprises raw materials and consumables and has been valued at the lower of cost and estimated net realisable value. The replacement cost at 29 April 2018, 23 April 2017 and 24 April 2016 is not considered by the directors of Wagamama to be materially different from the balance sheet value. The Wagamama Group recognised £55.0 million of purchases as an expense in 2018 (2017: £46.8 million; 2016: £41.2 million).

## 13. Trade and other payables

	At 24 April 2016 £'000	At 23 April 2017 £'000	At 29 April 2018 £'000
Amounts falling due within 1 year:			
Trade payables .....	12,727	16,561	20,714
Other tax and social security .....	7,632	8,053	10,864
Other payables .....	4,694	5,397	5,865
Accruals and deferred income .....	18,388	19,197	16,488
	<u>43,441</u>	<u>49,208</u>	<u>53,931</u>
Amounts falling due after more than 1 year:			
Accruals and deferred income .....	2,921	3,210	3,232
	<u>2,921</u>	<u>3,210</u>	<u>3,232</u>
	<u>46,362</u>	<u>52,418</u>	<u>57,163</u>

## 14. Provisions

	At 24 April 2016 £'000	At 23 April 2017 £'000	At 29 April 2018 £'000
Provision for onerous leases .....	3,027	1,615	7,507
<b>Balance at the end of the year</b> .....	<u>3,027</u>	<u>1,615</u>	<u>7,507</u>
Analysed as:			
Amount due for settlement within 1 year .....	866	359	816
Amount due for settlement after 1 year .....	2,161	1,256	6,691
	<u>3,027</u>	<u>1,615</u>	<u>7,507</u>

	Onerous lease provisions £'000
<b>Balance at 27 April 2015</b>	3,433
Onerous lease provision in respect of distressed and other sites	111
Amounts utilised	(592)
Release of onerous lease provision in respect of closed sites now disposed	(89)
Unwinding of discount	63
Foreign exchange translation adjustment	101
<b>Balance at 24 April 2016</b>	<u>3,027</u>
<b>Balance at 25 April 2016</b>	3,027
Onerous lease provision in respect of distressed and other sites	1,133
Amounts utilised	(583)
Release of onerous lease provision in respect of closed sites now disposed	(2,201)
Unwinding of discount	26
Foreign exchange translation adjustment	213
<b>Balance at 23 April 2017</b>	<u>1,615</u>
<b>Balance at 24 April 2017</b>	1,615
Onerous lease provision in respect of distressed and other sites	6,780
Amounts utilised	(646)
Release of onerous lease provision in respect of closed sites now disposed	(241)
Unwinding of discount	17
Foreign exchange translation adjustment	(18)
<b>Balance at 29 April 2018</b>	<u>7,507</u>

The provision for onerous contracts is in respect of lease agreements. The provision comprises the onerous element of expenditure over the life of those contracts which are considered onerous, expiring in 1 to 25 years, and exit costs including the costs of strip out and dilapidations.

## 15. Deferred taxation

	Total £'000
<b>Balance at 27 April 2015</b> .....	<u>3,933</u>
Movement in deferred tax balances (net of exceptional credit) .....	186
Adjustments in respect of previous years .....	(123)
Credit in respect of rate change .....	<u>(368)</u>
Deferred tax taken directly to the income statement (note 8) ...	<u>(305)</u>
<b>Balance at 24 April 2016</b> .....	<u>3,628</u>
Balance at 25 April 2016 .....	3,628
Movement in deferred tax balances (net of exceptional credit) .....	165
Credit in respect of rate change .....	(254)
Adjustments in respect of previous years .....	<u>337</u>
Deferred tax taken directly to the income statement (see note 8) .....	<u>248</u>
<b>Balance at 23 April 2017</b> .....	<u>3,876</u>
Balance at 24 April 2017 .....	3,876
Movement in deferred tax balances (net of exceptional credit) .....	(172)
Credit in respect of rate change .....	(39)
Adjustments in respect of previous years .....	<u>539</u>
Deferred tax taken directly to the income statement (see note 8) .....	<u>328</u>
<b>Balance at 29 April 2018</b> .....	<u>4,204</u>

	At 24 April 2016 £'000	At 23 April 2017 £'000	At 29 April 2018 £'000
<b>Deferred tax consists of:</b>			
Capital allowances in advance of depreciation ...	<u>3,628</u>	<u>3,876</u>	<u>4,204</u>
	<u>3,628</u>	<u>3,876</u>	<u>4,204</u>

## 16. Share capital

	Authorised and issued Number	Value £'000
<b>A Ordinary shares of £0.01 each</b>		
As at 27 April 2015 .....	837,000	8
Issue of share capital .....	<u>(20,000)</u>	<u>—</u>
As at 24 April 2016 .....	<u>817,000</u>	<u>8</u>
As at 23 April 2017 .....	<u>817,000</u>	<u>8</u>
As at 29 April 2018 .....	<u>817,000</u>	<u>8</u>
<b>B1 Ordinary shares of £0.10 each</b>		
As at 27 April 2015 .....	105,000	11
As at 24 April 2016 .....	105,000	11
Cancellation of share capital .....	<u>(22,500)</u>	<u>(3)</u>
As at 23 April 2017 .....	<u>82,500</u>	<u>8</u>
As at 29 April 2018 .....	<u>82,500</u>	<u>8</u>

	Authorised and issued Number	Value £'000
<b>B2 Ordinary shares of £0.01 each</b>		
As at 27 April 2015	51,000	1
Issue of share capital	27,000	—
As at 24 April 2016	78,000	1
As at 23 April 2017	78,000	1
As at 29 April 2018	78,000	1
<b>B3 Ordinary shares of £0.10 each</b>		
As at 27 April 2015	—	—
As at 24 April 2016	—	—
Issue of share capital	22,500	2
As at 23 April 2017	22,500	2
As at 29 April 2018	22,500	2
<b>D Ordinary shares of £0.00001 each</b>		
As at 27 April 2015	19,000,002	—
As at 24 April 2016	19,000,002	—
As at 23 April 2017	19,000,002	—
As at 29 April 2018	19,000,002	—

2,000 restricted stock units (RSUs) were issued to 4 employees in January 2018 which vest upon a change of control event. The charge for the period to 29 April 2018 is not considered to be material and accordingly has not been separately disclosed within this historical financial information.

## 17. Employee benefit trust

The Wagamama EBT was established in 2010 in order to encourage and facilitate the holding and distribution of shares by or for the benefit of the employees of the Wagamama Group. The Wagamama EBT purchases and sells shares in Wagamama and unsecured loan notes in Mabel Midco Limited, using funds provided by Wagamama. At 29 April 2018, the trustee of the Wagamama EBT, RBC Cees Trustee Limited, held 331,520 shares and 933,106 loan notes (23 April 2017: 207,091 shares and 501,108 loan notes; 24 April 2016: 176,569 shares and 353,097 loan notes).

The table below excludes gains on shares held by the Wagamama EBT.

	Unsecured loan notes	Ordinary shares	Unsecured loan notes £'000	Ordinary shares £'000	Total £'000
As at 27 April 2015	967,621	188,793	1,359	86	1,445
Contributions	—	12,611	—	22	22
Sold from employee benefit trust	(614,524)	(24,835)	(870)	(25)	(895)
Accrued interest	—	—	57	—	57
As at 24 April 2016	353,097	176,569	546	83	629
Sold from employee benefit trust	—	(46,450)	—	(363)	(363)
Purchase by employee benefit trust	148,011	76,972	229	420	649
Accrued interest	—	—	80	—	80
As at 23 April 2017	501,108	207,091	855	140	995
Sold from employee benefit trust	—	(24,550)	—	(420)	(420)
Purchase by employee benefit trust	431,998	148,979	773	2,762	3,535
Accrued interest	—	—	118	—	118
Interest received	—	—	(512)	—	(512)
As at 29 April 2018	933,106	331,520	1,234	2,482	3,716



## 18. Reconciliation of profit before tax to cash generated from operations

	52 weeks ended 24 April 2016 £'000	52 weeks ended 23 April 2017 £'000	53 weeks ended 29 April 2018 £'000
Profit/(loss) before tax	(2,642)	13	(18,990)
Net interest charges	28,499	30,129	34,490
Impairment of property, plant and equipment	—	(71)	1,931
Onerous lease and other property provisions	(394)	(836)	6,511
USA infrastructure development	1,067	568	—
Executive restructure	—	—	3,412
Refinancing costs	—	—	1,046
Amortisation	23	78	271
Depreciation	8,516	10,372	13,614
Loss on disposal of property, plant and equipment	—	464	462
Increase in stocks	(359)	(224)	(389)
Increase in receivables	(1,041)	(1,440)	(5,020)
Increase in creditors	3,507	5,405	4,910
<b>Cash generated from operations before Exceptional Items</b>	<b>37,176</b>	<b>44,458</b>	<b>42,248</b>

## 19. Reconciliation of changes in cash to the movement in Net Debt

	24 April 2016 £'000	23 April 2017 £'000	29 April 2018 £'000
<b>Net Debt:</b>			
<b>At the beginning of the year</b>	(267,642)	(277,923)	(297,507)
Movements in the year:			
Net repayments/(withdrawals) of borrowings	(870)	229	(11,600)
Non-cash movements in the year	(16,557)	(18,186)	(18,755)
Net cash inflow/(outflow)	7,146	(1,627)	(4,734)
<b>At the end of the year</b>	<b>(277,923)</b>	<b>(297,507)</b>	<b>(332,596)</b>

	Cash and cash equivalents £'000	High yield bond £'000	Unsecured loan notes £'000	Total Net Debt £'000
At 27 April 2015	28,591	(144,532)	(151,701)	(267,642)
Cash movements in the year	7,146	—	(870)	6,276
Non-cash movements in the year	(1)	(967)	(15,589)	(16,557)
At 24 and 25 April 2016	35,736	(145,499)	(168,160)	(277,923)
Cash movements in the year	(1,627)	—	229	(1,398)
Non-cash movements in the year	33	(1,053)	(17,166)	(18,186)
At 23 and 24 April 2017	34,142	(146,552)	(185,097)	(297,507)
Cash movements in the year	(4,734)	(71,584)	59,984	(16,334)
Non-cash movements in the year	(37)	(3,950)	(14,768)	(18,755)
At 29 April 2018	29,371	(222,086)	(139,881)	(332,596)

Cash and cash equivalents are comprised of cash at bank and cash floats held on site. The non-cash movements in bank loans are in relation to the amortisation of the prepaid high yield bond costs, interest on the loan notes which compound semi-annually and in relation to currency translation. Bank loans falling due after more than 1 year are the only liabilities arising from financing activities and the cash flows and non-cash changes are shown above.

## 20. Financial instruments and derivatives

The Wagamama Group finances its operations through equity and borrowings, with the borrowing interest subject to fixed rates.

The directors of Wagamama pay rigorous attention to treasury management requirements and continue to:

- ensure sufficient committed loan facilities are in place to support anticipated business requirements;
- ensure the Wagamama Group's debt service will be supported by anticipated cash flows; and
- manage interest rate exposure with fixed rate debt.

The directors of Wagamama closely monitor the Wagamama Group's treasury strategy and the management of treasury risk.

### *Financial assets and liabilities*

#### *Financial assets*

The financial assets of the Wagamama Group, all of which are classified as loans and receivables at amortised cost, comprise:

	24 April 2016 £'000	23 April 2017 £'000	29 April 2018 £'000
Cash and cash equivalents .....	35,736	34,142	29,371
Other receivables .....	2,860	2,944	6,097
<b>Total financial assets</b> .....	<u>38,596</u>	<u>37,086</u>	<u>35,468</u>

Cash and cash equivalents include £0.2 million (2017: £0.1 million; 2016: £0.1 million) held on account in respect of deposits paid by tenants under the terms of their rental agreement which is considered to be restricted cash and not available to the Wagamama Group.

#### *Financial liabilities*

The financial liabilities of the Wagamama Group, all of which are classified as other financial liabilities at amortised cost, comprise:

	24 April 2016 £'000	23 April 2017 £'000	29 April 2018 £'000
Trade and other payables .....	35,809	41,155	43,067
Finance lease payable .....	90	90	90
<b>Short-term financial liabilities</b> .....	<u>35,899</u>	<u>41,245</u>	<u>43,157</u>
Unsecured loan notes (fixed interest rate of 10.00%) ....	168,160	185,097	139,881
High yield bond (fixed interest rate of 7.875%) .....	150,000	150,000	—
High yield bond (fixed interest rate of 4.125%) .....	—	—	225,000
Bank fees (in relation to high yield bond) .....	(4,501)	(3,448)	(2,914)
Trade and other payables .....	2,921	3,210	3,232
Finance lease payable .....	1,080	1,078	1,076
<b>Long-term financial liabilities</b> .....	<u>317,660</u>	<u>335,937</u>	<u>366,275</u>
<b>Total financial assets</b> .....	<u>353,559</u>	<u>377,182</u>	<u>409,432</u>

Total financial liabilities attracting interest were £364.9 million (2017: £335.1 million; 2016: £318.2 million). Interest is payable at fixed interest rates which, in the case of the unsecured loan notes, compound semi-annually. The Wagamama Group's £150 million high yield bond was repaid in full on 10 July 2017 and replaced by a new high yield bond of £225 million. The unamortised issue cost were charged to the income statement in full together with early redemption charges upon repayment (see note 7). Costs of £3.4 million were incurred in relation to the issuance of the Wagamama Notes which will be charged to the income statement using the effective interest method.

Net interest was, before Exceptional Items, was covered 1.1 times (2017: 1.0 times; 2016: 0.9 times) by profit before tax, interest and Exceptional Items. Given the Wagamama Group's interest-bearing liabilities are all at fixed rate there is no volatility to movements in underlying interest rates.

At 29 April 2018 the Wagamama Group had a cash balance of £29.4 million (2017: £34.1 million; 2016: £35.7 million)

The Wagamama Group has an undrawn revolver facility of £15.0 million (2017: £15.0 million; 2016: £15.0 million) which expires in December 2021.

### ***Secured liabilities and assets pledged as security***

The Wagamama Group has pledged its assets in order to fulfil the collateral requirements of the revolving credit facility and high-yield bond.

The revolving credit facility and high-yield bond are secured by a fixed charge over the fixtures, equipment and vehicles of £30.7 million (2017: £24.5 million; 2016: £18.7 million), other receivables of £6.1 million (2017: £2.9 million; 2016: £2.9 million), trademarks and licences of £0.4 million (2017: £0.1 million; 2016: £0.1 million), goodwill of £145.5 million (2017: £145.5 million; 2016: £145.5 million) and assets arising from a finance leases of £1.1 million (2017: £1.1 million; 2016: £1.1 million). The fixed charge also covers 90 (2017: 90; 2016: 90) off balance sheet operating leases.

The revolving credit facility and high-yield bond are secured by a floating charge over the assets not effectively charged by way of fixed charge. This includes leasehold properties of £84.4 million (2017: £78.1 million; 2016: £64.0 million), software and IT development of £1.6m (2017: £0.3 million; 2016: £0.1 million), stock of £2.0 million (2017: £1.6 million; 2016: £1.4 million), prepayments of £7.1 million (2017: £5.3 million; 2016: £3.9 million) and cash of £29.4 million (2017: £34.1 million; 2016: £35.7 million).

The maturity profile of anticipated gross future cash flows, including interest, relating to the Wagamama Group's non-derivative financial liabilities, on an undiscounted basis, are set out below;

	Trade and other payables excluding tax £'000	High yield bond £'000	Unsecured loan notes £'000	Finance lease debt £'000	Total £'000
<u>At 24 April 2016</u>					
Within 1 year	35,809	11,813	17,288	90	65,000
Within 2 to 5 years	—	180,927	223,900	360	405,187
After 5 years	—	—	—	4,140	4,140
	<u>35,809</u>	<u>192,740</u>	<u>241,188</u>	<u>4,590</u>	<u>474,327</u>
	Trade and other payables excluding tax £'000	High yield bond £'000	Unsecured loan notes £'000	Finance lease debt £'000	Total £'000
<u>At 23 April 2017</u>					
Within 1 year	41,155	11,813	19,085	90	72,143
Within 2 to 5 years	—	169,114	221,779	360	391,253
After 5 years	—	—	—	4,050	4,050
	<u>41,155</u>	<u>180,927</u>	<u>240,864</u>	<u>4,500</u>	<u>467,446</u>
	Trade and other payables excluding tax £'000	High yield bond £'000	Unsecured loan notes £'000	Finance lease debt £'000	Total £'000
<u>At 29 April 2018</u>					
Within 1 year	43,067	9,281	14,174	90	66,612
Within 2 to 5 years	—	254,070	150,662	360	405,092
After 5 years	—	—	—	3,960	3,960
	<u>43,067</u>	<u>263,351</u>	<u>164,836</u>	<u>4,410</u>	<u>475,664</u>

### ***Fair value of financial assets and liabilities***

All financial assets and liabilities are accounted for at amortised cost and the directors of Wagamama consider the carrying value to approximate to their fair values.

#### (a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to the Wagamama Group. Counterparties for cash balances are large established financial institutions. The Wagamama Group is exposed to credit related losses in the event of non-performance by the financial institutions but does not expect them to fail to meet their obligations.

As a retail business with trading receipts settled either by cash or credit and debit cards, there is very limited exposure from customer transactions. The Wagamama Group is exposed to credit risk in respect of commercial discounts receivable from suppliers but the directors of Wagamama believe adequate provision has been made in respect of doubtful debts and there are no material amounts past due that have not been provided against. Receivables that are neither past due nor impaired are expected to be fully recoverable.

The carrying amount of financial assets recorded in the historical financial information, net of any allowances for losses, represent the Wagamama Group's maximum exposure to credit risk.

#### (b) Liquidity risk

The Wagamama Group has built an appropriate mechanism to manage liquidity risk of the short, medium and long-term funding and liquidity management requirements.

Liquidity risk is managed through the maintenance of adequate cash reserves and bond and unsecured loan notes. The Wagamama Group monitors forecast and actual cash flows and matches the maturity profiles of financial assets and liabilities. The Wagamama Group's bond and unsecured loan notes, which mature in July 2022 have ensured a continuity of funding.

#### (c) Foreign currency risk

The Wagamama Group's principal operating segment relates to the UK restaurant business, however the growth of the Wagamama Group's US restaurant business does expose the Wagamama Group to an increased level of foreign exchange risk.

A significant proportion of this risk is mitigated by a natural hedge given that employees and suppliers of the US business are predominantly paid in US dollars from sales revenue generated in the USA. However the Wagamama Group has used forward contracts to lock in exchange rates for known capex commitments to manage its remaining foreign exchange risk as part of an overall FX risk management strategy.

#### (d) Interest rate risk

Exposure to interest rate movements has been controlled historically through fixed rate debt.

### 21. Lease commitments

Future lease payments in respect of finance leases are due as follows:

	Minimum lease payments		
	24 April 2016 £'000	23 April 2017 £'000	29 April 2018 £'000
Within 1 year . . . . .	90	90	90
Within 2 to 5 years . . . . .	360	360	360
After 5 years . . . . .	4,140	4,050	3,960
	<u>4,590</u>	<u>4,500</u>	<u>4,410</u>
Less: future interest payments . . . . .	<u>(3,420)</u>	<u>(3,332)</u>	<u>(3,244)</u>
<b>Present value of lease obligations</b> . . . . .	<u>1,170</u>	<u>1,168</u>	<u>1,166</u>

	Present value of minimum lease payments		
	24 April 2016 £'000	23 April 2017 £'000	29 April 2018 £'000
Within 1 year . . . . .	90	90	90
Within 2 to 5 years . . . . .	280	280	280
After 5 years . . . . .	800	798	796
	<u>1,170</u>	<u>1,168</u>	<u>1,166</u>
<b>Analysed as:</b>			
Amount due for settlement within 1 year . . . . .	90	90	90
Amount due for settlement after 1 year . . . . .	1,080	1,078	1,076
<b>Present value of lease obligations . . . . .</b>	<u>1,170</u>	<u>1,168</u>	<u>1,166</u>

Lease commitments are in respect of property leases where the initial term of the lease is in excess of 25 years and the conditions of the lease are in keeping with a finance lease. There are no finance leases where the Wagamama Group itself is the lessor. The interest rate applied in calculating the present value of the payments is the incremental borrowing cost of the Wagamama Group in relation to each lease.

The total future minimum rentals payable and receivable under operating leases over the remaining lives of the leases are:

	Payable 24 April 2016 £'000	Payable 23 April 2017 £'000	Payable 29 April 2018 £'000
<b>Payments due:</b>			
Within 1 year . . . . .	18,368	21,935	25,799
Within 2 to 5 years . . . . .	52,401	65,408	76,007
After 5 years . . . . .	169,748	219,047	230,569
	<u>240,517</u>	<u>306,390</u>	<u>332,375</u>
	Receivable 24 April 2016 £'000	Receivable 23 April 2017 £'000	Receivable 29 April 2018 £'000
<b>Receipts due:</b>			
Within 1 year . . . . .	181	175	295
Within 2 to 5 years . . . . .	685	680	1,180
After 5 years . . . . .	879	706	1,507
	<u>1,745</u>	<u>1,561</u>	<u>2,982</u>

The Wagamama Group has entered into a number of property leases on standard commercial terms, both as lessee and lessor. There are no restrictions imposed by the Wagamama Group's operating lease arrangements, either in the current or prior year.

Included within the minimum rentals are amounts payable on properties where the rental payment is based on turnover. For these properties, the amount included above is the minimum guaranteed rent.

## 22. Capital commitments

	52 weeks ended 24 April 2016 £'000	52 weeks ended 23 April 2017 £'000	53 weeks ended 29 April 2018 £'000
Authorised and contracted for: . . . . .	<u>1,132</u>	<u>1,713</u>	<u>870</u>

## 23. Contingent liabilities

The Wagamama Group has assigned a number of leases to third parties that were completed after 1 January 1996 that were the subject of an Authorised Guarantee Agreement.

Consequently, should the current tenant default, the landlord has a right of recourse to Wagamama, or its subsidiaries, for future rental payments.

As and when any liability arises, the Wagamama Group will take whatever steps necessary to mitigate the costs. The possibility of any outflow is deemed to be remote, however, we estimate contingent liabilities to be £3.8 million (2017: £4.0 million; 2016: £4.2 million) on an undiscounted basis and represents terms of 12 to 22 years (2017: 16 to 23 years; 2016: 17 to 24 years).

#### **24. Related party transactions**

During the period, transactions with Duke Street LLP and Hutton Collins LLP, related parties not wholly within the Wagamama Group, amounted to £0.1 million (2017: £0.1 million; 2016: £0.1 million). The transactions were for the provision of services to the Wagamama Group by non-executive board members and were carried out on an arm's length basis.

The value of services provided by Duke Street LLP in the period was £0.1 million (2017: £0.1 million; 2016: £0.1 million) and by Hutton Collins LLP was £0.1 million (2017: £0.1 million; 2016: £0.1 million) respectively. There were no balances outstanding at 29 April 2018 (2017: £nil; 2016: £nil).

Directors, who are key management personnel, are also considered to be related parties and their remuneration is disclosed in note 5.

#### **25. Events occurring after the reporting date**

On 30 October 2018 TRG announced that it had reached conditional agreement to acquire the entire issued share capital of Wagamama for a cash payment of £357 million.

#### **26. Transition to IFRS**

Wagamama has historically reported under UK GAAP, being FRS 102. Conversion of previously reported financial information to IFRS is required for comparability with TRG financial statements. For the purposes of the following IFRS combined historical financial information table, Wagamama's date of transition to IFRS is 27 April 2015 and all comparative information in this combined historical financial information has been restated to reflect Wagamama's adoption of IFRS with a date of adoption of 27 April 2015, except where otherwise required or permitted by IFRS 1 "First time adoption".

The adoption of IFRS did not have a material effect on Wagamama's cash flow statement with the exception of the 53 weeks period ended 29 April 2018. To align with presentation within TRG's financial statements, the reconciliation of profit before tax to cash generated from operations is presented before Exceptional Items. Accordingly, £5.1 million of cash outflows relating to Exceptional Items, specifically the executive restructure, refinancing and utilisation of the onerous lease provision have been separately presented within net cash flows from operating activities within the consolidated cash flow statement.

#### **Significant areas of impact as a result of Wagamama's adoption of IFRS**

##### ***Correction of previous accounting errors***

###### *(i) Employee benefit trust*

Wagamama's employee benefit trust (**Wagamama EBT**) was established in 2010 to encourage and facilitate the holding and distribution of shares by or for the benefit of the employees of the Wagamama Group. Wagamama has previously not consolidated the Wagamama EBT into its Group accounts. Wagamama has power over the relevant activities of the Wagamama EBT, exposure and rights to variable returns from its involvement with the Wagamama EBT and the ability to use its power to affect the amount of those returns. Sufficient control is evident and TRG has therefore consolidated the Wagamama EBT into the Wagamama Group.

###### *(ii) Onerous lease provision*

Wagamama has created an onerous lease provision where there is a deficit between cash flow and committed rent, the net cost is recorded as an onerous lease charge. TRG has identified 2 elements of the mechanical calculations for onerous lease provisions that were not in line with recent industry practice. TRG has updated the

discount rate applied to the provisions from Wagamama's weighted average cost of capital rate, being 10 per cent., to a risk free rate. Additionally, a correction has been made for certain lease end dates used in the calculation, where there is an earlier tenant break clause option in the lease agreement. This has increased the current provision balance at 29 April 2018 by £0.8 million and the non-current provision balance by £2.0 million. An additional onerous lease charge has been recognised in the 53 weeks ended 29 April 2018 of £2.3 million through Exceptional Items.

*(iii) Capital contributions*

Wagamama has historically received contributions from landlords to offset against the cost of fitting out a restaurant. These capital contributions are in substance an incentive. Wagamama has previously net off capital contributions received prior to April 2016 against fixed assets and subsequently released them to the income statement over the life of the lease through depreciation. Capital contributions received post-April 2016 have been accounted for as a liability and amortised through rent over the life of the lease. TRG has reclassified these contributions received prior to April 2016 from property, plant and equipment to trade and other payables to recognise that all capital contributions received should be treated in the same manner, as lease incentives, and unwound through rent in the income statement. The depreciation credit for each relevant period was also reclassified out of depreciation into rent, both of which are presented within the cost of sales line in the income statement.

*(iv) Finance lease*

Wagamama has assessed all restaurant sites to be operating leases in nature. TRG has subsequently reviewed Wagamama's portfolio and created a finance lease adjustment for the long leasehold site of 1 location. This conclusion is drawn on the basis that the present value of minimum lease payments, calculated when the lease was assigned to Wagamama in 2005, represents substantially all of the fair value of the leased asset, in addition to the lease term being for a major part of the economic life, even though title is not transferred. The present value of minimum lease payments has been recorded as a right of use asset and finance lease liability at date of lease commencement and subsequently unwound through the income statement.

*(v) Effective interest method*

Wagamama capitalises transaction costs on a straight line basis over the loan term, TRG's accounting policy is to charge capitalised transaction costs to the income statement using the effective interest rate method. Long-term borrowings have decreased at 29 April 2018 to reflect the change in the unwind profile of capitalised transaction costs on adoption of the effective interest rate method with a corresponding decrease in interest payable charged to the income statement for the 53 weeks ended 29 April 2018.

*(vi) Other*

- (a) Wagamama accumulates pre-opening costs through work in progress, presented within prepayments on the balance sheet, up to the date of restaurant opening. Upon opening an accrual is created for the amount of anticipated pre-opening costs, which, once pre-opening costs are finalised, is reversed and the related pre-opening costs in work in progress are charged to the income statement. TRG has released the pre-opening work in progress and related accrual balance for sites not yet open at balance date, to recognise the correct level of costs incurred in the income statement.
- (b) Wagamama has not previously reflected the cash, or corresponding liability, in relation to deposits received from tenants in sublet sites. Accordingly, TRG has adjusted at each period-end to ensure appropriate 'gross' presentation on the face of the balance sheet. There is no impact on the income statement.
- (c) Wagamama recognises taxable temporary differences at 29 April 2018, 23 April 2017, 24 April 2016 and 27 April 2015 at the current applicable tax rate of 19 per cent., 19 per cent., 20 per cent. and 20 per cent. respectively. Deferred tax has been adjusted to reflect the tax rate expected to apply to the period when the liability will be settled. At 29 April 2018 and 23 April 2017 the applicable rate is 17 per cent., being the rate substantively enacted by the Finance Act 2016 in September 2016 and will apply from April 2020, at 24 April 2016 the applicable rate was 18 per cent., being the rate substantively enacted by the Finance (No.2) Act 2015 in October 2015 to be applied from April 2020, and at 27 April 2015 the applicable rate was 20 per cent., being the rate enacted by the Finance Act 2012 from April 2015.

- (d) Wagamama has previously recognised liquor licences, acquired for the US business, as a tangible fixed asset. Given the nature of these assets, they have been reclassified from tangible fixed assets to intangible fixed assets to more appropriately reflect their substance.
- (e) During the 52 weeks ended 23 April 2017, certain sites were closed which held historical impairment balances. On disposal of these sites, it was identified that these sites had been impaired below a book value of zero in a prior year. Additionally, it was identified that a foreign exchange translation difference had historically been recognised within the income statement. Corrective entries have been made to reverse the over impairment back to origination, through opening reserves, as well as recognising the foreign currency movements on consolidation of a foreign subsidiary through other comprehensive income.
- (f) Costs incurred in relation to software development were previously recognised within property, plant and equipment with a reclassification recognised in the 53 weeks ended 29 April 2018. TRG has adjusted the development costs to be recognised within intangible assets as incurred, along with any depreciation previously charged being recognised as amortisation of intangible assets.
- (g) Within the tax charge for the 52 weeks ended 24 April 2016, an amount of £0.3 million was included relating to a prior year adjustment of tax payable compared to the 2014 tax return, this information was available at balance sheet date and therefore should have been corrected in the prior year. TRG has adjusted this through opening retained earnings accordingly.

### ***Accounting policy alignment***

#### *(vii) Presentation alignment*

Wagamama's historical financial information is required to be presented on a consistent basis as TRG. This ensures that items of a similar nature are presented within the same financial statement line items, primarily the composition of 'Cost of sales' versus 'Administration costs' should be comparable. This entails realignment of individual line items and / or disaggregating costs directly attributable to a restaurant, from administration costs.

Key line items of focus included within this presentation alignment include restaurant occupancy, utility costs, restaurant depreciation, restaurant repairs and maintenance, restaurant staff training and recruitment costs, replacement cutlery, crockery and cleaning materials and other restaurant operating costs.

For the 53 weeks ended 29 April 2018, 52 weeks ended 23 April 2017 and 52 weeks ended 24 April 2016, administration costs reclassified to cost of sales were £85.7 million, £66.2 million and £59.2 million respectively. Included within this presentation alignment for the 53 weeks ended 29 April 2018 and for the 52 weeks ended 23 April 2017 is £6.2 million and £1.2 million respectively for reclassifications relating to the movement in onerous lease provisions and impairment treated as Exceptional Items within administration costs by Wagamama, which TRG presents as cost of sales.

#### *(viii) Cash in transit*

TRG classifies amounts due from credit card payments as cash to the extent they are received within 2 days of a reporting period end. Wagamama has historically included any credit card receivable balance at a period-end within its cash balance, irrespective of when the amount is received. An adjustment has been booked to reclassify from cash and cash equivalents any amounts received more than 2 days after the period-end into debtors at 29 April 2018, 23 April 2017, 24 April 2016 and 27 April 2015 for £0.3 million, £0.2 million, £0.2 million and £0.2 million respectively.

### ***Adoption of IFRS***

#### *(ix) Lease incentives*

Under UK GAAP, Wagamama 'grandfathered' their leases on transition to FRS 102 and therefore continued to spread lease incentives to the lease break date for leases that existed before the transition date. Adopting IFRS accounting treatment, specifically IAS 17 "Leases", this transition concession is not permitted, lease incentives are required to be spread to the end of the lease. TRG has accordingly increased trade and other payables to reflect the straight line recognition of lease incentives as a reduction in lease expense over the full term of the lease.



*(x) Goodwill amortisation*

Under FRS 102, goodwill arising on business combinations was amortised. Adopting IFRS accounting treatment, specifically IAS 36 “Impairment of Assets”, goodwill amortisation is replaced by, as a minimum, an annual impairment review of the cash-generating units to which goodwill has been allocated. Goodwill in the balance sheet has been increased to eliminate amortisation charges recognised from date of IFRS adoption, with a corresponding decrease in amortisation charge taken through the income statement.

The tables below show the impact of IFRS on net assets as at 27 April 2015, being the date of transition, as well as the following:

- (A) consolidated balance sheet reconciliations as at 24 April 2016, 23 April 2017 and 29 April 2018; and
- (B) consolidated income statement for the 52 weeks ended 24 April 2016, 52 weeks ended 23 April 2017 and 53 weeks ended 29 April 2018.

## Consolidated balance sheet

At 29 April 2018

	UK GAAP	Employee benefit trust (i)	Onerous lease provision (ii)	Capital contributions (iii)	Finance lease (iv)	Effective interest method (v)	Other (vi)	Accounting policy alignment presentation alignment (vii)	Cash in transit (viii)	Lease incentives (ix)	Adoption of IFRS Goodwill amortisation (x)	IFRS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-current assets</b>												
Intangible assets . . . . .	119,886	—	—	—	—	—	295	—	—	—	27,297	147,478
Property, plant and equipment . . . . .	112,773	—	—	1,716	1,063	—	(476)	—	—	—	—	115,076
	<u>232,659</u>	<u>—</u>	<u>—</u>	<u>1,716</u>	<u>1,063</u>	<u>—</u>	<u>(181)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>27,297</u>	<u>262,554</u>
<b>Current assets</b>												
Stock . . . . .	2,017	—	—	—	—	—	—	—	—	—	—	2,017
Other receivables . . . . .	8,667	(2,829)	—	—	—	—	—	—	259	—	—	6,097
Prepayments . . . . .	7,324	—	—	—	—	—	(196)	—	—	—	—	7,128
Cash and cash equivalents . . . . .	29,390	77	—	—	—	—	163	—	(259)	—	—	29,371
	<u>47,398</u>	<u>(2,752)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(33)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>44,613</u>
<b>Total assets . . . . .</b>	<b>280,057</b>	<b>(2,752)</b>	<b>—</b>	<b>1,716</b>	<b>1,063</b>	<b>—</b>	<b>(214)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>27,297</b>	<b>307,167</b>
<b>Current liabilities</b>												
Corporation tax liabilities . . . . .	(1,573)	—	418	—	12	—	(22)	—	—	191	—	(974)
Trade and other payables . . . . .	(53,539)	—	—	(95)	—	—	(163)	—	—	(134)	—	(53,931)
Other payables— finance lease obligations . . . . .	—	—	—	—	(90)	—	—	—	—	—	—	(90)
Provisions . . . . .	—	—	(816)	—	—	—	—	—	—	—	—	(816)
	<u>(55,112)</u>	<u>—</u>	<u>(398)</u>	<u>(95)</u>	<u>(78)</u>	<u>—</u>	<u>(185)</u>	<u>—</u>	<u>—</u>	<u>57</u>	<u>—</u>	<u>(55,811)</u>

	Correction of previous accounting errors			Accounting policy alignment			Adoption of IFRS					
	UK GAAP £'000	Employee benefit trust (i) £'000	Onerous lease provision (ii) £'000	Capital contributions (iii) £'000	Finance lease (iv) £'000	Effective interest method (v) £'000	Other (vi) £'000	Presentation alignment (vii) £'000	Cash in transit (viii) £'000	Lease incentives (ix) £'000	Goodwill amortisation (x) £'000	IFRS £'000
<b>Net current liabilities</b> .....	<b>(7,714)</b>	<b>(2,752)</b>	<b>(398)</b>	<b>(95)</b>	<b>(78)</b>	—	<b>(218)</b>	—	—	<b>57</b>	—	<b>(11,198)</b>
<b>Non-current liabilities</b>												
Long-term borrowings .....	<b>(363,233)</b>	1,234	—	—	—	32	—	—	—	—	—	<b>(361,967)</b>
Trade and other payables .....	—	—	—	(1,621)	—	—	—	—	—	(1,611)	—	<b>(3,232)</b>
Other payables— finance lease obligations .....	—	—	—	—	(1,076)	—	—	—	—	—	—	<b>(1,076)</b>
Deferred tax liabilities .....	<b>(4,699)</b>	—	—	—	—	—	495	—	—	—	—	<b>(4,204)</b>
Provisions .....	<b>(4,698)</b>	—	(1,993)	—	—	—	—	—	—	—	—	<b>(6,691)</b>
	<b>(372,630)</b>	1,234	(1,993)	(1,621)	(1,076)	32	495	—	—	(1,611)	—	<b>(377,170)</b>
<b>Total liabilities</b> .....	<b>(427,742)</b>	1,234	(2,391)	(1,716)	(1,154)	32	310	—	—	(1,554)	—	<b>(432,981)</b>
<b>Net assets</b> .....	<b>(147,685)</b>	(1,518)	(2,391)	—	(91)	32	96	—	—	(1,554)	27,297	<b>(125,814)</b>
<b>Equity</b>												
Share capital .....	20	—	—	—	—	—	—	—	—	—	—	20
Share premium .....	19,633	—	—	—	—	—	—	—	—	—	—	19,633
Other reserves .....	—	(1,668)	—	—	—	—	—	—	—	—	—	(1,668)
Retained earnings .....	<b>(167,338)</b>	150	(2,391)	—	(91)	32	96	—	—	(1,554)	27,297	<b>(143,799)</b>
<b>Total equity</b> .....	<b>(147,685)</b>	(1,518)	(2,391)	—	(91)	32	96	—	—	(1,554)	27,297	<b>(125,814)</b>

**Consolidated income statement**  
53 weeks ended 29 April 2018

	UK GAAP £'000	Employee benefit trust (i) £'000	Onerous lease provision (ii) £'000	Correction of previous accounting errors	Effective interest method (v) £'000	Other (vi) £'000	Accounting policy alignment	Adoption of IFRS	IFRS £'000
				Onerous lease provision (ii) £'000	Finance lease interest method (iv) £'000	Capital contributions (iii) £'000	Cash in transit alignment (viii) £'000	Lease incentives (ix) £'000	Goodwill amortisation (x) £'000
<b>Revenue</b> .....	<b>306,713</b>	—	—	—	—	—	—	—	—
<b>Cost of sales</b> .....	<b>(177,929)</b>	—	(2,267)	68	—	304	(85,731)	(115)	—
<b>Gross profit/(loss)</b> .....	<b>128,784</b>	—	(2,267)	68	—	304	(85,731)	(115)	—
Administration costs .....	<b>(120,369)</b>	(4)	—	—	—	—	85,731	—	9,099
<b>Operating profit/(loss)</b> .....	<b>8,415</b>	(4)	(2,267)	68	—	304	—	(115)	9,099
Interest payable .....	<b>(34,317)</b>	118	(17)	(88)	(348)	—	—	—	—
Interest receivable .....	<b>162</b>	—	—	—	—	—	—	—	—
<b>Profit/(loss) on ordinary activities before tax</b> .....	<b>(25,740)</b>	114	(2,284)	(20)	(348)	304	—	(115)	9,099
Tax on profit/(loss) from ordinary activities .....	<b>(3,204)</b>	(102)	434	4	66	(61)	—	22	—
<b>Profit/(loss) for the year</b> .....	<b>(28,944)</b>	12	(1,850)	(16)	(282)	243	—	(93)	9,099
<b>Other comprehensive (expenses)/ income:</b>									
Foreign exchange differences arising on consolidation .....	<b>(1,042)</b>	—	(28)	—	—	243	(1)	—	—
<b>Total comprehensive profit/(loss) for the year</b> .....	<b>(29,986)</b>	12	(1,878)	(16)	(282)	486	(1)	(93)	9,099
<b>Earnings before interest, tax, depreciation and amortisation</b> .....	<b>32,993</b>	(4)	(2,267)	90	—	524	—	(115)	—
Depreciation and impairment .....	<b>(24,578)</b>	—	—	(22)	—	(220)	—	—	9,099
<b>Operating profit</b> .....	<b>8,415</b>	(4)	(2,267)	68	—	304	—	(115)	9,099

**Consolidated balance sheet**  
At 23 April 2017

	UK GAAP			Correction of previous accounting errors				Accounting policy alignment			Adoption of IFRS	
	£'000	Employee benefit trust (i) £'000	Onerous lease provision (ii) £'000	Capital contributions (iii) £'000	Finance lease (iv) £'000	Effective interest method (v) £'000	Other (vi) £'000	Presentation alignment (vii) £'000	Cash in transit (viii) £'000	Lease incentives (ix) £'000	Goodwill amortisation (x) £'000	IFRS £'000
<b>Non-current assets</b>												
Intangible assets	127,431	—	—	—	—	—	282	—	—	—	18,198	145,911
Property, plant and equipment	100,225	—	—	1,811	1,084	—	(486)	—	—	—	—	102,634
	<u>227,656</u>	—	—	<u>1,811</u>	<u>1,084</u>	—	<u>(204)</u>	—	—	—	<u>18,198</u>	<u>248,545</u>
<b>Current assets</b>												
Stock	1,628	—	—	—	—	—	—	—	—	—	—	1,628
Other receivables	3,384	(653)	—	—	—	—	—	—	213	—	—	2,944
Prepayments	6,800	—	—	—	—	—	(1,514)	—	—	—	—	5,286
Cash and cash equivalents	33,979	288	—	—	—	—	88	—	(213)	—	—	34,142
	<u>45,791</u>	<u>(365)</u>	—	—	—	—	<u>(1,426)</u>	—	—	—	—	<u>44,000</u>
<b>Total assets</b>	<u>273,447</u>	<u>(365)</u>	—	<u>1,811</u>	<u>1,084</u>	—	<u>(1,630)</u>	—	—	—	<u>18,198</u>	<u>292,545</u>
<b>Current liabilities</b>												
Corporation tax liabilities	(3,127)	—	(16)	—	8	(66)	78	—	—	169	—	(2,954)
Trade and other payables	(49,686)	—	1	(94)	—	—	707	—	—	(136)	—	(49,208)
Other payables—finance lease obligations	—	—	—	—	(90)	—	—	—	—	—	—	(90)
Provisions	—	—	(359)	—	—	—	—	—	—	—	—	(359)
	<u>(52,813)</u>	—	<u>(374)</u>	<u>(94)</u>	<u>(82)</u>	<u>(66)</u>	<u>785</u>	—	—	<u>33</u>	—	<u>(52,611)</u>
<b>Net current liabilities</b>	<u>(7,022)</u>	<u>(365)</u>	<u>(374)</u>	<u>(94)</u>	<u>(82)</u>	<u>(66)</u>	<u>(641)</u>	—	—	<u>33</u>	—	<u>(8,611)</u>
<b>Non-current liabilities</b>												
Long-term borrowings	(332,884)	855	—	—	—	380	—	—	—	—	—	(331,649)
Trade and other payables	—	—	—	(1,717)	—	—	—	—	—	(1,493)	—	(3,210)
Other payables—finance lease obligations	—	—	—	—	(1,078)	—	—	—	—	—	—	(1,078)
Deferred tax liabilities	(4,332)	—	—	—	—	—	456	—	—	—	—	(3,876)
Provisions	(1,117)	—	(139)	—	—	—	—	—	—	—	—	(1,256)
	<u>(338,333)</u>	<u>855</u>	<u>(139)</u>	<u>(1,717)</u>	<u>(1,078)</u>	<u>380</u>	<u>456</u>	—	—	<u>(1,493)</u>	—	<u>(341,069)</u>

	Correction of previous accounting errors										Adoption of IFRS		
	UK GAAP £'000	Employee benefit trust (i) £'000	Onerous lease provision (ii) £'000	Capital contributions (iii) £'000	Finance lease (iv) £'000	Effective interest method (v) £'000	Other (vi) £'000	Presentation alignment (vii) £'000	Cash in transit (viii) £'000	Lease incentives (ix) £'000	Goodwill amortisation (x) £'000	IFRS £'000	
<b>Total liabilities</b> .....	<b>(391,146)</b>	855	(513)	(1,811)	(1,160)	314	1,241	—	(1,460)	—	<b>(393,680)</b>		
<b>Net assets</b> .....	<b>(117,699)</b>	490	(513)	—	(76)	314	(389)	—	(1,460)	18,198	<b>(101,135)</b>		
<b>Equity</b>													
Share capital .....	20	—	—	—	—	—	—	—	—	—	20		
Share premium .....	19,633	—	—	—	—	—	—	—	—	—	19,633		
Other reserves .....	—	352	—	—	—	—	—	—	—	—	352		
Retained earnings .....	(137,352)	137	(513)	—	(76)	314	(389)	—	(1,460)	18,198	(121,140)		
<b>Total equity</b> .....	<b>(117,699)</b>	490	(513)	—	(76)	314	(389)	—	(1,460)	18,198	<b>(101,135)</b>		

**Consolidated income statement**  
52 weeks ended 23 April 2017

	UK GAAP		Correction of previous accounting errors				Accounting policy alignment			Adoption of IFRS		IFRS £'000
	£'000	£'000	Employee benefit trust (i) £'000	Onerous lease provision (ii) £'000	Capital contributions (iii) £'000	Finance lease interest method (iv) £'000	Effective interest method (v) £'000	Other (vi) £'000	Presentation alignment (vii) £'000	Cash in transit (viii) £'000	Lease incentives (ix) £'000	
<b>Revenue</b> .....	<b>266,109</b>		—	—	—	—	—	—	—	—	—	—
<b>Cost of sales</b> .....	<b>(150,747)</b>		—	193	—	68	—	(745)	(66,154)	—	(386)	—
<b>Gross profit/(loss)</b> .....	<b>115,362</b>		—	193	—	68	—	(745)	(66,154)	—	(386)	—
Administration costs .....	<b>(93,389)</b>		(94)	—	—	—	—	34	66,154	—	—	9,099
<b>Operating profit/(loss)</b> .....	<b>21,973</b>		(94)	193	—	68	—	(711)	—	—	(386)	9,099
Interest payable .....	<b>(30,361)</b>		79	(26)	—	(88)	75	—	—	—	—	—
Interest receivable .....	<b>192</b>		—	—	—	—	—	—	—	—	—	—
<b>Profit/(loss) on ordinary activities before tax</b> .....	<b>(8,196)</b>		(15)	167	—	(20)	75	(711)	—	—	(386)	9,099
Tax on profit/(loss) from ordinary activities .....	<b>(3,908)</b>		—	(33)	—	4	(15)	387	—	—	78	—
<b>Profit/(loss) for the year</b> .....	<b>(12,104)</b>		(15)	134	—	(16)	60	(324)	—	—	(308)	9,099
<b>Other comprehensive (expenses)/income:</b>												
Foreign exchange differences arising on consolidation .....	<b>547</b>		—	(7)	—	—	—	(475)	—	—	—	—
<b>Total comprehensive profit/(loss) for the year</b> .....	<b>(11,557)</b>		(15)	127	—	(16)	60	(799)	—	—	(308)	9,099
<b>Earnings before interest, tax, depreciation and amortisation</b> .....	<b>41,287</b>		(94)	193	98	90	—	(667)	—	—	(386)	—
Depreciation and impairment .....	<b>(19,314)</b>		—	—	(98)	(22)	—	(44)	—	—	—	9,099
<b>Operating profit</b> .....	<b>21,973</b>		(94)	193	—	68	—	(711)	—	—	(386)	9,099

**Consolidated balance sheet**  
At 24 April 2016

	UK GAAP £'000	Correction of previous accounting errors				Accounting policy alignment			Adoption of IFRS			
		Employee benefit trust (i) £'000	Onerous lease provision (ii) £'000	Capital contributions (iii) £'000	Finance lease (iv) £'000	Effective interest method (v) £'000	Other (vi) £'000	Presentation alignment (vii) £'000	Cash in transit (viii) £'000	Lease incentives (ix) £'000	Goodwill amortisation (x) £'000	IFRS £'000
<b>Non-current assets</b>												
Intangible assets	136,535	—	—	—	—	—	98	—	—	—	9,099	145,732
Property, plant and equipment	79,427	—	1,909	1,106	1,106	183	—	—	—	—	—	82,625
	<u>215,962</u>	—	<u>1,909</u>	<u>1,106</u>	<u>1,106</u>	<u>281</u>	—	—	—	—	<u>9,099</u>	<u>228,357</u>
<b>Current assets</b>												
Stock	1,400	—	—	—	—	—	—	—	—	—	—	1,400
Other receivables	3,145	(458)	—	—	—	(640)	—	173	—	—	—	2,860
Prepayments	4,562	—	—	—	—	88	—	(173)	—	—	—	3,922
Cash and cash equivalents	35,472	349	—	—	—	—	—	—	—	—	—	35,736
	<u>44,579</u>	<u>(109)</u>	—	—	—	<u>(552)</u>	—	—	—	—	—	<u>43,918</u>
<b>Total assets</b>	<u>260,541</u>	<u>(109)</u>	<u>1,909</u>	<u>1,106</u>	—	<u>(271)</u>	—	—	—	—	<u>9,099</u>	<u>272,275</u>
<b>Current liabilities</b>												
Corporation tax liabilities	(2,229)	—	17	4	(51)	(55)	—	—	—	91	—	(2,223)
Trade and other payables	(43,744)	—	(98)	—	—	534	—	—	—	(133)	—	(43,441)
Other payables—finance lease obligations	—	—	—	(90)	—	—	—	—	—	—	—	(90)
Provisions	—	(866)	—	—	—	—	—	—	—	—	—	(866)
	<u>(45,973)</u>	<u>(849)</u>	<u>(9)</u>	<u>(86)</u>	<u>(51)</u>	<u>479</u>	—	—	—	<u>(42)</u>	—	<u>(46,620)</u>
<b>Net current liabilities</b>	<u>(1,394)</u>	<u>(109)</u>	<u>(98)</u>	<u>(86)</u>	<u>(51)</u>	<u>(73)</u>	—	—	—	<u>(42)</u>	—	<u>(2,702)</u>
<b>Non-current liabilities</b>												
Long-term borrowings	(314,510)	546	—	—	305	—	—	—	—	—	—	(313,659)
Trade and other payables	—	—	(1,811)	—	—	—	—	—	—	(1,110)	—	(2,921)
Other payables—finance lease obligations	—	—	—	(1,080)	—	—	—	—	—	—	—	(1,080)
Deferred tax liabilities	(3,830)	—	—	—	—	202	—	—	—	—	—	(3,628)
Provisions	(2,370)	—	209	—	—	—	—	—	—	—	—	(2,161)
	<u>(320,710)</u>	<u>546</u>	<u>(1,811)</u>	<u>(1,080)</u>	<u>305</u>	<u>202</u>	—	—	—	<u>(1,110)</u>	—	<u>(323,449)</u>



	Correction of previous accounting errors					Accounting policy alignment			Adoption of IFRS			
	UK GAAP £'000	Employee benefit trust (i) £'000	Onerous lease provision (ii) £'000	Capital contributions (iii) £'000	Finance lease (iv) £'000	Effective interest method (v) £'000	Other (vi) £'000	Presentation alignment (vii) £'000	Cash in transit (viii) £'000	Lease incentives (ix) £'000	Goodwill amortisation (x) £'000	IFRS £'000
<b>Total liabilities</b> .....	<b>(366,683)</b>	546	(640)	(1,909)	(1,166)	254	681	—	—	(1,152)	—	<b>(370,069)</b>
<b>Net assets</b> .....	<b>(106,142)</b>	437	(640)	—	(60)	254	410	—	—	(1,152)	9,099	<b>(97,794)</b>
<b>Equity</b>												
Share capital .....	20	—	—	—	—	—	—	—	—	—	—	20
Share premium .....	19,633	—	—	—	—	—	—	—	—	—	—	19,633
Other reserves .....	—	284	—	—	—	—	—	—	—	—	—	284
Retained earnings .....	(125,795)	153	(640)	—	(60)	254	410	—	—	(1,152)	9,099	<b>(117,731)</b>
<b>Total equity</b> .....	<b>(106,142)</b>	437	(640)	—	(60)	254	410	—	—	(1,152)	9,099	<b>(97,794)</b>

**Consolidated income statement**  
52 weeks ended 24 April 2016

	UK GAAP	Employee benefit trust (i)	Correction of previous accounting errors			Accounting policy alignment			Adoption of IFRS	IFRS		
	£'000	£'000	Onerous lease provision (ii)	Capital contributions (iii)	Finance lease (iv)	Effective interest method (v)	Other (vi)	Presentation alignment (vii)	Cash in transit (viii)	Lease incentives (ix)	Goodwill amortisation (x)	£'000
<b>Revenue</b> .....	<b>229,864</b>	—	—	—	—	—	—	—	—	—	—	229,864
<b>Cost of sales</b> .....	<b>(126,986)</b>	—	(22)	—	68	—	500	(59,228)	—	(455)	—	(186,123)
<b>Gross profit/(loss)</b> .....	<b>102,878</b>	—	(22)	—	68	—	500	(59,228)	—	(455)	—	43,741
Administration costs .....	(86,234)	23	—	—	—	—	—	59,228	—	—	9,099	(17,884)
<b>Operating profit/(loss)</b> .....	<b>16,644</b>	23	(22)	—	68	—	500	—	—	(455)	9,099	25,857
Interest payable .....	(28,771)	58	(63)	—	(88)	255	—	—	—	—	—	(28,609)
Interest receivable .....	110	—	—	—	—	—	—	—	—	—	—	110
<b>Profit/(loss) on ordinary activities before tax</b> .....	<b>(12,017)</b>	81	(85)	—	(20)	255	500	—	—	(455)	9,099	(2,642)
Tax on profit/(loss) from ordinary activities .....	(1,009)	—	17	—	4	(51)	(232)	—	—	91	—	(1,180)
<b>Profit/(loss) for the year</b> .....	<b>(13,026)</b>	81	(68)	—	(16)	204	268	—	—	(364)	9,099	(3,822)
<b>Other comprehensive (expenses)/income:</b>												
Foreign exchange differences arising on consolidation .....	113	—	12	—	—	—	(234)	—	—	—	—	(109)
<b>Total comprehensive profit/(loss) for the year</b> .....	<b>(12,913)</b>	81	(56)	—	(16)	204	34	—	—	(364)	9,099	(3,931)
<b>Earnings before interest, tax, depreciation and amortisation</b> .....	<b>34,386</b>	23	(22)	97	90	—	277	—	—	(455)	—	34,396
Depreciation and impairment .....	(17,742)	—	—	(97)	(22)	—	223	—	—	—	9,099	(8,539)
<b>Operating profit</b> .....	<b>16,644</b>	23	(22)	—	68	—	500	—	—	(455)	9,099	25,857

**Consolidated balance sheet**  
At 27 April 2015

	UK GAAP £'000	Employee benefit trust (ii) £'000	Onerous lease provision (iii) £'000	Capital contributions (iv) £'000	Finance lease (v) £'000	Effective interest method (vi) £'000	Other alignment (vii) £'000	Presentation alignment (viii) £'000	Cash in transit (viii) £'000	Lease incentives (x) £'000	Goodwill (xi) £'000	IFRS £'000
<b>Non-current assets</b>												
Intangible assets	145,651	—	—	—	—	—	—	—	—	—	—	145,651
Property, plant and equipment	69,944	—	—	1,513	1,128	—	292	—	—	—	—	72,877
	<u>215,595</u>	<u>—</u>	<u>—</u>	<u>1,513</u>	<u>1,128</u>	<u>—</u>	<u>292</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>218,528</u>
<b>Current assets</b>												
Stock	1,038	—	—	—	—	—	—	—	—	—	—	1,038
Other receivables	2,949	(1,086)	—	—	—	—	—	—	226	—	—	2,089
Prepayments	3,960	—	—	—	—	—	(300)	—	—	—	—	3,660
Cash and cash equivalents	28,666	63	—	—	—	—	88	—	(226)	—	—	28,591
	<u>36,613</u>	<u>(1,023)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(212)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>35,378</u>
<b>Total assets</b>	<u>252,208</u>	<u>(1,023)</u>	<u>—</u>	<u>1,513</u>	<u>1,128</u>	<u>—</u>	<u>80</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>253,906</u>
<b>Current liabilities</b>												
Corporation tax liabilities	(1,626)	—	—	—	—	—	379	—	—	—	—	(1,247)
Trade and other payables	(39,396)	—	—	(98)	—	—	(83)	—	—	(133)	—	(39,710)
Other payables—finance lease obligations	—	—	—	—	(90)	—	—	—	—	—	—	(90)
Provisions	—	—	(678)	—	—	—	—	—	—	—	—	(678)
	<u>(41,022)</u>	<u>—</u>	<u>(678)</u>	<u>(98)</u>	<u>(90)</u>	<u>—</u>	<u>296</u>	<u>—</u>	<u>—</u>	<u>(133)</u>	<u>—</u>	<u>(41,725)</u>
<b>Net current liabilities</b>	<u>(4,409)</u>	<u>(1,023)</u>	<u>(678)</u>	<u>(98)</u>	<u>(90)</u>	<u>—</u>	<u>84</u>	<u>—</u>	<u>—</u>	<u>(133)</u>	<u>—</u>	<u>(6,347)</u>
<b>Non-current liabilities</b>												
Long-term borrowings	(297,642)	1,359	—	—	—	50	—	—	—	—	—	(296,233)
Trade and other payables	—	—	—	(1,415)	—	—	—	—	—	(654)	—	(2,069)
Other payables—finance lease obligations	—	—	—	—	(1,082)	—	—	—	—	—	—	(1,082)
Deferred tax liabilities	(3,933)	—	—	—	—	—	—	—	—	—	—	(3,933)
Provisions	(2,849)	—	94	—	—	—	—	—	—	—	—	(2,755)
	<u>(304,424)</u>	<u>1,359</u>	<u>94</u>	<u>(1,415)</u>	<u>(1,082)</u>	<u>50</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(654)</u>	<u>—</u>	<u>(306,072)</u>
<b>Total liabilities</b>	<u>(345,446)</u>	<u>1,359</u>	<u>(584)</u>	<u>(1,513)</u>	<u>(1,172)</u>	<u>50</u>	<u>84</u>	<u>—</u>	<u>—</u>	<u>(787)</u>	<u>—</u>	<u>(347,797)</u>

	UK GAAP	Employee benefit trust (ii)	Onerous lease provision (iii)	Capital contributions (iv)	Finance lease (v)	Effective interest method (vi)	Other (vii)	Presentation alignment (viii)	Cash in transit (viii)	Lease incentives (x)	Goodwill (xi)	IFRS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Net assets</b> .....	<b>(93,238)</b>	336	(584)	—	(44)	50	376	—	—	(787)	—	<b>(93,891)</b>
<b>Equity</b>												
Share capital .....	19	—	—	—	—	—	—	—	—	—	—	19
Share premium .....	19,625	—	—	—	—	—	—	—	—	—	—	19,625
Other reserves .....	—	264	—	—	—	—	—	—	—	—	—	264
Retained earnings .....	(112,882)	72	(584)	—	(44)	50	376	—	—	(787)	—	(113,799)
<b>Total equity</b> .....	<b>(93,238)</b>	336	(584)	—	(44)	50	376	—	—	(787)	—	<b>(93,891)</b>

SECTION 3

INTERIM FINANCIAL INFORMATION OF WAGAMAMA FOR THE PERIOD WAGAMAMA  
INTERIM PERIOD 2018

**Consolidated income statement**

		16 weeks ended 19 August 2018	16 weeks ended 13 August 2017	53 weeks ended 29 April 2018
	Note	Total (unaudited) £'000	Total (unaudited) £'000	Total (audited) £'000
<b>Revenue</b> .....		97,389	86,724	306,713
<b>Cost of sales</b> .....	2	<u>(85,594)</u>	<u>(73,551)</u>	<u>(265,670)</u>
<b>Gross profit</b> .....		11,795	13,173	41,043
Administration costs .....		<u>(9,350)</u>	<u>(7,194)</u>	<u>(25,543)</u>
<b>Operating profit</b> .....		2,445	5,979	15,500
Interest payable .....		(7,412)	(18,244)	(34,652)
Interest receivable .....		145	61	162
<b>Loss on ordinary activities before tax</b> .....		<u>(4,822)</u>	<u>(12,204)</u>	<u>(18,990)</u>
Tax on loss from ordinary activities .....	4	<u>(1,569)</u>	<u>1,257</u>	<u>(2,841)</u>
<b>Loss for the period</b> .....		<u><u>(6,391)</u></u>	<u><u>(10,947)</u></u>	<u><u>(21,831)</u></u>
<b>Other comprehensive (expenses)/income:</b>				
Foreign exchange differences arising on consolidation .....		<u>497</u>	<u>(226)</u>	<u>(828)</u>
<b>Total comprehensive loss for the period</b> .....		<u><u>(5,894)</u></u>	<u><u>(11,173)</u></u>	<u><u>(22,659)</u></u>

The table below is provided to give additional information to shareholders on a key performance indicator:

<b>EBITDA</b> .....	7,559	9,784	31,316
Depreciation, amortisation and impairment .....	(5,114)	(3,805)	(15,816)
<b>Operating profit</b> .....	<b>2,445</b>	<b>5,979</b>	<b>15,500</b>

## Consolidated balance sheet

	Note	At 19 August 2018 (unaudited) £'000	At 13 August 2017 (unaudited) £'000	At 29 April 2018 (audited) £'000
<b>Non-current assets</b>				
Intangible assets		147,285	146,231	147,478
Property, plant and equipment	8	119,691	107,114	115,076
		<u>266,976</u>	<u>253,345</u>	<u>262,554</u>
<b>Current assets</b>				
Stock		2,264	1,873	2,017
Other receivables		5,077	3,697	6,097
Prepayments		7,041	5,154	7,128
Cash and cash equivalents		23,589	32,213	29,371
Corporation tax receivable		—	1,477	—
		<u>37,971</u>	<u>44,414</u>	<u>44,613</u>
<b>Total assets</b>		<u>304,947</u>	<u>297,759</u>	<u>307,167</u>
<b>Current liabilities</b>				
Corporation tax liabilities		(150)	—	(974)
Trade and other payables		(51,902)	(47,588)	(53,931)
Other payables—finance lease obligations		(90)	(90)	(90)
Provisions		(857)	(256)	(816)
		<u>(52,999)</u>	<u>(47,934)</u>	<u>(55,811)</u>
<b>Net current liabilities</b>		<u>(15,028)</u>	<u>(3,520)</u>	<u>(11,198)</u>
<b>Non-current liabilities</b>				
Long-term borrowings	7	(366,417)	(352,959)	(361,967)
Trade and other payables		(3,203)	(3,242)	(3,232)
Other payables—finance lease obligations		(1,074)	(1,077)	(1,076)
Deferred tax liabilities		(4,356)	(3,825)	(4,204)
Provisions		(6,719)	(1,219)	(6,691)
		<u>(381,769)</u>	<u>(362,322)</u>	<u>(377,170)</u>
<b>Total liabilities</b>		<u>(434,768)</u>	<u>(410,256)</u>	<u>(432,981)</u>
<b>Net liabilities</b>		<u>(129,821)</u>	<u>(112,497)</u>	<u>(125,814)</u>
<b>Equity</b>				
Share capital	11	20	20	20
Share premium		19,633	19,633	19,633
Other reserves		219	163	(1,668)
Retained earnings		(149,693)	(132,313)	(143,799)
<b>Total shareholders' deficit</b>		<u>(129,821)</u>	<u>(112,497)</u>	<u>(125,814)</u>

## Consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 24 April 2017 (audited) . . . . .	20	19,633	352	(121,140)	(101,135)
Loss for the period . . . . .	—	—	—	(10,947)	(10,947)
Other comprehensive income for the period . . . . .	—	—	—	(226)	(226)
Net purchase of shares by employee benefit trust . . . . .	—	—	(189)	—	(189)
<b>Balance at 13 August 2017 (unaudited) . . . . .</b>	<u>20</u>	<u>19,633</u>	<u>163</u>	<u>(132,313)</u>	<u>(112,497)</u>
Balance at 24 April 2017 (audited) . . . . .	20	19,633	352	(121,140)	(101,135)
Loss for the year . . . . .	—	—	—	(21,831)	(21,831)
Other comprehensive income for the year . . . . .	—	—	—	(828)	(828)
Gain on shares held by employee benefit trust . . . . .	—	—	323	—	323
Net purchase of shares by employee benefit trust . . . . .	—	—	(2,343)	—	(2,343)
<b>Balance at 29 April 2018 (audited) . . . . .</b>	<u>20</u>	<u>19,633</u>	<u>(1,668)</u>	<u>(143,799)</u>	<u>(125,814)</u>
Balance at 30 April 2018 (audited) . . . . .	20	19,633	(1,668)	(143,799)	(125,814)
Loss for the period . . . . .	—	—	—	(6,391)	(6,391)
Other comprehensive income for the period . . . . .	—	—	—	497	497
Net purchase of shares by employee benefit trust . . . . .	—	—	(110)	—	(110)
Share-based payments—credit to equity . . . . .	—	—	1,997	—	1,997
<b>Balance at 19 August 2018 (unaudited) . . . . .</b>	<u>20</u>	<u>19,633</u>	<u>219</u>	<u>(149,693)</u>	<u>(129,821)</u>

## Consolidated cash flow statement

	Note	16 weeks ended 19 August 2018 (unaudited) £'000	16 weeks ended 13 August 2017 (unaudited) £'000	53 weeks ended 29 April 2018 (audited) £'000
<b>Operating activities</b>				
Cash generated from operations before Exceptional Items	6	10,382	10,444	42,248
Interest received		145	61	162
Tax paid		(2,244)	(3,224)	(4,390)
Cash outflows from exceptional onerous lease provisions		—	—	(646)
Cash outflows from executive restructure		(1,555)	(1,182)	(3,412)
Cash outflows from refinancing		—	—	(1,046)
<b>Net cash flows from operating activities</b>		<b>6,728</b>	<b>6,099</b>	<b>32,916</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment		(7,708)	(10,854)	(31,458)
<b>Net cash flows used in investing activities</b>		<b>(7,708)</b>	<b>(10,854)</b>	<b>(31,458)</b>
<b>Financing activities</b>				
Repayment of high yield bonds		—	(155,907)	(150,000)
Issue of high yield bonds		—	225,000	225,000
Finance costs related to bond issue		—	(1,744)	(9,323)
Interest paid		(4,686)	(64,204)	(68,987)
Purchase of shares by employee benefit trust		(110)	(189)	(2,020)
Purchase of unsecured loan notes by employee benefit trust		—	(91)	(772)
Decrease in obligations under finance leases		(30)	(30)	(90)
<b>Net cash flows used in financing activities</b>		<b>(4,826)</b>	<b>2,835</b>	<b>(6,192)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(5,806)</b>	<b>(1,920)</b>	<b>(4,734)</b>
Cash and cash equivalents at the beginning of the period		29,371	34,142	34,142
Exchange differences		24	(9)	(37)
<b>Cash and cash equivalents at the end of the period</b>		<b>23,589</b>	<b>32,213</b>	<b>29,371</b>



## **Accounting policies**

### ***Basis of preparation***

The historical financial information of Wagamama in Part IX of this document has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The unaudited interim financial information has been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union. The accounting policies and methods of computation used are consistent with those used in the TRG Group's historical financial information in Part VIII of this document.

### ***General information***

The interim financial information does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006.

### ***Going concern***

The unaudited interim financial information has been prepared on a going concern basis. After making appropriate enquiries and taking into account the strong trading performance of the underlying business and strong cash flow and with consideration as to the historical and projected performance of the Wagamama Group, including Wagamama's and the Enlarged Group's working capital forecasts and projections taking account of reasonably possible changes in trading performance and the current state of its operating market, the TRG Directors have a reasonable expectation that the Wagamama Group will be able to operate within the level of the debt facilities available to the Enlarged Group and that the Wagamama Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of this document when the unaudited interim financial information was authorised for issue.

### ***Changes in accounting policies***

The same accounting policies, presentation and methods of computation are followed in the unaudited interim financial information as applied in the Wagamama Group's historical financial information in Part IX of this document, with the exception of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' which have been adopted by the Wagamama Group. The implementation of these accounting standards, with effect from 1 January 2018, has not had a material impact on the Wagamama Group. There have been no other changes to the accounting standards in the current year that have materially impacted the Wagamama Group financial statements.

As noted in the Wagamama Group's historical financial information in Part IX of this document the Wagamama Group expects IFRS 16 'Leases', which will replace IAS 17 'Leases', to have a material impact on the reported assets, liabilities and income statement of the Wagamama Group. The Wagamama Group will be required to adopt the new standard for its financial year ended 26 April 2020.

Under IFRS 16, the majority of the Wagamama Group's operating leases will be 'on balance sheet' as reflected by a right-of-use asset and corresponding lease liability. As a result, earnings before interest, tax, amortisation and depreciation (EBITDA) will increase as the current operating lease charge will be substituted for an increased depreciation charge, arising from the right-of-use asset, and an increased interest charge, arising from the unwinding of discount on the lease liability, both which are presented below EBITDA. IFRS 16 will impact other financial measures, including debt, debt covenants, gearing and earnings per share.

The directors of Wagamama are currently assessing the impact of adopting IFRS 16 and accordingly it is not yet practicable to quantify the effects or the option which the Wagamama Group may select upon transition.

## Notes to the interim financial information

### 1. Segmental analysis

The Wagamama Group trades in 1 business segment (that of operating restaurants). The Wagamama Group's brands meet the aggregation criteria set out in paragraph 22 of IFRS 8 'Operating Segments' and as such the Wagamama Group reports the business as 1 reportable segment.

### 2. Cost of sales

	<b>16 weeks ended 19 August 2018 (unaudited) £'000</b>	16 weeks ended 13 August 2017 (unaudited) £'000	53 weeks ended 29 April 2018 (audited) £'000
Continuing business excluding pre-opening costs . . . . .	<b>84,207</b>	72,120	254,120
Pre-opening costs . . . . .	<b>1,387</b>	1,431	3,080
<b>Trading cost of sales</b> . . . . .	<b>85,594</b>	73,551	257,200
Exceptional Item (note 3) . . . . .	—	—	8,470
<b>Cost of sales for the period/year</b> . . . . .	<b>85,594</b>	73,551	265,670

### 3. Exceptional Items

	<b>16 weeks ended 19 August 2018 (unaudited) £'000</b>	16 weeks ended 13 August 2017 (unaudited) £'000	53 weeks ended 29 April 2018 (audited) £'000
Included within cost of sales:			
- Increase in onerous lease provisions . . . . .	—	—	6,539
- Impairment of property, plant and equipment . . . . .	—	—	1,931
	—	—	8,470
Included within administration costs:			
- Strategic business review . . . . .	<b>1,555</b>	—	—
- Executive team restructuring . . . . .	—	1,182	3,412
- Refinancing costs . . . . .	—	—	1,046
	<b>1,555</b>	1,182	4,458
Included within interest payable:			
- Costs incurred in relation to early redemption of high yield bond . . . . .	—	9,116	9,116
<b>Exceptional Items before tax</b> . . . . .	<b>1,555</b>	10,298	22,044
Tax effect of Exceptional Items . . . . .	—	(1,885)	(3,822)
<b>Net Exceptional Items for the period/year</b> . . . . .	<b>1,555</b>	8,413	18,222

#### *Bond refinancing costs*

The exceptional finance cost in the 16 week period ended 13 August 2017 arose on the Wagamama Group's refinancing in July 2017 and relate to accelerated loan cost write-off and early redemption premium on repayment of the Wagamama Group's previous bond.

#### *Strategic business review*

For the period ended 19 August 2018 exceptional expenses included costs incurred as part of a strategic review of the business and a possible change of control event. These costs were primarily in relation to finance, legal and commercial due diligence.

For the period ended 29 April 2018, the exceptional administrative expenses incurred comprise of expenditure relating to executive team restructuring, costs related to the Wagamama Group's refinancing and movements in onerous lease and impairment provisions.

For the period ended 13 August 2017 exceptional expenses included administrative expenses incurred as part of the Wagamama Group's refinancing in July 2017. Also included are salary costs relating to David Campbell. As previously announced on 26 April 2017, David Campbell stepped down as Chief Executive Officer with immediate effect and Jane Holbrook was appointed as Chief Executive Officer.

#### 4. Tax

The underlying tax charge has been calculated by reference to the expected effective current and deferred tax rates for the full financial year to 28 April 2019 applied against the trading profit before tax for the period ended 19 August 2018.

The full year effective tax rate on the underlying profit (before Exceptional Items) is estimated to be (48.0) per cent. (2017: (33.0) per cent.).

#### 5. Dividends

No dividends have been proposed or paid in respect of the period (16 weeks ended 13 August 2017: £nil, 53 weeks ended 29 April 2018: £nil).

#### 6. Reconciliation of profit before tax to cash generated from operations

	<b>16 weeks ended 19 August 2018 (unaudited) £'000</b>	16 weeks ended 13 August 2017 (unaudited) £'000	53 weeks ended 29 April 2018 (audited) £'000
Loss before tax	<b>(4,822)</b>	(12,204)	(18,990)
Net interest charges	<b>7,267</b>	18,183	34,490
Impairment of property, plant and equipment	—	—	1,931
Onerous lease and other property provisions	<b>34</b>	(148)	6,511
Executive restructure	<b>1,555</b>	1,182	3,412
Refinancing costs	—	—	1,046
Amortisation	<b>238</b>	46	271
Depreciation	<b>4,876</b>	3,759	13,614
Share-based payments	<b>1,997</b>	—	—
Loss on disposal of property, plant and equipment	<b>59</b>	—	462
Foreign translation gain	<b>(101)</b>	—	—
Increase in stocks	<b>(250)</b>	(248)	(389)
Increase in other receivables	<b>1,151</b>	(732)	(5,020)
Increase / (decrease) in payables	<b>(1,622)</b>	606	4,910
<b>Cash generated from operations before Exceptional Items</b>	<b><u>10,382</u></b>	<u>10,444</u>	<u>42,248</u>

#### 7. Bond

On 10 July 2017, a refinancing of the Wagamama Group was completed. At this date, the Wagamama Group's bond debt of £150 million was repaid in full and a new bond issue to the value of £225 million was completed. The bond is stated net of unamortised issued costs of £2.7 million (2017: £3.4 million). The issue costs are being amortised over the 5 year term of the bond. Costs of £3.4 million were incurred in relation to the issuance of the £225 million high yield bond which will be charged to the income statement using the effective interest method.

#### 8. Property, plant and equipment

The opening property, plant and equipment balance as at 30 April 2018 was £115.1 million. During the period, the Wagamama Group made additions of £8.8 million, a gain arising on the translation of US-held assets of £0.7 million offset by a depreciation charge £4.9 million. The closing balance at 19 August 2018 of £119.7 million.

## 9. Financial instruments

The treasury strategy, treasury risk management, capital risk management and financial risk management remain consistent with those used in the Wagamama Group's latest annual audited financial statements.

### Financial assets

The financial assets of the Wagamama Group, all of which are classified as loans and receivables at amortised cost, comprise:

	At 19 August 2018 (unaudited) £'000	At 13 August 2017 (unaudited) £'000	At 29 April 2018 (audited) £'000
Cash and cash equivalents . . . . .	23,589	32,213	29,371
Other receivables . . . . .	5,077	3,697	6,097
<b>Total financial assets</b> . . . . .	<b>28,666</b>	<b>35,910</b>	<b>35,468</b>

Cash and cash equivalents include £0.3 million (29 April 2018: £0.2 million; 13 August 2017: £0.1 million) held on account in respect of deposits paid by tenants under the terms of their rental agreement.

### Financial liabilities

The financial liabilities of the Wagamama Group, all of which are classified as other financial liabilities at amortised cost, comprise:

	At 19 August 2018 (unaudited) £'000	At 13 August 2017 (unaudited) £'000	At 29 April 2018 (audited) £'000
Trade and other payables . . . . .	38,757	34,518	43,067
Finance lease payable . . . . .	90	90	90
<b>Short-term financial liabilities</b> . . . . .	<b>38,847</b>	<b>34,608</b>	<b>43,157</b>
Unsecured loan notes (fixed interest rate of 10.00%) . . . . .	144,131	131,315	139,881
High yield bond (fixed interest rate of 4.125%) . . . . .	225,000	225,000	225,000
Bank fees . . . . .	(2,714)	(3,356)	(2,914)
Trade and other payables . . . . .	3,203	3,242	3,232
Finance lease payable . . . . .	1,074	1,077	1,076
<b>Long-term financial liabilities</b> . . . . .	<b>370,694</b>	<b>357,278</b>	<b>366,275</b>
<b>Total financial liabilities</b> . . . . .	<b>409,541</b>	<b>391,886</b>	<b>409,432</b>
<b>Fair value of financial assets and liabilities</b>			

All financial assets and liabilities are accounted for at amortised cost and the directors of Wagamama consider the carrying value to approximate to their fair values.

## 10. Share based payments

As at 29 April 2018, 2,000 restricted stock units (RSUs) had been granted. During the period, 45,550 RSUs were issued to employees (16 weeks ended 13 August 2017: nil; 53 weeks ended 29 April 2018: 2,000). As at 19 August 2018, 47,550 RSUs had been granted. No RSUs have been exercised nor lapsed during the period. These RSUs vest upon a sale or flotation and lapse, no later than, 10 years subsequent to the grant date.

A Monte-Carlo simulation has been used to estimate the fair value of an RSU. The key assumptions, in relation to the Monte-Carlo simulation, include a risk-free rate of 0.57 per cent., an assumed vesting period of, approximately, 7 months, a dividend yield of 0 per cent. and volatility, based on comparable companies, of 25 per cent. Accordingly, based on 50,000 simulations, the fair value of each award is £97.10.

A charge has been recorded in the income statement of the Wagamama Group in respect of these share-based payments of £2.0 million with a corresponding credit to equity.

## **11. Share capital**

Share capital at 19 August 2018 amounted to £20,000. The number of shares authorised, issued and fully paid as at 19 August 2018 was £20,000,002.

## **12. Related party transactions**

During the period, transactions with Duke Street LLP and Hutton Collins LLP, related parties not wholly within the Wagamama Group, amounted to £27,700 (13 August 2017: £27,700, 29 April 2018: £86,000). The transactions were for the provision of services to the Wagamama Group by non-executive board members and were carried out on an arm's length basis. The value of the services provided in the period was £9,200 (13 August 2017: £9,200, 29 April 2018: £30,000) and £18,500 (13 August 2017: £18,500, 29 April 2018: £56,000) respectively. Balances outstanding at 19 August 2018 were £9,233 from Duke Street LLP and £nil from Hutton Collins LLP (13 August 2017: £nil, 29 April 2018: £nil).

## **13. Contingent liabilities**

There were no significant changes in the nature and size of contingent liabilities at 19 August 2018 to those reported in the Wagamama Group's annual report and accounts for the 53 weeks ended 29 April 2018.

## **14. Events occurring after the reporting date**

On 30 October 2018 TRG announced that it had reached conditional agreement to acquire the entire issued share capital of Wagamama for a cash payment of £357 million.

No other material events have arisen since the end of the period which have significantly affected or may significantly affect the operations of the Wagamama Group, the results of those operations, or the state of affairs of the Wagamama Group in future financial periods.

**PART X**  
**UNAUDITED PRO FORMA FINANCIAL INFORMATION**

**SECTION 1**

**UNAUDITED PRO FORMA FINANCIAL INFORMATION RELATING TO THE ENLARGED GROUP**

**Basis of preparation**

The unaudited pro forma financial information set out below has been prepared to illustrate the effect of the Acquisition, Rights Issue and the Debt Financing on: (i) the net assets of TRG as at 26 August 2018 as if the Acquisition, Rights Issue and the Debt Financing had taken place on 26 August 2018; and (ii) on the consolidated income statement of TRG for the 52 weeks ended 31 December 2017 as if the Acquisition, Rights Issue and Debt Financing had taken place on 2 January 2017 (together the **Unaudited Pro Forma Financial Information**).

The Unaudited Pro Forma Financial Information has been compiled on a basis consistent with the accounting policies adopted by TRG in preparing its consolidated financial statements for the 52 weeks ended 31 December 2017, and prepared on the basis of the notes set out below and in accordance with items 1 to 6 of Annex II of the PD Regulation.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Enlarged Group's actual financial position or results. The Unaudited Pro Forma Financial Information does not purport to represent what the TRG Group's or the Enlarged Group's financial position or results would have been if the Rights Issue, had the Debt Financing and the Acquisition had actually taken place on the dates indicated nor does it purport to represent the TRG Group's or the Enlarged Group's results expected to be achieved in the future.

EY's report on the Unaudited Pro Forma Financial Information is set out in Section 2 of this Part X (*Unaudited Pro Forma Financial Information relating to the Enlarged Group*).

In addition to the matters noted above, the Unaudited Pro Forma Financial Information does not reflect the acquisitions of Ribble Valley Inns Limited and Food & Fuel Limited or the effect of anticipated synergies and efficiencies associated with the Acquisition.

## Unaudited pro forma statement of net assets of the Enlarged Group as at 26 August 2018

	Adjustments					Unaudited pro forma Enlarged Group
	TRG as at 26 August 2018	Wagamama as at 19 August 2018	Net proceeds of the Rights Issue	Debt financing adjustments	Acquisition adjustments	
	Note 1 £'000	Note 2 £'000	Note 3 £'000	Note 4 £'000	Note 5 £'000	Note 6 £'000
<b>Non-current assets</b>						
Intangible assets	26,998	147,285	—	—	350,489	524,772
Property, plant and equipment	332,544	119,691	—	—	—	452,235
	<b>359,542</b>	<b>266,976</b>	<b>—</b>	<b>—</b>	<b>350,489</b>	<b>977,007</b>
<b>Current assets</b>						
Stock	5,963	2,264	—	—	—	8,227
Other receivables	18,361	5,077	—	—	—	23,438
Prepayments	13,637	7,041	—	—	—	20,678
Cash and cash equivalents	16,286	23,589	306,370	91,430	(374,229)	63,446
<b>Total current assets</b>	<b>54,247</b>	<b>37,971</b>	<b>306,370</b>	<b>91,430</b>	<b>(374,229)</b>	<b>115,789</b>
<b>Total assets</b>	<b>413,789</b>	<b>304,947</b>	<b>306,370</b>	<b>91,430</b>	<b>(23,740)</b>	<b>1,092,796</b>
<b>Current liabilities</b>						
Corporation tax liabilities	(3,623)	(150)	—	—	—	(3,773)
Trade and other payables	(133,749)	(51,902)	—	—	1,083	(184,568)
Other payables—finance lease obligations	(164)	(90)	—	—	—	(254)
Provisions	(7,991)	(857)	—	—	—	(8,848)
	<b>(145,527)</b>	<b>(52,999)</b>	<b>—</b>	<b>—</b>	<b>1,083</b>	<b>(197,443)</b>
<b>Net current liabilities</b>	<b>(91,280)</b>	<b>(15,028)</b>	<b>306,370</b>	<b>91,430</b>	<b>(373,146)</b>	<b>(81,654)</b>
<b>Non-current liabilities</b>						
Long-term borrowings	(35,437)	(366,417)	—	(91,993)	144,131	(349,716)
Trade and other payables	—	(3,203)	—	—	—	(3,203)
Other payables—finance lease obligations	(2,470)	(1,074)	—	—	—	(3,544)
Deferred tax liabilities	(4,412)	(4,356)	—	—	—	(8,768)
Provisions	(29,018)	(6,719)	—	—	—	(35,737)
	<b>(71,337)</b>	<b>(381,769)</b>	<b>—</b>	<b>(91,993)</b>	<b>144,131</b>	<b>(400,968)</b>
<b>Total liabilities</b>	<b>(216,864)</b>	<b>(434,768)</b>	<b>—</b>	<b>(91,993)</b>	<b>145,214</b>	<b>(598,411)</b>
<b>Net assets / (liabilities)</b>	<b>196,925</b>	<b>(129,821)</b>	<b>306,370</b>	<b>(563)</b>	<b>121,474</b>	<b>494,385</b>

### Notes

- (1) The net assets of TRG as at 26 August 2018 have been extracted, without material adjustment, from the TRG unaudited interim financial information as at and for the period ended 26 August 2018 set out in Section 2 of Part VIII (*Historical Financial Information relating to TRG*) of this document.
- (2) The net assets of Wagamama as at 19 August 2018 have been extracted, without material adjustment, from the Wagamama unaudited interim financial information as at and for the period ended 19 August 2018, set out in Section 3 of Part IX (*Historical Financial Information relating to Wagamama*) of this document.
- (3) The net proceeds of the Rights Issue of £306.4 million are calculated at the Latest Practicable Date on the basis that the Company issues 290,430,689 New Ordinary Shares at 108.5 pence per New Ordinary Share, net of estimated expenses (excluding VAT) in connection with the Rights Issue of £8.7 million. The net proceeds of the Rights Issue will be used to part-fund the Acquisition.
- (4) The debt financing adjustment relates to the Debt Facility which is expected to be £130.0 million drawn down at Completion. The net proceeds of the new Debt Financing are expected to be £127.4 million, net of estimated debt financing expenses of £2.6 million (excluding VAT).

The adjustment to cash and cash equivalents comprises the net proceeds of the new Debt Financing and the settlement of existing TRG borrowings of £36.0 million.

The adjustment to long-term borrowings reflects the new debt financing liability of £127.4 million, net of debt financing expenses, less TRG's existing borrowings of £35.4 million, net of unamortised debt transaction costs.

As a consequence of the repayment of existing borrowings, the remaining unamortised debt transaction costs of £0.6 million associated with these borrowings offset against the gross borrowing amounts, have been derecognised.

- (5) The Unaudited Pro Forma Financial Information has been prepared on the basis that the Acquisition will be treated as a business combination in accordance with IFRS 3 Business Combinations. TRG expects to undertake a fair value exercise following Completion and no account has been taken of any fair value adjustments to the acquired assets and liabilities of Wagamama in the Unaudited Pro Forma Financial Information. For the purposes of the Unaudited Pro Forma Financial Information the excess of the purchase consideration over the carrying amount of net assets acquired has been attributed to intangible assets. The calculation of the adjustment to intangible assets is set out below:

	£'000	£'000
Consideration paid .....		357,000
Less carrying value of net liabilities acquired as at 26 August 2018		
Wagamama net liabilities .....	(129,821)	
Borrowings not acquired .....	144,131	
Less estimated transactions costs incurred by the Wagamama Group .....	(7,799)	
Less: intangible assets derecognised .....	<u>(145,493)</u>	
Pro forma net liabilities acquired .....		<u>(138,982)</u>
Intangible assets on acquisition .....		<u>495,982</u>
Adjustment to intangible assets (before fair value adjustments to assets and liabilities) .....		<u><u>350,489</u></u>

The adjustment to cash includes deductions for the headline cash payment of £357.0 million less the transaction costs associated with the Acquisition (£17.2 million). The adjustment relates to estimated transaction costs of £9.4 million (excluding £0.4 million in connection with the Rights Issue) incurred by the TRG Group, and £7.8 million (excluding £0.3 million paid before 19 August 2018) incurred by the Wagamama Group. Accrued and invoiced transaction costs of £1.1 million incurred by the Wagamama Group have been derecognised from trade and other payables.

- (6) No adjustment has been made to reflect the trading results of TRG since 26 August 2018 or Wagamama since 19 August 2018.

#### Unaudited pro forma statement of profit or loss of the Enlarged Group for the year ended 31 December 2017

	TRG results for the 52 weeks ended 31 December 2017 Note 1 £'000	Adjustments			Unaudited pro forma Enlarged Group Note 5 £'000
		Wagamama results for the 53 weeks ended 29 April 2018 Note 2 £'000	Debt financing adjustments Note 3 £'000	Transaction costs Note 4 £'000	
Pro forma					
Revenue .....	679,282	306,713	—	—	985,995
Cost of sales .....	<u>(597,876)</u>	<u>(265,670)</u>	—	—	<u>(863,546)</u>
<b>Gross profit</b> .....	<b>81,406</b>	<b>41,043</b>	—	—	<b>122,449</b>
Administration costs .....	<u>(35,960)</u>	<u>(25,543)</u>	—	<u>(17,896)</u>	<u>(79,399)</u>
<b>Operating profit</b> .....	<b>45,446</b>	<b>15,500</b>	—	<b>(17,896)</b>	<b>43,050</b>
Net interest payable .....	<u>(1,860)</u>	<u>(34,490)</u>	<u>9,463</u>	—	<u>(26,887)</u>
<b>Profit / (loss) on ordinary activities before tax</b> .....	<b>43,586</b>	<b>(18,990)</b>	<b>9,463</b>	<b>(17,896)</b>	<b>16,163</b>
Tax on profit / (loss) on ordinary activities .....	<u>(10,653)</u>	<u>(2,841)</u>	<u>(2,313)</u>	<u>2,195</u>	<u>(13,612)</u>
<b>Profit / (loss) for the period</b> .....	<u><u><b>32,933</b></u></u>	<u><u><b>(21,831)</b></u></u>	<u><u><b>7,150</b></u></u>	<u><u><b>(15,701)</b></u></u>	<u><u><b>2,551</b></u></u>



## Notes

- (1) The income statement of TRG for the 52 weeks ended 31 December 2017 has been extracted, without material adjustment, from TRG's consolidated financial statements as at and for the 52 weeks ended 31 December 2017, as incorporated by reference in Section 1 of Part VIII (*Historical Financial Information relating to TRG*) of this document.
- (2) The income statement of Wagamama for the 53 weeks ended 29 April 2018 has been extracted, without material adjustment, from the historical financial information of Wagamama as at and for the 53 weeks ended 29 April 2018, as set out in Section 2 of Part IX (*Historical Financial Information relating to Wagamama*) of this document.
- (3) The adjustment to net interest payable reflects:
  - a. The removal of TRG finance costs of £1.1 million associated with TRG's existing borrowings for the 52 weeks ended 31 December 2017 and the removal of Wagamama finance costs of £14.7 million associated with Wagamama's shareholder loan notes for the 53 weeks ended 29 April 2018.
  - b. As a consequence of the repayment of the TRG Existing Revolving Credit Facility the remaining unamortised debt transaction costs of £1.1 million associated with the borrowings are reflected as an expense.
  - c. The pro forma 52 week finance cost associated with the new Debt Facility drawn down revolving credit facility had the Debt Facility been in place from 2 January 2017, a total expense of £5.2 million.

The adjustment to tax on profit / (loss) on ordinary activities reflects the tax charge for the changes in the interest costs shown above, calculated as £2.3 million at TRG's effective tax rate for the period. These adjustments have a continuing impact.

These adjustments have a continuing impact.

- (4) Transaction costs of £17.9 million incurred in connection with the Acquisition and the Rights Issue are reflected as an expense. The adjustment relates to estimated transaction costs of £9.8 million (exclusive of VAT) incurred by the TRG Group, and £8.1 million (inclusive of irrecoverable VAT, where appropriate) incurred by the Wagamama Group. The transaction costs exclude estimated expenses which are directly related to the issue of equity in the Rights Issue of approximately £8.3 million which have been accounted for as a deduction from equity. All costs that relate solely to the Acquisition have been expensed in accordance with IFRS 3 Business Combinations.

The adjustment to tax on profit / (loss) on ordinary activities reflects the tax adjustment in relation to the transaction costs, calculated as £2.2 million at TRG's effective tax rate for the period. Estimated tax of £2.0 million relates to the TRG Group and £0.2 million relates to the Wagamama Group.

- (5) No adjustment has been made to reflect the trading results of TRG since 31 December 2017 or Wagamama since 29 April 2018.

## SECTION 2

### ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION RELATING TO THE ENLARGED GROUP

The Directors  
The Restaurant Group plc  
5-7 Marshalsea Road  
London  
SE1 1EP

12 November 2018

Dear Sirs

We report on the pro forma financial information (the "Pro Forma Financial Information") set out in Section 1 of Part X of the combined prospectus and circular (the "Document") dated 12 November 2018 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 The Restaurant Group plc in preparing the financial statements for the 52 weeks ended 31 December 2017. This report is required by item 7 of Annex II of Commission Regulation (EC) No 809/2004 and Listing Rule 13.3.3R and is given for the purpose of complying with that item and for no other purpose.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided and which we may have to ordinary shareholders as a result of the inclusion of this report in the Document, 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 item 23.1 of Annex I to Commission Regulation (EC) No 809/2004 and Listing Rule 13.4.1R (6), consenting to its inclusion in the Document.

#### **Responsibilities**

It is the responsibility of the directors of The Restaurant Group plc to prepare the Pro Forma Financial Information in accordance with items 1 to 6 of Annex II of Commission Regulation (EC) No 809/2004 and Listing Rule 13.3.3R.

It is our responsibility to form an opinion, as required by item 7 of Annex II of Commission Regulation (EC) No 809/2004 and Listing Rule 13.3.3R 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.

#### **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 The Restaurant 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 The Restaurant Group plc.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions 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:

1. the Pro Forma Financial Information has been properly compiled on the basis stated; and
2. such basis is consistent with the accounting policies of The Restaurant 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 item 1.2 of Annex I of Commission Regulation (EC) No 809/2004.

Yours faithfully

Ernst & Young LLP

## **PART XI TAXATION**

### **PART A: UNITED KINGDOM TAXATION**

#### **1. General**

The following statements:

- (A) do not constitute tax advice and are intended to apply only as a general guide to the position under current UK tax law and the published practice of HMRC as at the date of this document, either of which is subject to change at any time (possibly with retrospective effect);
- (B) relate only to certain limited aspects of the UK taxation treatment of Qualifying Shareholders and are intended to apply only to Qualifying Shareholders who:
  - (i) are resident and (in the case of individuals) domiciled in (and only in) the UK for UK tax purposes (unless the context otherwise requires) and to whom split-year treatment does not apply;
  - (ii) hold their Ordinary Shares as investments (other than in an individual savings account, self-invested personal pension or as carried interest); and
  - (iii) are the absolute beneficial owners of their Ordinary Shares; and
- (C) may not apply to certain classes of Qualifying Shareholders such as, for example, dealers in securities, trustees, insurance companies, collective investment schemes and Qualifying Shareholders who have (or who are deemed to have) acquired their Ordinary Shares by virtue of an office or employment.

Any person who is in any doubt as to its, his or her tax position or who may be subject to tax in any jurisdiction other than the United Kingdom should consult an appropriate professional tax adviser without delay.

#### **2. Taxation of chargeable gains**

##### **2.1 Rights Issue**

###### **(A) Issue of New Ordinary Shares**

For the purposes of UK taxation of chargeable gains, the issue of New Ordinary Shares by the Company to Qualifying Shareholders who take up their rights under the Rights Issue should constitute a reorganisation of the Company's share capital. On that basis, a Qualifying Shareholder should not be treated as making a disposal of any part of its, his or her Existing Holding by reason of taking up all or part of its, his or her entitlement to acquire New Ordinary Shares under the Rights Issue. No liability to UK taxation on chargeable gains should arise in respect of the issue of New Ordinary Shares if a Qualifying Shareholder takes up its, his or her full entitlement to New Ordinary Shares. For the purposes of the taxation of chargeable gains, if a Qualifying Shareholder takes up all or any of its, his or her rights to the New Ordinary Shares, its, his or her Existing Ordinary Shares and its, his or her New Ordinary Shares should be treated as the same asset, acquired at the time he, she or it acquired its, his or her Existing Holding. The amount of subscription money paid for the New Ordinary Shares will be added to the base cost of its, his or her Existing Ordinary Shares when computing any gain or loss on any subsequent disposal.

###### **(B) Disposal or lapse of rights to acquire New Ordinary Shares**

If a Qualifying Shareholder:

- (i) sells or otherwise disposes of all or some of its, his or her rights to subscribe for New Ordinary Shares; or
- (ii) allows or is deemed to allow all or any part of its, his or her rights to subscribe for New Ordinary Shares to lapse and receives a cash payment in respect of them,

the proceeds will be treated as a capital distribution to that Qualifying Shareholder by the Company, he, she or it shall be treated as if he, she or it had disposed of a part of its, his or her Existing Holding and he, she or it may, depending on its, his or her circumstances, incur a liability to taxation on any chargeable gains. However, if the proceeds resulting from a lapse or disposal of rights to subscribe for New Ordinary Shares are "small" as compared with the market value (on the date of lapse or disposal) of that Qualifying Shareholder's Existing Holding, such a Qualifying Shareholder should not generally be treated as making a disposal for the purposes of the taxation of chargeable gains. The proceeds will instead reduce the base cost of that Qualifying Shareholder's

Existing Ordinary Shares used to compute any chargeable gain or allowable loss on a subsequent disposal. This treatment will not apply where such proceeds are greater than the base cost of that Qualifying Shareholder's Existing Ordinary Shares.

The current practice of HMRC is to treat proceeds as "small" where either (i) the proceeds of the disposal or lapse of rights do not exceed 5 per cent. of the market value (at the date of the disposal or lapse) of the Existing Holding in respect of which the rights arose or (ii) the amount of the proceeds is £3,000 or less, regardless of whether the 5 per cent. test is satisfied. Whether proceeds are small needs to be considered on a case-by-case basis having regard to the circumstances of each case.

## **2.2 Subsequent disposals of New Ordinary Shares**

### **(A) Individual Qualifying Shareholders**

A disposal of New Ordinary Shares may, depending on the circumstances and subject to any available exemption or relief, give rise to a chargeable gain (or an allowable loss) for the purposes of UK capital gains tax.

An individual Qualifying Shareholder who is resident in the UK for UK tax purposes and whose total taxable gains and income in a given tax year, including any gains made on the disposal or deemed disposal of its, his or her New Ordinary Shares, are less than or equal to the upper limit of the income tax basic rate band applicable to it, him or her in respect of that tax year (the Band Limit) will generally be subject to capital gains tax at the flat rate of 10 per cent. in respect of any gain arising on a disposal or deemed disposal of its, his or her New Ordinary Shares.

An individual Qualifying Shareholder who is resident in the UK for UK tax purposes and whose total taxable gains and income in a given tax year, including any gains made on the disposal or deemed disposal of its, his or her New Ordinary Shares, are more than the Band Limit will generally be subject to capital gains tax at the flat rate of 10 per cent. in respect of any gain arising on a disposal or deemed disposal of its, his or her New Ordinary Shares (to the extent that, when added to the Qualifying Shareholder's other taxable gains and income in that tax year, the gain is less than or equal to the Band Limit) and at the flat rate of 20 per cent. in respect of the remainder.

No indexation allowance will be available to an individual Qualifying Shareholder in respect of any disposal of New Ordinary Shares. However, most individuals have an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £11,700 for the tax year 2018 – 2019.

Individuals who are temporarily non-resident may, in certain circumstances, be subject to tax in respect of gains realised while they are not resident in the UK.

### **(B) Corporate Qualifying Shareholders**

Where a Qualifying Shareholder is within the charge to UK corporation tax, a disposal of New Ordinary Shares may, depending on the circumstances and subject to any available exemption or relief, give rise to a chargeable gain (or an allowable loss) for the purposes of corporation tax.

Corporation tax is charged on chargeable gains at the rate of corporation tax applicable to that company. It should be noted for the purposes of calculating any indexation allowance available on a disposal of New Ordinary Shares that generally the expenditure incurred in acquiring the New Ordinary Shares will be treated as incurred only when the Qualifying Shareholder made, or became liable to make, payment, and not at the time those shares are otherwise deemed to have been acquired. For disposals on or after 1 January 2018, indexation allowance will be calculated only up to and including December 2017, irrespective of the date of disposal of New Ordinary Shares.

## **3. Taxation of dividends**

The Company is not required to withhold tax at source from dividend payments it makes.

### 3.1 Individuals

The tax treatment of dividends paid by the Company to Qualifying Shareholders who are individuals will be as follows.

- All dividends received by an individual will, except to the extent that they are earned through an individual savings account, self-invested pension plan or other regime that exempts the dividends from tax, form part of that individual's total income for income tax purposes and will represent the highest part of that income.
- A nil rate of income tax will apply to the first £2,000 of taxable dividend income received by a Qualifying Shareholder in a tax year (the **Nil Rate Amount**), regardless of what tax rate would otherwise apply to that dividend income.
- Any taxable dividend income received by a Qualifying Shareholder in a tax year in excess of the Nil Rate Amount will be taxed at the rates set out below. That tax will be applied to the amount of the dividend income actually received by the Qualifying Shareholder.

Where a Qualifying Shareholder's taxable dividend income for a tax year exceeds the Nil Rate Amount, the excess amount (the **Relevant Dividend Income**) will, subject to the availability of any income tax personal allowance, be liable to income tax at the following rates for the 2018 – 2019 tax year:

- at the rate of 7.5 per cent., to the extent that the Relevant Dividend Income falls below the threshold for the higher rate of income tax;
- at the rate of 32.5 per cent., to the extent that the Relevant Dividend Income falls above the threshold for the higher rate of income tax but below the threshold for the additional rate of income tax; and
- at the rate of 38.1 per cent., to the extent that the Relevant Dividend Income falls above the threshold for the additional rate of income tax.

In determining whether and, if so, to what extent the Relevant Dividend Income falls above or below the threshold for the higher rate of income tax or, as the case may be, the additional rate of income tax, the Qualifying Shareholder's total taxable dividend income for the tax year in question (including the part within the Nil Rate Amount) will, as noted above, be treated as the highest part of the Qualifying Shareholder's total income for income tax purposes.

### 3.2 Companies

A Qualifying Shareholder within the charge to UK corporation tax which is a "small company" (for the purposes of UK taxation of dividends) will not generally be subject to tax on dividends from the Company, provided certain conditions are met. In general dividends paid where (i) at the time of the payment the payer is resident in the UK or a qualifying territory; (ii) no deduction for the payment of the dividend is allowed; (iii) the dividend is not in respect of any non-commercial or special securities; and (iv) the dividend is not made as part of a tax advantage scheme, should fall within the exemption.

Other holders of Qualifying Shares within the charge to UK corporation tax will not be subject to UK tax on dividends from the Company so long as the dividends fall within an exempt class and certain conditions are met. In general: (i) dividends paid on non-redeemable shares that do not carry any present or future preferential rights to dividends or to the payer's assets on its winding-up, and (ii) dividends paid to a person holding less than 10 per cent. of the issued share capital of the payer (or, if there is more than one class of share, the same class of that share capital in respect of which the distribution is made) and who is entitled to less than 10 per cent. of the profits available for distribution to holders of the same class of shares and would be entitled to less than 10 per cent. of the assets available for distribution to holders of the same class of shares on a winding-up, are examples of dividends that fall within an exempt class, subject to certain targeted and general anti-avoidance rules.

## 4. Stamp duty and SDRT

The following statements are intended as a general and non-exhaustive guide to the current UK stamp duty and SDRT position and apply regardless of whether or not a Qualifying Shareholder is resident in the UK.

### (A) Issue of New Ordinary Shares and issue or crediting of rights to New Ordinary Shares

No stamp duty or SDRT will generally be payable on the issue of Provisional Allotment Letters, split Provisional Allotment Letters or definitive share certificates, on the crediting of Nil Paid Rights or Fully Paid Rights to accounts in CREST, or on the issue in uncertificated form of New Ordinary Shares.

Where New Ordinary Shares represented by such documents or rights are registered in the name of the Qualifying Shareholder entitled to such shares, or where New Ordinary Shares are credited in uncertificated form to CREST, no liability to stamp duty or SDRT will generally arise.

Following the decision of the European Court of Justice in *HSBC Holdings and Vidacos Nominees (Case 569/07)* and the First-tier Tax Tribunal decision in *HSBC Holdings and The Bank of New York Mellon*, HMRC has confirmed that 1.5 per cent. SDRT is no longer payable when new shares are issued into a clearance service or depositary receipt service.

#### (B) Purchase of rights to New Ordinary Shares

Persons who purchase (or are treated as purchasing) rights to New Ordinary Shares represented by Provisional Allotment Letters (whether nil paid or fully paid), or Nil Paid Rights or Fully Paid Rights held in CREST, on or before the latest time for registration of renunciation, will not generally be liable to pay stamp duty. However, an unconditional agreement to transfer rights to New Ordinary Shares will be chargeable to SDRT. This is usually at the rate of 0.5 per cent. of the consideration. Where such a purchase is effected through a stockbroker or other financial intermediary, that person will normally account to HMRC for the SDRT and should indicate that this has been done in any contract note issued to the purchaser. Accountability for SDRT follows a strict hierarchy, so in other cases, the purchaser of the rights to the New Ordinary Shares represented by the Provisional Allotment Letters should be the accountable party and must therefore account for the SDRT to HMRC. Any SDRT arising on the transfer of Nil Paid Rights or Fully Paid Rights held in CREST should be collected and accounted for to HMRC by CREST.

No stamp duty or SDRT will be payable on the registration of Provisional Allotment Letters or split Provisional Allotment Letters, whether by the original holders or their renounees.

#### (C) Subsequent dealings in New Ordinary Shares

Except in relation to depositary receipt systems and clearance services (to which the special rules outlined below apply), any subsequent dealings in New Ordinary Shares will be subject to stamp duty or SDRT in the normal way. Subject to an exemption for certain low value transactions, the transfer on sale of New Ordinary Shares effected outside CREST will generally be liable to stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration payable (rounded up to the nearest multiple of £5) or, if an unconditional agreement to transfer New Ordinary Shares is not completed by a duly stamped transfer, or where the transfer is effected in CREST, SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable.

Where New Ordinary Shares are transferred (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 will generally be payable at the higher rate of 1.5 per cent. of the amount or value of the consideration given or, in certain circumstances, the value of the New Ordinary Shares. 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, 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 in the Company into such an account and on subsequent agreements to transfer such shares within such account. Where the transfer into the section 97A(1)-elected clearance service involves no change in beneficial ownership there would be no 0.5 per cent. charge to SDRT (and, in addition, no 1.5 per cent. charge to SDRT because of the section 97A(1) election), however any subsequent transfers of the shares within the clearance service would incur the 0.5 per cent. charge to SDRT in the usual manner. 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 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. Specific professional advice should be sought before transferring shares to a person within (a) or (b) of this paragraph.

## **PART B: UNITED STATES TAXATION**

### **1. US federal income tax considerations**

The following is a summary of US federal income tax considerations that are generally applicable to the receipt, exercise, expiration and disposition of Nil Paid Rights and the ownership and disposition of Fully Paid Rights

received through the exercise of Nil Paid Rights (for the purposes of this Part B of this Part XI only, together the **Rights**) pursuant to the Rights Issue, as well as the ownership and disposition of New Ordinary Shares, in either case, by a US Holder (as defined below). This summary deals only with US Holders that receive Nil Paid Rights pursuant to the Rights Issue, Fully Paid Rights through exercise of Nil Paid Rights or New Ordinary Shares through the ownership of Fully Paid Rights and hold those Nil Paid Rights, Fully Paid Rights and New Ordinary Shares, in each case, as “capital assets” (generally, property held for investment) within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (for the purposes of this Part B of this Part XI only, the **Code**). The discussion does not cover all aspects of US federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the receipt, exercise, expiration or disposition of Rights or the ownership or disposition of New Ordinary Shares by particular investors in light of their individual investment circumstances. This summary also does not address tax considerations applicable to investors that own (directly or indirectly) 10 per cent. or more of the stock of the Company (by vote or value), nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under US federal income tax law (such as banks, financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, regulated investment companies or real estate investment trusts, tax-exempt organisations, brokers or dealers in securities or currencies or traders in securities that elect to use a mark-to-market method of accounting, investors that will hold the New Ordinary Shares as part of straddles, hedging transactions or conversion transactions for US federal income tax purposes, US expatriates, investors whose functional currency is not USD, S corporations and persons holding Rights or New Ordinary Shares in connection with a permanent establishment or fixed base outside the United States). This summary does not address any tax consequences arising under any state, local or non-US tax laws, the Medicare tax on “net investment income” or the alternative minimum tax or any other US federal tax laws.

This summary is based on the Code, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date of this document. These authorities are subject to differing interpretations and may change, possibly retroactively, resulting in US federal income tax consequences different from those discussed below. The Company has not requested, and will not request, a ruling from the United States Internal Revenue Service (**IRS**) with respect to any of the US federal income tax consequences described below, and as a result there can be no assurance that the IRS will not disagree with or challenge any of the conclusions the Company has reached and describe herein, or that such contrary position would not be sustained by a court.

For purposes of this discussion, a **US Holder** is a beneficial owner of Rights or New Ordinary Shares who is, for US federal income tax purposes: (1) an individual who is a citizen or resident of the United States; (2) a corporation or any other entity treated as a corporation that is organised in or under the laws of the United States, any state thereof or the District of Columbia; (3) a trust if all of the trust’s substantial decisions are subject to the control of 1 or more US persons and the primary supervision of the trust is subject to a US court, or if a valid election is in effect with respect to the trust to be taxed as a US person; or (4) an estate the income of which is subject to US federal income taxation regardless of its source.

The US federal income tax treatment of a partner in a partnership (or owner of other business entity or arrangement treated as a partnership for US federal income tax purposes) that holds Rights or New Ordinary Shares will depend on the status of the partner and the activities of the partnership. Partnerships (and entities or arrangements that are treated as partnerships for US federal income tax purposes) and persons holding Rights or New Ordinary Shares through such partnerships should consult their tax advisers concerning the US federal income tax consequences to them and their partners of the receipt, ownership, exercise, expiration and disposition of Rights or New Ordinary Shares by the partnership.

THE SUMMARY OF US FEDERAL INCOME TAX CONSIDERATIONS SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE RECEIPT, OWNERSHIP, EXERCISE, EXPIRATION AND DISPOSITION OF THE RIGHTS OR NEW ORDINARY SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-US AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

## **2. Taxation in respect of rights**

### **(A) Receipt of Nil Paid Rights**

Based on the particular facts relating to the Nil Paid Rights and the sale by the Underwriter of New Ordinary Shares, the Company believes that the distribution of Nil Paid Rights should not be treated as a taxable stock



dividend under Section 305(a) of Code. The application of Section 305 of the Code to the Rights Issue is not clear in several respects, and it is possible that the IRS will take a contrary view. If the IRS takes such contrary view and Section 305 of the Code is applied to the distribution, a US Holder who receives a Nil Paid Right pursuant to the Rights Issue could, in certain circumstances, be treated as having received a taxable distribution in an amount equal to the value, if any, of such Nil Paid Right. One such instance would be where as a result of the Rights Issue, a Shareholder's proportionate interest in the earnings and profits or assets of the Company is increased while any other Shareholder (or deemed Shareholder) receives a distribution (or deemed distribution) of cash or other property from the Company. If Section 305 of the Code is applied, there is also a risk that a holder of Existing Ordinary Shares who, in connection with the Rights Issue, receives net proceeds (the premiums) from the sale by the Underwriter of New Ordinary Shares could be treated as receiving cash from the Company rather than treated as having received the corresponding Nil Paid Rights and then selling either the Nil Paid Rights or the corresponding New Ordinary Shares. If some holders of Existing Ordinary Shares are treated as receiving cash from the Company, the receipt of Nil Paid Rights by others (to the extent it results in a proportionate increase in the assets or earnings and profits of the Company) could be treated as a taxable stock dividend. For further discussion of taxation of dividends, see "*Taxation in Respect of New Ordinary Shares-Dividends*" below. US Holders are strongly urged to consult their tax advisers regarding the risk of having a taxable distribution as a result of the receipt of a Nil Paid Right. The remainder of this discussion assumes that the receipt of the Nil Paid Rights will not be a taxable event for US federal income tax purposes.

#### (B) Basis and holding period of Nil Paid Rights

If, on the date of distribution, the fair market value of Nil Paid Rights is less than 15 per cent. of the fair market value of the Existing Ordinary Shares with respect to which Nil Paid Rights are received, Nil Paid Rights will be allocated a zero tax basis unless the US Holder affirmatively elects to allocate a portion of such US Holder's adjusted tax basis in its Existing Ordinary Shares to the Nil Paid Rights in proportion to the relative fair market values of the US Holder's Existing Ordinary Shares and Nil Paid Rights received determined on the date of distribution. This election must be made in the US Holder's timely filed US federal income tax return for the taxable year in which Nil Paid Rights are received and is irrevocable. The election will apply to all of the Nil Paid Rights received by the US Holder pursuant to the Rights Issue. US Holders should consult their own tax advisers regarding the advisability of making such an election and the specific procedures for doing so.

If, on the date of distribution, the fair market value of Nil Paid Rights is 15 per cent. or more of the fair market value of the Existing Ordinary Shares with respect to which Nil Paid Rights are received, then, except as discussed below ("*Expiration of Nil Paid Rights*"), the US Holder's adjusted tax basis in its Existing Ordinary Shares must be allocated between the Existing Ordinary Shares and Nil Paid Rights received in proportion to their fair market values determined on the date of distribution.

A US Holder's holding period for Nil Paid Rights will include the US Holder's holding period in the underlying Existing Ordinary Shares with respect to which the Nil Paid Rights were distributed (whether or not basis is allocated to the Nil Paid Rights).

#### (C) Sale or other taxable disposition of Nil Paid Rights

Upon a sale or other taxable disposition of Nil Paid Rights by a US Holder, a US Holder will generally recognise gain or loss equal to the difference, if any, between the amount of cash or other consideration received upon disposition and the US Holder's adjusted tax basis in the Nil Paid Rights, each as determined in USD. Any gain or loss generally will be US source capital gain or loss and will be a long-term capital gain or loss if the US Holder's holding period in the Nil Paid Rights exceeds 1 year. If the US Holder is not a corporation, long-term capital gains are generally eligible for reduced rates of taxation. The deductibility of capital losses may be subject to limitations. US Holders should consult their own tax advisors about how to account for proceeds received on the sale or other taxable disposition of Nil Paid Rights that are not paid in USD.

#### (D) Expiration of Nil Paid Rights

If a US Holder allows the Nil Paid Rights to expire without selling or exercising them and does not receive any proceeds from the sale of Rights by the Underwriter, the US Holder will not recognise any loss upon the expiration of the Nil Paid Rights. Upon expiration, if the US Holder had previously allocated to the Nil Paid Rights a portion of the basis in the underlying Existing Ordinary Shares held by the US Holder, that basis will be reallocated to such Existing Ordinary Shares.

(E) Exercise of Nil Paid Rights

A US Holder will generally not recognise income upon the receipt of Fully Paid Rights pursuant to the exercise of Nil Paid Rights.

A US Holder that exercises Nil Paid Rights received in this Rights Issue within 30 days of disposing of the Existing Ordinary Shares with respect to which the Nil Paid Rights were received at a loss is urged to consult a tax adviser regarding the potential application of the “wash sale” rules under Section 1091 of the Code.

(F) Proceeds from sale by the Underwriter

The US federal income tax treatment of a US Holder that receives proceeds as a result of the sale by the Underwriter of Nil Paid Rights at a premium over the exercise price is not free from doubt. Generally, such a US Holder will be treated either as having sold the Nil Paid Rights (as described above) or as having exercised the Nil Paid Rights and sold the New Ordinary Shares. A US Holder that is treated as having sold the New Ordinary Shares will recognise a short-term capital gain or loss as described below under “*Taxation in Respect of New Ordinary Shares—Sale or Other Taxable Disposition*”, regardless of the holding period of the Nil Paid Rights. US Holders that receive amounts in respect of lapsed Nil Paid Rights should consult their own tax advisers regarding the US federal income tax treatment of such amounts.

(G) Basis and holding period of Fully Paid Rights

A US Holder’s basis in the Fully Paid Rights will equal the sum of the USD value of the Rights Issue Price and the US Holder’s basis, if any, in the Nil Paid Rights exercised to obtain the Fully Paid Rights (as determined pursuant to the rules discussed above in “*Taxation in Respect of Rights—Basis and Holding Period of Nil Paid Rights*”).

A US Holder’s holding period for Fully Paid Rights will begin with and include the date of exercise of the underlying Nil Paid Rights exercised to obtain the Fully Paid Rights.

(H) Sale or other taxable disposal of Fully Paid Rights

Upon a sale or other taxable disposition of Fully Paid Rights, a US Holder will generally recognise capital gain or loss equal to the difference, if any, between the USD value of the amount cash or other consideration received upon disposition (as determined on the date of the sale or other disposition) and the US Holder’s adjusted tax basis in the Fully Paid Rights. Any gain or loss is expected to be US source short-term capital gain or loss. Short-term capital gains of a US Holder are generally taxed at the same rates as ordinary income. The deductibility of capital losses may be subject to limitations. US Holders should consult their own advisors about how to account for proceeds received on the sale or other taxable disposition of Fully Paid Rights that are not paid in USD.

(I) Receipt of New Ordinary Shares

A US Holder should not recognise gain or loss on the receipt of New Ordinary Shares upon exercise of such holder’s Fully Paid Rights. A US Holder’s basis, if any, in New Ordinary Shares received through the exercise of Fully Paid Rights will equal the US Holder’s basis in the Fully Paid Rights with respect to which the New Ordinary Shares were issued (as determined pursuant to the rules discussed above in “*Taxation in Respect of Rights—Basis and Holding Period of Nil Paid Rights*”).

A US Holder’s holding period for the New Ordinary Shares received will not include the US Holder’s corresponding holding period for its Nil Paid Right. The holding period of the New Ordinary Shares received will, however, include the US Holder’s holding period in the corresponding Fully Paid Right.

### 3. Taxation in Respect of New Ordinary Shares

(A) Dividends

Subject to the discussion of the passive foreign investment company (**PFIC**) rules below, distributions paid by the Company out of current or accumulated earnings and profits (as determined for US federal income tax purposes) will generally be taxable to a US Holder as foreign source dividend income, and will not be eligible for the dividends received deduction allowed to corporations. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the US Holder’s basis in the

New Ordinary Shares and thereafter as capital gain. However, the Company does not maintain and does not intend to maintain calculations of its earnings and profits in accordance with US federal income tax accounting principles. US Holders should therefore assume that any distribution made by the Company to such US Holder will be reported as a dividend. A dividend distribution will generally be treated as foreign source “passive” income for US foreign tax credit purposes. US Holders should consult their own tax advisers with respect to the appropriate US federal income tax treatment of any distribution received from the Company.

With respect to individuals and certain other non-corporate US Holders, dividends will be taxed at the lower capital gains rate applicable to qualified dividend income, provided that: (1) the Company is eligible for benefits of the income tax treaty between the United States and the United Kingdom (which the Company believes to be the case); (2) the Company is not a PFIC with respect to the US Holder for either the taxable year in which the dividend is paid or the preceding taxable year; (3) certain holding period requirements are met; and (4) the US Holder is not under an obligation to make a related payment with respect to positions in substantially similar or related property.

Dividends paid in a currency other than USD will be included in income in a USD amount calculated by reference to the exchange rate in effect on the day the dividends are received by the US Holder, regardless of whether the foreign currency dividends are converted into USD at that time. If dividends received in a currency other than USD are converted into USD on the day they are received, the US Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income. If instead the foreign currency is converted at a later date, any currency gains or losses resulting from the conversion of the foreign currency will be treated as US source ordinary income or loss.

#### (B) Sale or other taxable disposition

A US Holder’s tax basis in a New Ordinary Share will generally be the USD cost of a Fully Paid Right as described above in paragraph 2(I) above (“*Taxation in Respect of Rights-Receipt of New Ordinary Shares*”).

Subject to the discussion of the PFIC rules below, a US Holder generally will recognise capital gain or loss on a sale or other taxable disposition of New Ordinary Shares equal to the difference, if any, between the amount of cash plus the fair market value of other consideration received on the sale or other taxable disposition and the US Holder’s adjusted tax basis in the New Ordinary Shares, in each case as determined in USD. This capital gain or loss generally will be long-term capital gain or loss if the US Holder’s holding period in the New Ordinary Shares exceeds 1 year. However, regardless of a US Holder’s actual holding period, any loss may be long-term capital loss to the extent the US Holder receives a dividend (or, in some cases, multiple dividends that are aggregated under special rules) that qualifies for the reduced rate described above under “*Taxation in Respect of New Ordinary Shares-Dividends*” and exceeds 10 per cent. of the US Holder’s basis in (or, in certain cases, the fair market value of) its New Ordinary Shares. As discussed above, if the US Holder is not a corporation, long-term capital gains for taxable dispositions of New Ordinary Shares are generally eligible for reduced rates of taxation. Any capital gain or loss will generally be US source gain or loss for US foreign tax credit purposes. The deductibility of capital losses is subject to limitations. US Holders should consult their own tax advisors about how to account for proceeds received on the sale or other taxable disposition of New Ordinary Shares that are not paid in USD.

#### 4. Passive Foreign Investment Company considerations

The Company believes that it was not a PFIC for US federal income tax purposes in its previous taxable year and does not expect to become a PFIC in its current taxable year or in the foreseeable future. A non-US corporation is a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable “look-through rules”, either (i) at least 75 per cent. of its gross income is “passive income” or (ii) at least 50 per cent. of the average value of its assets is attributable to assets that produce passive income or are held for the production of passive income. The determination of PFIC status must be made annually, is fact specific and may be affected by changes in the Company’s activities, revenue and assets subsequent to the Rights Issue, and there can be no assurance in this regard. Accordingly, it is possible that the Company may become a PFIC in the current taxable year or in future years. If the Company were to be treated as a PFIC for any taxable year when a US Holder owns or owned the New Ordinary Shares, materially adverse consequences could result to such US Holders for that year and all future years during which such US Holder retains such shares, regardless of whether the Company continues to meet the PFIC test. The discussion above assumes that the Company is not, has not been and will not become, a PFIC.

## **5. Information Reporting and Backup Withholding**

Distributions of dividends on New Ordinary Shares and other proceeds with respect to the sale or other taxable disposition of Rights or New Ordinary Shares paid by a US paying agent or other US intermediary will be reported to the IRS and to the US Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain US Holders are not subject to backup withholding. US Holders should consult their tax advisors about these rules and any other reporting obligations that may apply to the ownership or disposition of Rights or New Ordinary Shares, including requirements related to the holding of certain “specified foreign financial assets”.

## **6. Transfer Reporting Requirements**

A US Holder who acquires New Ordinary Shares may be required to file Form 926 (or similar form) with the IRS in certain circumstances. A US Holder who fails to file any such required form could be required to pay a penalty equal to 10 per cent. of the gross amount paid for the New Ordinary Shares (subject to a maximum penalty of \$100,000, except in cases of intentional disregard). US Holders should consult their tax advisors with respect to this or any other reporting requirement that may apply to an acquisition of the New Ordinary Shares.

**PART XII**  
**DIRECTORS, RESPONSIBLE PERSONS,**  
**CORPORATE GOVERNANCE AND EMPLOYEES**

**1. Persons responsible**

The Company, the TRG Directors and the Proposed Director accept responsibility for the information contained in this document. To the best of the knowledge of the Company, the TRG Directors and the Proposed Director (who have taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

**2. TRG Directors**

The following table sets out information relating to each of the TRG Directors as at the date of this document:

<u>Name</u>	<u>Age</u>	<u>Current position in respect of TRG</u>
<b>Executive Directors:</b>		
Andy McCue .....	43	Chief Executive Officer
Kirk Davis .....	47	Chief Financial Officer
<b>Non-Executive Directors:</b>		
Debbie Hewitt MBE .....	55	Chairman
Simon Cloke .....	50	Non-Executive Director
Graham Clemett .....	57	Non-Executive Director
Mike Tye .....	64	Non-Executive Director

The business address of the TRG Directors is 5-7 Marshalsea Road, London SE1 1EP.

**3. Directors' profiles**

***Debbie Hewitt MBE (Chairman)***

Debbie was appointed as Non-Executive Director on 1 May 2015 and Chairman on 12 May 2016. She is currently Non-Executive Chair of Moss Bros Group plc, White Stuff Limited, Visa Europe Limited and BGL (Holdings) Limited and Non-Executive Director of and Galaxy Midco 1 Limited (Domestic & General Group). Debbie retired from her role as Senior Non-Executive Director of Redrow plc on 7 November 2018 after 9 years with the company. Her executive career was spent at RAC plc where she was Group Managing Director and prior to that she was in retail management with Marks & Spencer plc. She is a Fellow of the Chartered Institute of Personnel Development and was awarded the MBE for services to Business and the Public Sector in 2011. Debbie chairs the Nomination Committee and is a member of the Remuneration Committee.

***Andy McCue (Chief Executive Officer)***

Andy joined the Company as Chief Executive Officer on 19 September 2016. He was previously Chief Executive Officer of Paddy Power plc, where he embedded a new growth strategy which delivered record revenues and profits, as well as playing a pivotal role in the merger with Betfair plc. Prior to that, he led the Paddy Power UK and Irish retail businesses, transforming profitability and overseeing its growth. Andy joined Paddy Power from OC&C Strategy Consultants where he was a Principal. Andy is currently also a Non-Executive Director and Chairman of the Remuneration Committee of Hostelworld plc.

***Kirk Davis (Chief Financial Officer)***

Kirk joined the Company as Chief Financial Officer on 5 February 2018. Kirk has extensive finance experience within listed leisure and retail businesses, and was previously Chief Financial Officer at Greene King plc for 3 years. Prior to that he was Finance Director at J D Wetherspoon plc, and he has also held senior finance roles at Tesco plc and Marks & Spencer plc. He is a member of the Chartered Institute of Management Accountants.

***Simon Cloke (Non-Executive Director)***

Simon was appointed as a Non-Executive Director of the Company in March 2010. Formerly Global Head of Industrials at Dresdner Kleinwort Wasserstein, he was appointed Managing Director of HSBC's Diversified

Industries Group in 2005 and is currently responsible for managing HSBC's business with some of its largest house building and building materials clients as well as a number of HSBC's largest UK corporate relationships. Simon is a member of the Audit and Nomination Committees.

***Graham Clemett (Non-Executive Director)***

Graham was appointed as a Non-Executive Director on 1 June 2016. Graham is currently Chief Financial Officer of Workspace Group plc. He was previously Finance Director for UK Corporate Banking at RBS Group plc where he worked for 5 years. Prior to RBS, Graham spent 8 years at Reuters Group plc, latterly as Group Financial Controller. He qualified as a chartered accountant with KPMG. Graham is Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees.

***Mike Tye (Non-Executive Director)***

Mike was appointed as a Non-Executive Director on 4 April 2016. He has extensive experience of the Leisure and Hospitality sector and was, until 2015, Chief Executive Officer of Spirit Pub Company plc, where he led its successful establishment as a public company following the demerger from Punch Taverns and the subsequent turnaround and sale of the business. Prior to that, he held a number of senior executive roles in Whitbread, including Managing Director of David Lloyd Leisure, Premier Inn and Costa Coffee. Mike is currently also Chairman of Moto Hospitality Limited (the motorway services operator), Chairman of the Haulfryn Group Limited and Vice-Chairman of Prostate Cancer UK. Mike is Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees.

**4. Interests of the TRG Directors**

**4.1 Interests of the TRG Directors in Ordinary Shares**

As at the Latest Practicable Date, the interests of the TRG Directors, their immediate families and (so far as is known to them or could with reasonable diligence be ascertained by them) the persons closely associated with them (within the meaning of the Market Abuse Regulation) in Ordinary Shares, including those arising pursuant to transactions notified to TRG pursuant to the Market Abuse Regulation, together with such interests as are expected to subsist immediately following the Rights Issue (assuming that each TRG Director takes up his or her rights to New Ordinary Shares in full):

	<i>As at the Latest Practicable Date</i>		<i>Immediately following the Rights Issue</i>	
	<i>Number of Ordinary Shares</i>	<i>% of issued share capital of TRG</i>	<i>Number of Ordinary Shares held after the Rights Issue(1)</i>	<i>% of issued share capital of TRG after the Rights Issue(1)</i>
<b>TRG Directors</b>				
Debbie Hewitt MBE .....	53,638	0.03	131,115	0.03
Andy McCue .....	120,588	0.06	294,770	0.06
Kirk Davis .....	24,000	0.01	58,666	0.01
Simon Cloke .....	7,000	0.00	17,111	0.00
Graham Clemett .....	14,218	0.01	34,755	0.01
Mike Tye .....	7,284	0.00	17,805	0.00

**Notes:**

(1) Assuming each TRG Director takes up his or her rights to New Ordinary Shares in full.

Taken together, the combined percentage interest of the TRG Directors in the issued share capital of TRG as at the Latest Practicable Date was approximately 0.11 per cent.

**4.2 Interests of TRG Directors in Ordinary Shares pursuant to the Employee Share Schemes**

A description of each of the Employee Share Schemes can be found at Section 9 of this Part XII.

In addition to their interests as detailed above, as at the Latest Practicable Date, the TRG Directors held the following options in respect of Ordinary Shares, and awards of Ordinary Shares, under the terms of the Employee Share Schemes:

### **LTIP**

#### **Andy McCue**

<i>Scheme</i>	<i>At 31 December 2017</i>	<i>At Latest Practicable Date</i>	<i>Exercise price (£)</i>	<i>Date from which exercisable</i>	<i>Expiry date</i>
2016 LTIP .....	282,675	282,675	Nil	14.10.2019	6 months after vesting
2017 LTIP .....	236,424	236,424	Nil	17.03.2020	6 months after vesting
2017 LTIP .....	41,502	41,502	Nil	02.10.2020	6 months after vesting

#### **Kirk Davis**

<i>Scheme</i>	<i>At 31 December 2017</i>	<i>At Latest Practicable Date</i>	<i>Exercise price (£)</i>	<i>Date from which exercisable</i>	<i>Expiry date</i>
2018 LTIP .....	—	206,203	Nil	19.03.2021	6 months after vesting

## **5. Remuneration and benefits**

This section provides information on the remuneration arrangements for the TRG Directors. As required by UK law, TRG's remuneration policy was approved by Shareholders at its 2018 AGM. The Remuneration Committee makes recommendations to the Board. In determining the Executive Directors' remuneration for the year, the Remuneration Committee consults the Non-Executive Chairman about its proposals. In determining the Non-Executive Chairman's fees, the Remuneration Committee (excluding the Non-Executive Chairman) consults with the Chief Executive Officer and the Senior Independent Director. The Board (including the Non-Executive Chairman but excluding the Non-Executive Directors) determines the Non-Executive Directors' fees.

The aggregate remuneration for the Directors for TRG FY 2017 was £2,245,000 (2016: £2,092,000).

Salaries for the Directors are reviewed annually by the Remuneration Committee. In determining the appropriate remuneration of the Directors, the Remuneration Committee takes into account the pay arrangements and terms and conditions across the TRG Group as a whole. The Remuneration Committee considers feedback from Shareholders received during the year, including at the AGM, and feedback from additional engagement as part of any review of executive remuneration. The Remuneration Committee engages pro-actively with Shareholders and ensures that they are consulted in advance where any material changes to the Remuneration Policy are proposed. Fixed pay elements for the Executive Directors and senior management are set at a level to recognise the experience, contribution and responsibilities of the individuals and to take into consideration the level of remuneration available from a range of the TRG Group's broader competitors. Variable pay elements are set at a level to incentivise Executive Directors and senior management to deliver outstanding performance in line with the TRG Group's strategic objectives.

Details of the remuneration for the TRG Directors (as at the date of this document) for TRG FY 2017 are as follows:

	<i>Salary &amp; fees</i>	<i>Taxable benefits</i>	<i>Pension</i>	<i>Annual bonus</i>	<i>SAYE vesting</i>	<i>LTIP</i>		<i>Dividend equivalent</i>	<i>Value of award</i>	<i>Total</i>
						<i>Value of vesting award at grant</i>	<i>Increase in value due to rise in share price</i>			
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Executive Directors</b>										
Andy McCue .....	505	113	101	397	—	—	—	—	—	1,116
<b>Non-Executive Directors</b>										
Debbie Hewitt MBE .....	215	—	—	—	—	—	—	—	—	215
Simon Cloke .....	58	—	—	—	—	—	—	—	—	58
Mike Tye .....	60	—	—	—	—	—	—	—	—	60
Graham Clemett .....	60	—	—	—	—	—	—	—	—	60

As Kirk Davis only joined the Company on 5 February 2018, his salary of £355,000 was effective from his date of appointment. He was not eligible for a 2017 bonus.

## (A) Executive Directors

Executive Directors' remuneration currently comprises a basic salary, an annual bonus, pension contributions, the LTIP, the SAYE and other benefits as explained below.

Basic salaries are set based on role, experience, performance and consideration of the general workforce pay review and competitor pay levels. Basic salaries are normally reviewed annually with any changes taking effect from 1 January or when an individual changes position or responsibility. The salary of Chief Executive Officer was increased by 2.08 per cent. with effect from 1 January 2018 in line with the rest of the head office team.

The level of the annual bonus is determined by the Remuneration Committee after the year-end based on performance conditions drawn up before the financial year commences. The annual bonus is subject to the achievement of stretching performance measures. Financial measures will account for the majority, normally based on Group Adjusted PBT or an alternative profit measure. 50 per cent. of any bonus is payable in cash, and 50 per cent. of any bonus is deferred in shares or nil-cost options with awards normally vesting after a 3-year period. The Remuneration Committee has the authority to apply a malus and clawback adjustment to all, or a portion of, an outstanding award in specific circumstances. The Remuneration Committee has the authority to recover all, or a portion of, amounts already paid in specific circumstances and within a defined timeframe.

The LTIP is an annual grant of conditional awards in the form of nil-cost options. Conditional awards vest 3 years after grant subject to performance conditions and continued employment. A 2 year post-vesting holding period applies to the net of tax shares for awards granted to Executive Directors from 2016. A malus and clawback mechanism operates. The SAYE is an HMRC approved plan under which eligible employees can purchase shares under a 3-year or 5-year savings contract at a discount of up to 20 per cent. of market value at grant.

In addition, Executive Directors receive further benefits, including a car or car allowance, health insurance, and life assurance although other benefits may be provided where appropriate, including relocation and expatriation expenses. The Company also pays the Chief Executive Officer an annual sum of £100,000 in respect of his temporary living costs in London, until 30 September 2020.

Further details of the Employee Share Schemes are set out in Section 9 of this Part XII.

## (B) Non-Executive Directors

Remuneration for Non-Executive Directors is determined by reference to fees paid at similar sized companies and reflects the time commitment and responsibilities of each role.

The base fee for a Non-Executive Director (excluding the Chairman) is £55,000 per annum. No additional fee is paid for being a member of a particular committee, however an additional fee of £5,000 is paid to a senior independent Director and a Committee Chair. The Chairman is paid £215,000 per annum. Non-Executive Director fees were reviewed by the Board on 19 January 2018. There was no increase in the fees paid to the Chairman or the Non-Executive Directors, with the exception of Simon Cloke. During 2017, Simon received a single fee of £57,900 reflecting the fee structure in place at the time of his appointment. The decision was taken to bring his fees in line with the structure for Non-Executive Directors who joined after April 2016. Accordingly, his base fee is now £55,000 and he receives £5,000 to reflect his role as senior independent Director (a total of £60,000, an increase of £2,100) from 1 January 2018.

## 6. Directors' service contracts and letters of appointment

	<i>Contract date</i>	<i>Notice period</i>
<b>Executive Directors</b>		
Andy McCue . . . . .	19 September 2016	12 months
Kirk Davis . . . . .	5 February 2018	6 months
<b>Non-Executive Directors</b>		
Debbie Hewitt MBE . . . . .	12 May 2016	6 months
Simon Cloke . . . . .	26 March 2010	3 months
Mike Tye . . . . .	4 April 2016	3 months
Graham Clemett . . . . .	1 June 2016	3 months



TRG follows best practice for larger companies under the UK Corporate Governance Code with regards to the annual re-election of directors. At the 2018 AGM, all current TRG Directors stood for re-election.

Andy McCue has a service contract with an indefinite term which is subject to 12 months' notice by either party. Kirk Davis has a service contract with an indefinite term which is subject to 6 months' notice by either party. As communicated at the time of his appointment, this will increase to 12 months' notice by either party on completion of 1 year of service.

In respect of the Chief Executive Officer, in the event of early termination by the Company, the Company shall make a payment in lieu of notice equivalent to 12 months of base salary only. Under the Chief Financial Officer's contract, the Company shall make a payment in lieu of notice equivalent to 6 months of base salary only, rising to 12 months on completion of 1 year of service. It is the Company's policy that any new Executive Director appointment should have a service contract with an indefinite term which is subject to up to a year's notice by either party with provision, at the Board's discretion, for early termination by way of a payment in lieu of salary, with the ability to phase payments and mitigate such payments if alternative employment is obtained.

The Non-Executive Directors, including the Chairman, are appointed pursuant to letters of appointment, each set for an initial 3-year period (renewable thereafter for periods of 3 years). Non-Executive Directors are required to submit themselves for re-election every year. The notice period for the Chairman, Debbie Hewitt MBE, is 6 months by either party. The notice period for the Non-Executive Directors is set at 3 months under arrangements that may generally be terminated at will by either party without compensation.

## **7. Corporate governance and board committees**

### **7.1 Board practices**

The Board is committed to ensuring that an appropriate standard of corporate governance is maintained throughout the TRG Group.

As at the date of this document, TRG is in full compliance with the provisions of the UK Corporate Governance Code, with the exception that, since the resignation of Sally Cowdry on 31 August 2017, the Remuneration Committee has comprised 2 independent Non-Executive Directors (in addition to the Chairman) instead of 3. It is intended that a third independent Non-Executive Director will be appointed to the Remuneration Committee during 2018.

### **7.2 Board committees**

The Board has established a formal Nomination Committee, Remuneration Committee and Audit Committee with specific delegated powers, duties and responsibilities and written terms of reference. The terms of reference for each of these committees are available on TRG's website and a summary is set out below.

#### ***Nomination Committee***

The Nomination Committee is chaired by Debbie Hewitt MBE. Simon Cloke, Mike Tye and Graham Clemett are also members, and are all independent Non-Executive Directors. The Nomination Committee is responsible for reviewing the structure, size and composition of the Board and making recommendations of any changes. It guides succession planning for Directors, the executive leadership, and the executive succession needs of the TRG Group. It is also responsible for recommending Directors for annual re-election, keeping under review Directors being re-elected for a term exceeding 6 years, and making recommendations for new Director appointments to the Board.

#### ***Remuneration Committee***

The Remuneration Committee is chaired by Mike Tye. Graham Clemett and Debbie Hewitt MBE are also members. No member of the Remuneration Committee has any personal financial interest in the Company (other than as Shareholders). The Remuneration Committee makes recommendations to the Board and no TRG Director plays a part in any discussion about his/her own remuneration. New Bridge Street (a trading name of Aon Hewitt Limited, part of Aon Corporation) is the independent adviser to the Remuneration Committee. Neither New Bridge Street nor any other part of Aon Corporation provides other services to the Company during the year.

## *Audit Committee*

The Audit Committee is chaired by Graham Clemett, and Simon Cloke and Mike Tye are also members of the Audit Committee. The Audit Committee is appointed by the Board and comprises 3 independent Non-Executive Directors. The Audit Committee regularly invites the external auditor, the Chairman, the Chief Executive Officer and the Chief Financial Officer to its meetings. The Audit Committee meets privately with the external auditor at least twice a year and liaises with Company management in considering areas for review. The Audit Committee is responsible for monitoring and reviewing the integrity of the Company's financial reporting in advance of its consideration by the Board; reviewing the adequacy of the Company's internal controls and risk management systems; and making recommendations to the Board in relation to the external auditor.

## **8. Employees**

### **8.1 TRG Group**

The average number of restaurant staff employed by the TRG Group for TRG FY 2017 was 14,484 (2016: 15,222; 2015: 14,715). The average number of administration staff employed by the TRG Group for TRG FY 2017 was 315 (2016: 348; 2015: 332).

### **8.2 Wagamama**

The average number of restaurant staff employed by the Wagamama Group for Wagamama FY 2018 was 5,564 (2017: 4,948; 2016: 4,373). The average number of administration staff employed by the Wagamama Group for Wagamama FY 2018 was 155 (2017: 130; 2016: 110).

## **9. Employee Share Schemes**

TRG operates the following Employee Share Schemes:

- (i) The TRG Group 2015 Long-Term Incentive Plan (**LTIP**);
- (ii) the TRG Deferred Annual Bonus Plan (**DBP**);
- (iii) The TRG 2018 Deferred Share Bonus Plan (**DSBP**); and
- (iv) the TRG Group Save As You Earn Plan (**SAYE**).

The principal features of the Employee Share Schemes are summarised below. See also Section 4.2 of this Part XII for details in relation to options/awards held by the TRG Directors under the Employee Share Schemes. TRG may also implement new schemes in due course in connection with the Acquisition.

### **9.1 LTIP**

#### *General*

The LTIP was adopted by the Company and approved by the Shareholders on 14 May 2015. The LTIP is a discretionary share plan that is administered by the Remuneration Committee.

Awards may be satisfied from newly issued shares, transfer of treasury shares or by the transfer of shares (other than the transfer of treasury shares).

#### *Eligibility*

All employees (including Executive Directors) of the Company and the other members of the TRG Group are eligible to be granted awards under the LTIP (**Awards**).

#### *Grant of Awards*

Awards may take the form of options (**Options**), contingent rights to acquire shares (**Conditional Awards**) or awards of the beneficial interest in forfeitable shares (**Forfeitable Shares**). Awards are currently granted in the form of nil-cost options.

Awards may be granted: (i) during the period of 6 weeks commencing on the dealing day after the date on which the Company announces its results for any period; or (ii) at any other time when the Remuneration Committee considers that circumstances are sufficiently exceptional to justify its grant.

The exercise price of an Option is set on or before the grant date and may be reduced or waived by the Remuneration Committee on or prior to the exercise of the Option.

No consideration is payable by a participant for the grant of an Award. An Award granted to any person under the LTIP may not be transferred or otherwise disposed of (except on the death of that person to their personal representatives). Awards granted under the LTIP are not pensionable.

No Awards may be granted after 13 May 2025.

### ***Limits***

#### ***(i) Company***

If Ordinary Shares are issued or transferred from treasury to satisfy Awards, the number of Ordinary Shares which may be issued or so transferred by the Company to satisfy awards:

- (i) under the LTIP and any other TRG share plan over any 10 year period is limited to 10 per cent. of the Company's issued Ordinary Share capital; and
- (ii) under the LTIP and any other executive TRG share plan over any 10 year period is limited to 5 per cent. of the Company's issued Ordinary Share capital.

#### ***(ii) Individual***

The maximum total market value of shares over which Awards may be granted to any employee during any financial year of the Company is 200 per cent. of his or her base salary (excluding benefits in kind) at the date of grant.

### ***Performance conditions***

Vesting of Awards granted under the LTIP may be subject to performance conditions or to other conditions as determined by the Remuneration Committee. The Company normally grants Awards subject to performance conditions.

The Remuneration Committee may, acting fairly and reasonably, amend a performance condition if an event happens which causes the Remuneration Committee reasonably to consider it appropriate to do so, provided that the altered performance condition will, in the reasonable opinion of the Remuneration Committee, be not materially less difficult to satisfy than the unaltered performance condition would have been but for the event in question.

The performance conditions for 2018 are as follows:

#### ***(i) Total Shareholder Return (TSR)***

50 per cent. of the Award is subject to a TSR growth condition. TSR for these purposes measures the change in the Company's share price over a 3 year period, assuming that dividends paid are reinvested net of tax. This benchmark is based on the median of a comparator group of constituents of the FTSE 250 index (excluding investment trusts).

The part of an Award subject to the TSR growth condition will not vest unless the Company's TSR performance is at the median of the benchmark TSR, at which point 25 per cent. of the Ordinary Shares under this part of an award will vest. If the Company's TSR performance is equal to at least the upper quartile, 100 per cent. of the Ordinary Shares under this part of the Award will vest. Performance between these 2 points is assessed on a straight line basis.

#### ***(ii) Earnings per Share (EPS)***

50 per cent. of the Award is subject to an EPS growth condition. EPS for these purposes measures the annual growth in EPS over a 3 year period.

No Ordinary Shares under this part of an Award will vest unless EPS growth is equal to at least 4 per cent, at which point 25 per cent. of Ordinary Shares under this part will vest. If EPS growth is equal to at least 10 per cent., 100 per cent. of the Ordinary Shares under this part of the Award will vest. Performance between these points is assessed on a straight line basis.

In each case, the performance period may be curtailed in the event of certain corporate events or, in some circumstances, in certain good leaver situations.

### ***Vesting***

An Award will normally vest on the later of:

- (a) the date on which the Remuneration Committee determines that any performance condition or other condition attaching to the Award has been wholly or partly satisfied; and
- (b) the third anniversary of grant or (where a participant is below senior management level) such other date as the Remuneration Committee may determine at grant.

Awards may only vest earlier than the above dates in limited circumstances: (i) if the Remuneration Committee so determines, on cessation of employment for certain good leaver reasons (or, if later, the date on which performance conditions are assessed); or (ii) on change of control, scheme of arrangement in connection with or for the purposes of a change of control, or winding-up of the Company. In these circumstances, the Ordinary Shares under award available for release or acquisition will normally be reduced pro rata to reflect the length of time the award has been held.

Options will normally remain exercisable until the tenth anniversary of grant.

### ***Settlement of Awards***

Awards will normally be settled in Ordinary Shares. However, the Remuneration Committee may decide that a vested Conditional Award or exercised Option will be settled in cash rather than Ordinary Shares.

### ***Shareholder rights***

All Ordinary Shares allotted under the LTIP shall rank equally with all Ordinary Shares then in issue except for any rights attaching to such Ordinary Shares by reference to a record date before the date of the allotment. All Ordinary Shares transferred or, in the case of Forfeitable Shares, released from their restrictions, shall be entitled to all rights attaching to such Ordinary Shares by reference to a record date on or after the date of transfer or release of such restrictions.

### ***Dividend equivalents***

There is no right for a participant to accrue dividends on shares to which their Conditional Awards or Options relate prior to the date of vesting (or, where an Option is subject to a holding period, the date of expiry of the relevant holding period or if earlier the date of exercise of the Option). Participants who hold a Forfeitable Award will normally be asked to waive their rights to dividends. However, the Remuneration Committee may decide on or before an Award vesting that the relevant participant shall be entitled to dividend equivalents, to be settled in cash or shares. The Remuneration Committee shall decide the basis on which the value of such dividends shall be calculated which may assume the reinvestment of dividends and may exclude the value of all or part of a special dividend or other dividend.

### ***Cessation of employment***

An Award that has not already vested will normally lapse upon the participant ceasing employment. If, however, a participant's employment ceases due to:

- (a) death;
- (b) retirement;
- (c) injury or disability;
- (d) his or her office or employment being with either a company which ceases to be a member of the TRG Group or relating to or part of a business which is transferred to a person who is not a member of the TRG Group; or
- (e) any other reason as the Remuneration Committee may determine,

his or her Award shall vest on its normal vesting date (unless the Remuneration Committee determines that vesting will be accelerated to the time that is the later of (i) cessation of employment and (ii) determination of performance conditions) and can be exercised in respect of vested shares in the 12 months (or, for Awards from March 2016, 6 months) from the vesting date (or, if shorter, until the expiry of the normal exercise period of 10 years from grant). Where a participant ceases employment for any of the reasons listed above before the date on which the Award would normally vest, the Award vests subject to: (i) satisfaction of any applicable performance conditions; and (ii) application of a pro rata reduction to the number of Ordinary Shares subject to the Award to reflect the time such Award has been held until cessation of employment. If a participant holds a vested but unexercised Option and ceases employment for any of the reasons listed above, his or her Option shall remain exercisable within the period of 12 months (6 months for Awards made from March 2016) commencing on the date of cessation of employment (or, if shorter, until the expiry of the normal exercise period).

If the holder of an Award dies following cessation of employment in circumstances where his or her Award did not lapse but has not vested by the time of his or her death, the Remuneration Committee may determine that the Award shall vest on the date of his or her death to the extent determined by reference to the time of cessation of employment. An Award in the form of an Option that vests in this way remains exercisable for 12 months (or, for Awards made after March 2016, 6 months) from the vesting date (or, if shorter, until the expiry of the normal exercise period).

Where an exercise is prevented or delayed or otherwise restricted for regulatory reasons, the exercise periods referred to in this *Cessation of employment* summary can be extended until 6 weeks after the relevant restriction ceases to apply (but not so as to extend beyond the normal exercise period of 10 years from grant).

Any Options not exercised before the end of the applicable exercise period will lapse at the end of such period.

#### ***Takeovers and other corporate events***

In the event of a general offer becoming wholly unconditional, a court sanctioning a scheme of arrangement in connection with or for the purposes of a change of control, the passing of a resolution for the voluntary winding-up or order for compulsory winding-up, Awards will vest on the relevant date subject to satisfaction of performance conditions and application of a pro rata reduction to the number of Ordinary Shares in the Award based on time the Award was held. On the occurrence of the above events, Options remain exercisable for 1 month (or, if shorter, until the expiry of the normal exercise period), before lapsing.

In the event of an internal reorganisation of the Company, unless the Remuneration Committee determines that Awards should vest on the basis described above in the context of a takeover, Awards will be replaced by equivalent new awards over shares in a new holding company.

If a demerger, special dividend or other similar event is proposed in relation to the Company which the Remuneration Committee determines would materially affect the price of Ordinary Shares, the Remuneration Committee may decide that Awards will vest and Options become exercisable until the occurrence of the relevant event (subject to satisfaction of any performance conditions and applying a pro rata reduction to the number of shares in the Award based on time the Award was held). Such vesting or exercise may be conditional on the relevant event occurring.

#### ***Adjustment of Awards***

The number of shares or exercise price of Options under Award and their nominal value may be adjusted by the Remuneration Committee in the event of any variation of the share capital of the Company or on a demerger, special dividend or other similar event which affects the market price of shares in the Company to a material extent.

#### ***Holding period***

Shares awarded to Directors or others chosen by the Remuneration Committee under the LTIP are subject to a holding period during which the shares must be held and not sold or transferred. The holding period is determined by the Remuneration Committee on or before the grant date of an Award, and is usually set at 2 years from vesting though may in some circumstance be until the fifth anniversary of grant.

### ***Malus and clawback***

The Remuneration Committee may decide at any time before the vesting of an Award held by a participant, that the number of Ordinary Shares subject to the Award shall be reduced (including, if appropriate, to zero) if it forms the view that: (i) the Company materially misstated its financial results and that such misstatement resulted in that Award having been granted over a higher number of Ordinary Shares than would have been the case had that misstatement not been made; (ii) the number of Ordinary Shares over which the Award was granted was based on any other kind of error which resulted either directly or indirectly in the Award having been granted over a higher number of Ordinary Shares than would otherwise have been the case; or (iii) any other adverse circumstances have arisen which justify the operation of the clawback rule.

The Remuneration Committee may decide at any time within 3 years of the date on which an Award vests that the participant shall be subject to clawback if: (i) the Company materially misstated its financial results and that such misstatement resulted in the Award vesting to a greater degree than would have been the case had that misstatement not been made; (ii) the assessment of any performance conditions or other conditions was based on an error and this resulted in the Award vesting to a greater degree than it otherwise would have done; (iii) the participant ceases employment due to misconduct or the Remuneration Committee being of the view that the relevant individual could have been summarily terminated by reason of gross misconduct; or (iv) any other adverse circumstances have arisen which justify the operation of the clawback rule.

### ***Administration and amendment***

Save as set out below, the Remuneration Committee may amend the provisions of the LTIP.

The rules of the LTIP which relate to:

- (a) eligibility;
- (b) individual limits on participation;
- (c) overall limits on the issue of Ordinary Shares or the transfer of treasury shares;
- (d) basis for determining a participant's entitlement to, and the terms of, shares or cash provided under the LTIP;
- (e) the adjustments that may be made in the event of any variation of capital; and
- (f) amendment to the provisions of the LTIP,

cannot be amended without the prior approval of the Shareholders in general meeting, except for minor amendments to benefit the administration of the LTIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Award holders, the Company or any member of the TRG Group, or any alteration to performance conditions. No amendment may be made to the disadvantage of participants (other than to performance conditions) unless all affected participants have been invited to approve the alteration and a majority of those who respond approve such alteration.

## **9.2 DBP**

The DBP is an arrangement under which certain employees have been required to acquire Ordinary Shares and hold them in escrow via a nominee, usually for 3 years, subject to certain conditions. It is administered by the Remuneration Committee.

### ***Eligibility***

Senior employees and executive directors are eligible to participate in this arrangement.

### ***Form of arrangement***

Under the DBP, participants must defer certain percentages of their bonus (in the case of executive directors, such deferral is set by the Remuneration Policy and is currently 50 per cent. of any bonus earned), net of tax, to acquire Ordinary Shares. Such holding of Ordinary Shares is subject to certain restrictions.

### ***Release from Escrow***

Ordinary Shares retained by the nominee under the DBP are normally released from escrow after 3 years.

Ordinary Shares may be transferred earlier in certain circumstances such as death. If a participant leaves employment and is treated as a “good leaver”, their shares will be transferred on their normal scheduled date. If a participant leaves employment as a “bad leaver”, they lose their entitlement to the shares.

Restrictions on sale may apply after release if certain shareholding guidelines are not met.

### ***Change of control***

Shares may be released from escrow earlier if certain corporate events occur such as a change of control of TRG through a general offer.

### ***Variation of capital***

In the event of a variation of capital, Ordinary Shares held carry the same entitlements as all other Ordinary Shares.

### ***Dividend rights***

Participants in the DBP are entitled to a cash payment of an amount equal to the value of dividends earned on the deferred shares in relation to dividend record dates occurring between the date of grant and the date that the deferred shares vest.

### ***Clawback***

The retained shares are subject to clawback under the DBP.

## **9.3 DSBP**

The DSBP was adopted by the Company on 27 February 2018. The DSBP is a deferred bonus share plan that is administered by the Remuneration Committee. No awards have yet been granted under the DSBP.

### ***Eligibility***

All employees (including Executive Directors) of the Company and the other members of the TRG Group are eligible to be granted an award under the DSBP provided the Remuneration Committee has determined that part of their annual bonus will be deferred into an award under the DSBP.

### ***Grant of DSBP Awards***

DSBP Awards may take the form of nil-cost options (**Options**) or conditional rights to acquire shares (**Conditional Awards**) (together being “**DSBP Awards**”). DSBP Awards may be granted over Ordinary Shares, or the Remuneration Committee may grant a Conditional Award over a cash amount calculated by reference to the value of a notional amount of Ordinary Shares.

DSBP Awards may be granted: (i) during the period of 6 weeks commencing on the dealing day after the date on which the Company announces its results for any period; or (ii) at any other time when the Remuneration Committee considers that circumstances are sufficiently exceptional to justify its grant.

No consideration is payable by a participant for the grant of a DSBP Award. A DSBP Award granted to may not be transferred or otherwise disposed of (except on the death of that person to their personal representatives). DSBP Awards are not pensionable.

### ***Vesting***

A DSBP Award will normally vest on the third anniversary of grant or such other date as the Remuneration Committee may determine at grant.

DSBP Awards may only vest earlier than the above dates in limited circumstances: (i) if the Remuneration Committee so determines, on cessation of employment for certain good leaver reasons; or (ii) on change of

control, scheme of arrangement in connection with or for the purposes of a change of control, or winding-up of the Company.

Options will normally remain exercisable until the tenth anniversary of grant.

### ***Settlement of DSBP Awards***

DSBP Awards granted over Ordinary Shares will normally be settled in Ordinary Shares and can only be satisfied by a transfer of such Ordinary Shares (other than from treasury). However, the Remuneration Committee may decide that a vested Conditional Award or exercised Option will be settled in cash rather than Ordinary Shares.

Conditional Awards granted over cash may only be settled in cash.

### ***Shareholder rights***

All Ordinary Shares transferred to participants or their nominees under the DSBP shall carry all rights attaching to such Ordinary Shares by reference to a record date on or after the date of transfer or release of such restrictions.

### ***Dividend equivalents***

There is no right for a participant to accrue, before the date of vesting, dividends on shares to which their Conditional Awards or Options relate. However, the Remuneration Committee may decide on or before the grant of a DSBP Award that the relevant participant shall be entitled to dividend equivalents, to be settled in cash or shares. The Remuneration Committee shall decide the basis on which the value of such dividends shall be calculated which may assume the reinvestment of dividends and may exclude the value of all or part of a special dividend or other dividend.

### ***Cessation of employment***

A DSBP Award that has not already vested will normally lapse upon the participant ceasing employment. If, however, a participant's employment ceases due to:

- (a) resignation;
- (b) death;
- (c) retirement;
- (d) injury or disability;
- (e) his or her office or employment being with either a company which ceases to be a member of the TRG Group or relating to or part of a business which is transferred to a person who is not a member of the TRG Group; or
- (f) any other reason as the Remuneration Committee may determine,

his or her DSBP Award shall vest on its normal timetable unless the Remuneration Committee determines that it will vest on the date of cessation of employment. Any Option which vests on or following a cessation of employment will remain exercisable for 12 months from vesting (or, if shorter, until the expiry of the normal exercise period).

If a participant holds a vested but unexercised Option and ceases employment for any of the above listed reasons, his or her Option shall remain exercisable within the period of 12 months commencing on the date of cessation of employment (or, if shorter, until the expiry of the normal exercise period).

If the holder of a DSBP Award dies following cessation of employment in circumstances where his or her DSBP Award did not lapse but has not vested by the time of his or her death, the Remuneration Committee may determine that the DSBP Award shall vest on the date of his or her death to the extent determined by reference to the time of cessation of employment.

Any Options not exercised by the expiry of their applicable exercise period will lapse at the end of such period.



### ***Takeovers and other corporate events***

In the event of a general offer becoming wholly unconditional, a court sanctioning a scheme of arrangement in connection with or for the purposes of a change of control, the passing of a resolution for the voluntary winding-up or order for compulsory winding-up, DSBP Awards will vest on the relevant date. On the occurrence of the above events, Options remain exercisable for 1 month (or, if shorter, until the end of the normal exercise period), before lapsing.

In the event of an internal reorganisation of the Company, unless the Remuneration Committee determines that DSBP Awards should vest on the basis described above in the context of a takeover, DSBP Awards will be replaced by equivalent new awards over shares in a new holding company.

If a demerger, special dividend or other similar event is proposed in relation to the Company which the Remuneration Committee determines would materially affect the price of Ordinary Shares, the Remuneration Committee may decide that DSBP Awards will vest and Options become exercisable until the occurrence of the relevant event. Such vesting or exercise may be conditional on the relevant event occurring.

### ***Adjustment of DSBP Awards***

The number of shares under award may be adjusted by the Remuneration Committee in the event of any variation of the share capital of the Company or on a demerger, special dividend or other similar event which affects the market price of shares in the Company to a material extent.

### ***Malus and clawback***

The Remuneration Committee may decide at any time prior to vesting or for 2 years after vesting (if the Remuneration Committee determines that an event has occurred that could result in the operation of malus/ clawback and there is an ongoing investigation in respect of such event) that the participant shall be subject to malus or clawback if it forms the view that: (i) there was a material misstatement in the Company's financial statements and that such misstatement resulted either directly or indirectly in the DSBP Award being granted over a greater number of Ordinary Shares than would have been the case had that misstatement not been made; (ii) the number of Ordinary Shares over which the DSBP Award was granted was based on an error, or on inaccurate or misleading information or assumptions and that such error, information or assumptions resulted either directly or indirectly in the DSBP Award being granted over a greater number of Ordinary Shares than would otherwise have been the case had that error not been made; (iii) the relevant participant could have been summarily terminated by reason of serious misconduct, or was terminated for misconduct in respect of an act or acts that occurred prior to the vesting of his or her DSBP Award; or (iv) any other adverse circumstances have arisen which justify the operation of the malus or clawback rule (including excessive risk-taking and/or damage to the reputation of TRG or another member of the TRG Group).

### ***Administration and amendment***

The Remuneration Committee may amend the provisions of the DSBP save where such amendment is to the disadvantage of participants, in which case all affected participants must have been invited to approve the alteration and a majority of those who respond must approve such alteration.

## **9.4 SAYE**

The SAYE was adopted on 15 May 2013 and is registered with HMRC as a tax-advantaged plan.

### ***Administration***

The SAYE is administered by the Board in accordance with its rules.

### ***Eligibility***

All United Kingdom resident employees of participating companies within the TRG Group (including full time directors who devote 25 hours of more a week) who are employed on the relevant date of grant and have been continuously employed for a minimum period of 3 months (or such other period as the Board may specify provided such minimum period does not exceed 5 years) at the date of invitation, are eligible to participate in the SAYE.

### ***Grant of options***

The Board (if Ordinary Shares are to be issued) or the trustee of the TRG Employee Benefit Trust (if Ordinary Shares are to be purchased) (the relevant person being the **Grantor**) may within the period of 42 days following the date on which the annual or half-yearly results of the Company are announced invite eligible employees to apply for an option over Ordinary Shares under the SAYE.

Invitations must be accepted within the period the Grantor specifies which must not be less than 14 days nor more than 21 days from the date on which invitations are issued. Options must be granted within 30 days (or 42 days if applications are scaled down) following the date by reference to which the exercise price was determined. No options may be granted after 4 April 2024.

Options granted under the SAYE are personal to participants and may not be transferred. No consideration is payable for the grant of an option. Benefits under the SAYE are not pensionable.

### ***Savings contract***

Anyone who applies for an option under the SAYE must also enter into a savings contract under which they agree to make monthly savings for a period of 3 or 5 years. The Company currently allows participants to save up to a maximum of £500 per month. Ordinary Shares may be acquired under the SAYE on exercise of an option only by using an amount equal to the proceeds of this savings contract. The number of Ordinary Shares over which an option is granted will be such that the total amount payable on its exercise will be equal to the proceeds on maturity of the related savings contract. The Board will decide the length of the savings contract that should be made available on each occasion on which it issues invitations to apply for options.

### ***Exercise price***

The price payable per Ordinary Share on exercise of an option is determined by the Grantor and must not be less than the higher of: (i) the nominal value of an Ordinary Share (if Ordinary Shares are to be subscribed); and (ii) 80 per cent. of the average middle-market quotations of an Ordinary Share as derived from the Official List for the dealing day before the date on which invitations are issued.

### ***Limit***

No options to subscribe for Ordinary Shares shall be granted under the SAYE if as a result the total number of Ordinary Shares issued and issuable pursuant to options granted under the SAYE and issued and issuable under any other TRG Share Plan would: (i) in any 10 year period preceding the date of grant exceed 10 per cent. of the Company's issued Ordinary Share capital as at the date of grant; or (ii) in any 5 year period preceding the date of grant exceed 5 per cent. of the Company's issued Ordinary Share capital as at the date of grant (in both cases ignoring shares in respect of Options which have lapsed).

### ***Exercise of options***

An option granted under the SAYE may normally be exercised within the period of 6 months following completion of a participant's savings contract which will usually be 3 or 5 years from the date of entering into the savings contract, after which the option will lapse. An option may become exercisable earlier for a period of 6 months (or 12 months if a participant dies) if the participant ceases to be employed by a participating Group company by reason of death; injury; disability; redundancy; retirement; where the business in or the company by which the participant is employed is transferred out of the TRG Group; or the participant leaving employment after the date falling 3 years from the date of grant, provided he was not dismissed for misconduct. If a participant leaves for any other reason his or her option will lapse.

Special provisions apply on a takeover or liquidation of the Company. If an option becomes exercisable before the savings contract matures, it can be exercised only over such number of Ordinary Shares as may be purchased with an amount equal to the proceeds of the savings contract at that time.

### ***Change of control/liquidation***

If a person acquires control of the Company as a result of a general offer, options may be exercised within 6 months of the offer becoming unconditional. Where the Company is the subject of a compromise or arrangement applicable to or affecting all Ordinary Shares, options may be exercised within 6 months of the court sanction date. If not exercised in these periods, the option will lapse.

If an acquirer of shares of the Company were to become bound or entitled to acquire shares in the Company under the Companies Act 2006, options would be exercisable for as long as that person remains so bound or entitled, after which they would lapse.

In any of the above circumstances, an option may instead be exchanged for an option over shares in the acquiring company or its parent if the participant so agrees with the acquirer. The new option must be exercisable in the same manner as the old option.

In the event of a resolution for a voluntary winding-up of the Company being passed, an option may be exercised within 6 months of the passing of the resolution.

### ***Ordinary Shares***

Ordinary Shares allotted and issued on the exercise of an option will rank equally with existing Ordinary Shares on the date of exercise except for any rights to dividend or distribution attached to these Ordinary Shares by reference to a record date before the date of exercise. Any Ordinary Shares transferred from treasury will be entitled to all rights attaching to the Ordinary Shares by reference to a record date after the date of exercise. The Company will apply to the UKLA for a listing and to the London Stock Exchange for permission to trade for any Ordinary Shares allotted.

### ***Variation of the Company's share capital***

On any variation of the share capital of the Company by reason of capitalisation of profits or reserves or by way of rights issue or any consolidation, sub-division or reduction or otherwise, the exercise price and the number of Ordinary Shares under the option shall be adjusted by the Board (with the trustee of the TRG Employee Benefit Trust's consent if they are the Grantor), in such manner as the Board may determine to be appropriate, provided: (i) the exercise price is not reduced below the nominal value of an Ordinary Share (save where the Shareholders resolve to pay up any part of that value from distributable reserves); (ii) the total market value of the Ordinary Shares that may be acquired is substantially the same; (iii) the exercise price at which the aggregate of the Ordinary Shares subject to option may be acquired remains substantially the same; and (iv) the auditors of the Company confirm that such adjustment is fair and reasonable. The adjustment must not result in the option ceasing to comply with the relevant tax legislation.

### ***Amendments to the SAYE***

The Board may amend the SAYE at any time in any respect, save that:

- (i) no amendment to the advantage of participants may be made without the prior approval of the Company in general meeting save for minor amendments to benefit the administration of the SAYE, and any amendments to obtain and maintain favourable tax, exchange control or regulatory treatment for participants or any member of the TRG Group;
- (ii) no amendment can be made to an option to purchase Ordinary Shares without the consent of the trustee of the TRG Employee Benefit Trust; and
- (iii) no amendment can be made to the accrued rights of a participant to their disadvantage without their consent.

If an amendment is made to a key feature of the SAYE, the Board will be required to certify that the SAYE rules did, at the date of the amendment, comply and continue to be fully compliant with the relevant legislation.

## **9.5 The Restaurant Group Employee Benefit Trust**

The Restaurant Group Employee Benefit Trust may be used to provide Ordinary Shares to some or all employees in connection with share schemes operated by the Company.

## **10. Pension benefits**

### ***Workplace pension scheme***

The TRG Group provides a National Employment Savings Trust (NEST) workplace pension scheme which meets the criteria for a 'qualifying' scheme as set out in the Pensions Act 2008. With effect from 6 April 2018 the minimum contributions for eligible employees are 2 per cent. to be paid by the employer and 3 per cent. by the employee (including the tax relief amount). Employees may decide to opt out of the scheme within 1 month from the date of enrolment.

### ***TRG Group Personal Pension Scheme***

The TRG Group has also established a Group Personal Pension Scheme (**GPP**) with Aviva. The GPP is a defined contribution plan where the TRG Group makes contributions for eligible workers.

Under the terms of the GPP, the TRG Group matches or enhances employees' personal contributions, based on annual basic salary. The minimum employee contribution is 3 per cent. of basic salary. Personal contributions may be made up to the maximum limits set by HMRC. Personal contributions are deducted from salary each month net of basic rate tax.

In respect of Executive Directors, the TRG Group contributes to their personal pension plan and/or a salary supplement (for example, where HMRC limits would be exceeded). The current Executive Directors each receive a salary supplement of 20 per cent. of base salary in lieu of pension contributions.

The TRG Group does not operate any defined benefit pension plans.

### **11. Directors' confirmations**

Save as disclosed below, as at the date of this document, none of the TRG Directors has, during the 5 years prior to the date of this document:

- (A) been convicted in relation to a fraudulent offence;
- (B) been associated with any bankruptcies, receiverships or liquidations while acting in the capacity of a member of the administrative, management or supervisory bodies or as a partner, founder or senior manager of any partnership or company;
- (C) been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including any designated professional bodies); or
- (D) been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of the affairs of any company.

### **12. Conflicts of interest**

In respect of any TRG Director, there are no actual or potential conflicts of interests between any duties they have to the Company, either in respect of the Rights Issue, the Acquisition or otherwise, and the private interests and/or other duties they may also have. Save as disclosed in Section 4 of this Part XII, there are no interests, including conflicting ones, that are material to the Rights Issue or the Acquisition.

No TRG Director has or had a material interest in any significant contract with TRG or any of its subsidiaries other than those arrangements referred to in Section 7 of Part XIII (*Additional Information*) of this document.

No TRG Director has selected to be a Director pursuant to any arrangement or understanding with any major customer, supplier or other person having a business connection with the TRG Group.

No restrictions have been agreed by any TRG Director on the disposal within a certain period of time of his or her holdings in TRG securities.

There are no family relationships between any of the TRG Directors.

### **13. Other directorships and partnerships**

The details of those companies and partnerships outside the TRG Group in which the TRG Directors are, or have been, members of the administrative, management and supervisory bodies or partners at any time during the 5 years prior to the date of this document are as follows:

	<b>Interests</b>	<b>Status</b>
Debbie Hewitt MBE	BGL (Holdings) Limited	Current
	White Stuff Group Limited	Current
	White Stuff Limited	Current
	Visa Europe Limited	Current
	Moss Bros Group plc	Current
	Galaxy Midco 1 Limited (Domestic & General Group)	Current
	Redrow plc	Previous

	<b>Interests</b>	<b>Status</b>
	BGL Group Limited	Previous
	H.R. Owen plc	Previous
	NCC Group plc	Previous
	Evander Glazing and Locks Limited	Previous
	Visa UK Limited (dormant)	Previous
	Highway Windscreens (UK) Limited (dormant)	Previous
	Highway Glass Limited (dissolved)	Previous
	Evander Group Limited (dissolved)	Previous
	Evander Limited (dissolved)	Previous
	Evander Group Trustee Limited (dissolved)	Previous
	Cherry Midco 2 Limited (dissolved)	Previous
	Cherry Midco 1 Limited (dissolved)	Previous
	Cherry Bidco Limited (dissolved)	Previous
	Cherry Topco (dissolved)	Previous
Andy McCue	Hostelworld Group plc	Current
	Paddy Power plc	Previous
	Paddy Power Betfair plc	Previous
	Power Leisure Bookmakers Limited	Previous
Kirk Davis	Front Page Pubs Limited	Current
	J D Wetherspoon plc	Previous
	Spirit (Faith) Limited	Previous
	Spirit SLB Limited	Previous
	Spirit Group Retail Limited	Previous
	Spirit Parent Limited	Previous
	Spirit Group Equity Limited	Previous
	Spirit Managed Holdings Limited	Previous
	Cleveland Place Holdings Limited	Previous
	Spirit Group Holdings Limited	Previous
	Spirit Group Parent Limited	Previous
	Spirit Retail Bidco Limited	Previous
	Spirit Pubs Debenture Holdings Limited	Previous
	Spirit Managed Funding Limited	Previous
	Spirit Managed Inns Limited	Previous
	The Chef & Brewer Group Limited	Previous
	Spirit Pub Company (Holdco) Limited	Previous
	Spirit Pub Company (SGE) Limited	Previous
	Spirit Acquisition Properties Limited	Previous
	Spirit (SGL) Limited	Previous
	Tom Cobleigh Limited	Previous
	Spirit Pub Company (Supply) Limited	Previous
	Spirit Pub Company (Leased) Limited	Previous
	Spirit Pub Company (Managed) Limited	Previous
	Spirit Pub Company (Derwent) Limited	Previous
	Spirit Pub Company (Services) Limited	Previous
	Spirit Pub Company (Trent) Limited	Previous
	Allied Kunick Entertainments Limited	Previous
	Spirit Pub Company Limited	Previous
	Realpubs Limited	Previous
	The Capital Pub Company Limited	Previous
	Sapphire Food North West No. 3 Limited	Previous
	Sapphire Food South East No. 4 Limited	Previous
	Rushmere Sports Club Limited	Previous
	Belhaven Pubs Limited	Previous
	Sapphire Rural Destination No. 5 Limited	Previous
	Sapphire Food South West No. 2 Limited	Previous
	Realpubs Development Limited	Previous
	Sapphire Food North East No. 1 Limited	Previous
	Capital Pub Company Trading Limited	Previous

<b>Interests</b>	<b>Status</b>
Greene King Investments Limited	Previous
G.K. Holdings No. 1 Limited	Previous
Greene King Properties Limited	Previous
Greene King Acquisitions No. 2 Limited	Previous
Greene King Retail Services Limited	Previous
Greene King Services Limited	Previous
Greene King Developments Limited	Previous
Greene King Leasing No. 1 Limited	Previous
Realpubs II Limited	Previous
Premium Casual Dining Limited	Previous
Greene King Leasing No. 2 Limited	Previous
Greene King Retailing Limited	Previous
Greene King Brewing and Retailing Limited	Previous
Belhaven Brewery Company Limited	Previous
Greene King Pubs Limited	Previous
Premium Dining Restaurants and Pubs Limited	Previous
Greene King plc	Previous
Holyoakes Lane Management Company Limited	Previous
City Hotels Group Limited (dormant)	Previous
Barshelf 2 Limited (in liquidation)	Previous
Spirit Pub Company (Inns) Limited (in liquidation)	Previous
Aspect Ventures Limited (dormant)	Previous
Spirit Group Retail Hotels Limited (in liquidation)	Previous
Narnain (dormant)	Previous
Spirit Group Retail Pubs and Restaurants Limited (in liquidation)	Previous
The Nice Pub Company Limited (dormant)	Previous
Springtarn Limited (dormant)	Previous
AVL (Pubs) No. 1 Limited (dormant)	Previous
The Host Group Limited (in liquidation)	Previous
Freehouse Limited (in liquidation)	Previous
AVL (Pubs) No. 2 Limited (dormant)	Previous
Telscombe Tavern Limited (in liquidation)	Previous
Spirit Intermediate Holdings Limited (dormant)	Previous
Spirit Acquisitions Guarantee Limited (dormant)	Previous
City Limits Limited (dormant)	Previous
Cheshire Hotels Limited (in liquidation)	Previous
Spirit Group Retail (South) Limited (dormant)	Previous
Spirit Pubs Parent Limited (dormant)	Previous
Chef & Brewer Limited (dormant)	Previous
CPH Palladium Limited (dormant)	Previous
Spirit (Redwood Bidco) Limited (dormant)	Previous
Spirit Pub Company (Investments) Limited (dormant)	Previous
Southern Inns Limited (in liquidation)	Previous
Whitegate Taverns Limited (dormant)	Previous
London Pub-Restaurants Limited (in liquidation)	Previous
Spirit Acquisitions Holdings Limited (dormant)	Previous
Dearg Limited (dormant)	Previous
CPH (R&L) No. 2 Limited (in liquidation)	Previous
Chef & Brewer Hotels Limited (in liquidation)	Previous
Steward and Patteson Limited (in liquidation)	Previous
Spirit (Lodges Holdings) Limited (in liquidation)	Previous
R.V. Goodhew Limited (dormant)	Previous
New Pubco Holdings Limited (in liquidation)	Previous
Spirit (CCR) Limited (in liquidation)	Previous
London Tourist Pubs Limited (in liquidation)	Previous
Tom Cobleigh (Inns) Limited (in liquidation)	Previous
Aspect Leisure Activities Limited (in liquidation)	Previous
Spirit (OOL) Limited (in liquidation)	Previous
Catertour Limited (in liquidation)	Previous

	<b>Interests</b>	<b>Status</b>
	Spirit Group Retail (North) Limited (in liquidation)	Previous
	Readystripe Limited (in liquidation)	Previous
	Homespread Limited (in liquidation)	Previous
	Partstripe Limited (in liquidation)	Previous
	John Barras & Co Limited (in liquidation)	Previous
	Front Page Holdings Limited (dormant)	Previous
	Spirit (PSC) Limited (dormant)	Previous
	Spirit (AKE Holdings) Limited (dormant)	Previous
	Mountloop Limited (dormant)	Previous
	Freshwild Limited (dormant)	Previous
	Spirit Group Retail (Pubs) No. 1 Limited (in liquidation)	Previous
	Huggins and Company Limited (dormant)	Previous
	Barnaby's Carvery Limited (in liquidation)	Previous
	Spirit Financial Holdings Limited (dormant)	Previous
	Spirit Group Retail (Pubs) No. 2 Limited (in liquidation)	Previous
	Cheshire Hotels (Developments) Limited (in liquidation)	Previous
	Spirit (BRB) Limited (in liquidation)	Previous
	CPH (R&L) No. 1 Limited (in liquidation)	Previous
	Spirit Group Retail (Northampton) Limited (dormant)	Previous
	Tom Cobleigh Group Limited (dormant)	Previous
	Tom Cobleigh (Trading) Limited (in liquidation)	Previous
	Tom Cobleigh Holdings Limited (dormant)	Previous
	Country Grill Restaurants Limited (in liquidation)	Previous
	Open House Limited (dormant)	Previous
	Country Fayre Restaurants Limited (in liquidation)	Previous
	Stickpad Limited (in liquidation)	Previous
	Schooner Inns Limited (in liquidation)	Previous
	Cloverleaf Restaurants Limited (dormant)	Previous
	Greene King Debt Acquisitions Limited (in liquidation)	Previous
	LFR Group Limited (dormant)	Previous
	Belhaven Group Properties Limited (in liquidation)	Previous
	Beards of Sussex Limited (in liquidation)	Previous
	Greene King Acquisitions (No. 3) Limited (dormant)	Previous
	Old English Inns Limited (dormant)	Previous
	Greene King Retailing Parent Limited (dormant)	Previous
	Greene King Neighbourhood Estate Pubs Limited (dormant)	Previous
	Hardy & Hansons Limited (dormant)	Previous
	Greene King GP Limited (dormant)	Previous
	Morrells of Oxford Limited (in liquidation)	Previous
	Belhaven Finance Limited (dormant)	Previous
	J D Wetherspoon (Scot) Limited (dormant)	Previous
	J D Wetherspoon Property Holdings Limited (dormant)	Previous
	Little London Pubs Limited (in liquidation)	Previous
Simon Cloke	Stalisfield Investments Limited	Current
	Marlborough House School Trust Limited	Current
Graham Clemett	Glebe Three Limited	Current
	Workspace 11 Limited	Current
	Workspace 12 Limited	Current
	Workspace Holdings Limited	Current
	Workspace Newco 1 Limited	Current
	Workspace Management Limited	Current
	L I Property Services Limited	Current
	Anyspacedirect.co.uk Limited	Current
	Workspace Group plc	Current
	Workspace 15 Limited	Current
	Workspace 14 Limited	Current
	Workspace 13 Limited	Current
	Workspace Glebe Limited	Current

	<b>Interests</b>	<b>Status</b>
	Workspace 1 Limited (dormant)	Current
	Workspace 10 Limited (dormant)	Current
	Workspace 16 (Jersey) Limited	Current
	Workspace 17 (Jersey) Limited	Current
	Workspace Salisbury Limited	Current
	Esher Place Residents Limited	Previous
	GSL London Limited	Previous
	Workspace Newco 2 Limited (dormant)	Previous
	Rawside Limited (dormant)	Previous
Mike Tye	Frithsden Copse Frontagers Limited	Current
	Prostate Cancer UK	Current
	Gade House Consulting Limited	Current
	Haulfryn Group Limited	Current
	Mitchell & Tye Developments Limited	Current
	Everest UK Bidco Limited	Current
	Everest UK Topco Limited	Current
	Spirit Pub Company (Derwent) Limited	Previous
	Spirit Managed Fund Limited	Previous
	Spirit Pub Company (SGE) Limited	Previous
	Spirit Pub Company (Holdco) Limited	Previous
	Spirit Pub Company (Leased) Limited	Previous
	Spirit Pub Company (Supply) Limited	Previous
	Spirit Pub Company Limited	Previous
	Spirit Pub Company (Trent) Limited	Previous
	Spirit Pub Company (Services) Limited	Previous
	Spirit Pub Company (Managed) Limited	Previous



**PART XIII**  
**ADDITIONAL INFORMATION**

**1. The Company**

The Company was incorporated and registered in Scotland on 22 October 1954 with registered number SC030343, as a private company limited by shares under the Companies Act 1948, with the name Clydesdale & County Hotels Limited. The Company's name was changed on 2 November 1970 to Clydesdale Commonwealth Hotels Limited, on 16 November 1972 to C.C.H. Investments Limited, and on 5 December 1977 to Belhaven Brewery Group Limited. On 27 October 1981, the Company was re-registered as a public limited company and changed its name to Belhaven Brewery Group plc. Its name was changed further on 30 January 1987 to Belhaven plc, on 3 August 1989 to City Centre Restaurants plc and on 14 January 2004 to The Restaurant Group plc.

The principal legislation under which the Company operates, and pursuant to which the New Ordinary Shares will be created, is the Companies Act 2006 and the regulations made thereunder.

The Company is domiciled in the United Kingdom and its registered and head office is 1 George Square, Glasgow G2 1AL.

The Existing Ordinary Shares are listed on the Official List of the London Stock Exchange. The ISIN of the Existing Ordinary Shares is GB00B0YG1K06.

**2. Share capital**

The Company has only 1 class of share which is Ordinary Shares of 28.125 pence each.

The following table shows the issued share capital of the Company at the Latest Practicable Date, and the issued share capital of the Company following completion of the Rights Issue (excluding any Ordinary Shares which may be issued on the exercise of options under the Employee Share Schemes during the Rights Issue):

	<u>Number</u>	<u>£</u>
Ordinary Shares at the Latest Practicable Date . . . . .	201,067,400	56,550,206
Ordinary Shares following completion of the Rights Issue . . . . .	491,498,089	138,233,838

At the Latest Practicable Date, none of the Ordinary Shares were held in treasury.

**2.1 Share capital history**

As at 29 December 2014, the first day covered by the historical financial information incorporated by reference into this document, the Company's issued share capital comprised 200,648,821 Ordinary Shares with a nominal value of 28.125 pence each.

Between 29 December 2014 and the Latest Practicable Date, the Company has issued 418,579 Ordinary Shares in total all of which were issued pursuant to the exercise of options granted under the terms of the Company's Save as You Earn scheme, and of which 4,355 Ordinary Shares were issued during TRG FY 2017 (2016: 112,373; 2015: 301,851).

Other than these issues of Ordinary Shares, there have been no changes to the issued share capital of the Company between 29 December 2014 and the Latest Practicable Date.

**2.2 Dilution**

The New Ordinary Shares represent in aggregate up to 144 per cent. of the Ordinary Shares in issue immediately prior to the Rights Issue.

**2.3 New Ordinary Shares**

It is expected that the New Ordinary Shares will be admitted to the Official List, the London Stock Exchange's main market for listed securities, and that they will trade under UK ISIN GB00B0YG1K06.

The New Ordinary Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares in issue, including in relation to dividends or other distributions. It is expected that the New Ordinary Shares, when allotted and issued, will be capable of being held and transferred by means of CREST.

## 2.4 Existing Shareholder authorities

At the 2018 AGM, the following resolutions were passed by Shareholders:

- (A) a special resolution was passed by Shareholders authorising the Board to allot shares in the Company and to grant rights to subscribe for, or convert any security into, shares in the Company up to an aggregate nominal amount of £18,850,069, such authorisation to expire at midnight on 22 August 2019 or, if earlier at the conclusion of the next annual general meeting of the Company, unless previously renewed, revoked or varied by the Company in general meeting, save that the Company may at any time before the expiry of this authorisation make an offer or agreement which would or might require shares to be allotted or relevant rights to be granted after the expiry of this authorisation and the Directors of the Company may allot shares or grant relevant rights pursuant to any such offer or agreement as if the authorisation conferred hereby had not expired;
- (B) a special resolution was passed by Shareholders giving the Board the power to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the general authority conferred by resolution (a) above and the power to, pursuant to section 573 of the Act, sell ordinary shares (as defined in section 560 of the Act) held by the Company as treasury shares (as defined in section 724 of the Act) for cash, as if section 561(1) of the Act did not apply to such allotment or sale, provided that such power be limited to allotments of equity securities and the sale of treasury shares:
- (i) in connection with or pursuant to an offer by way of rights, open offer or other pre-emptive offer to the holders of the shares in the Company and other persons entitled to participate therein in proportion (as nearly as practicable) to their respective holdings, subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the regulations or requirements of any regulatory authority or any stock exchange in any territory; and
  - (ii) otherwise pursuant to sub-paragraph (b)(i) above, up to an aggregate nominal amount of £2,827,510, and such power shall expire at midnight on 22 August 2019 or, if earlier, at the conclusion of the next annual general meeting of the Company, but so that this power shall enable the Company to make an offer or agreement before such expiry which would or might require equity securities to be allotted after such expiry and the Directors of the Company may allot equity securities in pursuance of any such offer or agreement as if such expiry had not occurred. This authority, and that provided in resolution (c) below, are in substitution for all existing power under sections 570 and 573 of the Act (which, to the extent unused at the date of this resolution, are revoked with immediate effect); and
- (C) a special resolution was passed that subject to the passing of resolutions (a) and (b) above, the Directors be empowered, in addition to any authority granted under resolution (b), pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the general authority conferred by resolution (b) above and be empowered pursuant to section 573 of the Act to sell ordinary shares (as defined in section 560 of the Act) held by the Company as treasury shares (as defined in section 724 of the Act) for cash, as if section 561(1) of the Act did not apply to such allotment or sale, provided that this power shall be limited to allotments of equity securities and the sale of the treasury shares:
- (i) up to an aggregate nominal amount of £2,827,510; and
  - (ii) be used only for the purposes of financing (or refinancing if such refinancing occurs within 6 months of 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 this notice, and such power shall expire at midnight on 22 August 2019 or, if earlier, at the conclusion of the next annual general meeting of the Company, but so that this power shall enable the Company to make an offer or agreement before such expiry which would or might require equity securities to be allotted after such expiry and the Directors of the Company may allot equity securities in pursuance of any such offer or agreement as if such expiry had not occurred. This authority, and that provided in resolution (b) above, are in substitution for all existing power under sections 570 and 573 of the Act (which, to the extent unused at the date of this resolution, are revoked with immediate effect).

At the General Meeting, Shareholders will be asked to consider and vote on the Resolutions, which (*inter alia*) authorise the TRG Directors to allot up to 290,430,689 Ordinary Shares, representing approximately 144 per cent. of the Company's current issued share capital (excluding treasury shares). This authority and power will expire at the close of business on 1 March 2019. The authority granted under this Resolution is in addition to the authority to allot Ordinary Shares which was granted to the TRG Directors at the 2018 AGM.

Accordingly, the New Ordinary Shares to be issued in connection with the Rights Issue will be created, allotted and issued pursuant to the authority conferred on the Company under the Resolution proposed at the General Meeting.

### **3. The Articles**

The following is a summary of the Articles, which were adopted by a special resolution of the Company on 11 May 2011 and which are available for inspection at the addresses specified in Section 14 of this Part XIII (*Additional Information*).

#### ***Unrestricted objects***

The objects of the Company are unrestricted.

#### ***Limited liability***

The liability of the Shareholders is limited to the amount, if any, unpaid on the shares held by them.

#### ***Share rights***

The rights and restrictions attaching to the Ordinary Shares as regards participation in the profits and assets of the Company are as follows:

- (A) Any profits which the Company may determine to distribute in respect of any financial year shall be distributed among the holders of the Ordinary Shares pro rata according to the amounts paid up or credited as paid up on the Ordinary Shares held by them.
- (B) The capital and assets of the Company on a winding-up or other return of capital shall be applied in repaying to the holders of Ordinary Shares the amounts paid up or credited as paid up on such shares and subject thereto shall belong to and be distributed according to the number of such shares held by them respectively.

Subject to applicable statutes and existing Shareholders' rights, redeemable shares may be issued by the Company, to be redeemed in such manner as the TRG Directors may determine before the allotment of such shares and with such rights or subject to such restrictions as the Company may determine by ordinary resolution from time to time.

#### ***Voting rights***

A resolution put to the vote at any general meeting shall be decided on a show of hands unless a poll is duly demanded.

On a show of hands every Shareholder entitled to vote on the resolution who is present in person has 1 vote and every proxy present who has been duly appointed by 1 or more Shareholders entitled to vote on the resolution will have 1 vote, except that a proxy has 1 vote for and 1 vote against if the proxy has been duly appointed by more than 1 Shareholder and the proxy has been instructed by 1 or more Shareholders to vote for and by 1 or more other Shareholders to vote against. For this purpose the Articles provide that, where a proxy is given discretion as to how to vote on a show of hands, this will be treated as an instruction by the relevant Shareholder to vote in the way that the proxy decides to exercise that discretion.

On a poll every Shareholder has 1 vote per share held by him, her or it and he, she or it may vote in person or by 1 or more proxies. Where the Shareholder appoints more than 1 proxy, the proxies appointed by him, her or it taken together, shall not have more extensive voting rights than he, she or it could exercise in person.

The above is subject to any rights or restrictions as to voting attached to shares.

If more than 1 joint Shareholder votes (including voting by proxy), the only vote which will count is the vote of the person whose name is listed before the other voters on the register for the share.

### ***Dividends and other distributions***

Subject to the applicable law, the Company may by ordinary resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.

Subject to the applicable law, the Directors may declare and/or pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the dates prescribed for the payment thereof and from time to time pay interim dividends on the shares of any class of such amounts, on such dates and in respect of such periods as they may think fit, provided that, if shares of a class carry a right to a preferential dividend and such dividend is in arrears, no interim dividend shall be paid on any shares having deferred or non-preferred rights unless and until such preferential dividend is no longer in arrears.

If the Directors act in good faith, they shall not incur any liability to the holders of any shares for any loss they may suffer by the lawful payment of any such fixed or interim dividend.

Except as otherwise provided by the rights attached to any shares or the terms of issue thereof, all dividends shall be apportioned and paid in proportion to the amounts paid up on the shares during the period for which the dividend is paid.

### ***Transfer of shares***

Shares in certificated form may be transferred by an instrument of transfer in any usual form or in any other form approved by the Directors. The instrument of transfer of a share shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. Shares in uncertificated form may be transferred in accordance with the Uncertificated Securities Regulations.

The Directors may refuse to register the transfer of a certificated share which is not fully paid provided that this power will not be exercised so as to disturb the market in the shares. The Directors may also refuse to register the transfer of a certificated share unless all of the following conditions have been satisfied:

- (A) it is in respect of only 1 class of share;
- (B) it is in favour of a single transferee or not more than 4 joint transferees;
- (C) it is duly stamped (if required); and
- (D) it is delivered for registration, accompanied by the certificate for the shares to which it relates and such other evidence of ownership as the Board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so.

The Company will register a transfer of title to any uncertificated share in accordance with the Uncertificated Securities Regulations but may refuse to register a transfer in favour of more than 4 persons jointly or in any other circumstances permitted by the Uncertificated Securities Regulations.

### ***Changes in capital and purchase of own shares***

Subject to the Companies Act 2006, the Company may increase, consolidate, or divide its share capital.

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

Where the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class may, if legislation allows, be varied or abrogated:

- (A) in such a manner (if any) as may be provided by those rights; or
- (B) with the written consent of not less than three-quarters in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or by a special resolution passed at a separate general meeting of the holders of the shares of that class.

### ***General meetings***

The Company shall hold an annual general meeting in accordance with the Companies Act 2006.

Subject to the relevant legislation, an annual general meeting shall be called by not less than 20 clear Business Days' notice in writing and any other general meeting by not less than 14 clear days' notice in writing.

The notice shall specify: the place, date and time of the meeting; the general nature of the business to be dealt with at the meeting and, in the case of an annual general meeting, the notice shall also specify the meeting to be an annual general meeting. A notice convening a meeting to pass a special resolution shall include the text of the resolution and specify the intention to propose it as a special resolution. The notice shall also include any statements required to be included by the Companies Act 2006.

Each Director is entitled to attend and speak at any general meeting of the Company. The chairman of the meeting may permit other persons who are not Shareholders to attend and speak at a general meeting.

### ***Directors***

#### *Number of Directors*

Unless otherwise determined by an ordinary resolution, the Company must have a minimum of 2 Directors. There is no maximum number of Directors.

#### *Appointment*

Directors may be appointed by the Shareholders passing an ordinary resolution, or by the Board. A Director appointed by the Board shall hold office only until the conclusion of business at the next annual general meeting.

The Directors may from time to time appoint 1 or more Directors to any executive office on such terms and for such a period as they may determine and may at any time revoke any such appointment.

#### *Retirement*

At each annual general meeting of the Company, the following Directors shall retire and shall be eligible for re-appointment:

- (A) any Director who has been appointed by the Board;
- (B) any Director who was not appointed or re-appointed at 1 of the preceding 2 annual general meetings; and
- (C) all other Directors, if the Directors so resolve.

#### *Removal by ordinary resolution*

The Company's Shareholders can by ordinary resolution remove any Director before the expiration of his period of office.

#### *Vacation of office*

Any Director shall cease to be a Director if:

- (A) he or she becomes prohibited by law from acting as a Director, or shall cease to be a director by virtue of any provision of legislation;
- (B) he or she resigns by notice in writing to the Company or tendered at a meeting of the Directors;
- (C) he or she has been appointed for a fixed term, the term expires;
- (D) he or she becomes bankrupt or applies for a voluntary arrangement under section 253 of the Insolvency Act 1986;
- (E) he or she becomes incapable by reason of illness or injury and the Directors resolve that he be removed from office;
- (F) he or she and his or her alternate (if any) are absent from meetings of the Directors for the greater of 6 consecutive months and 6 consecutive meetings without the consent of the Directors and the Directors resolve that he or she be removed from office;

(G) having retired pursuant to the Articles, he or she is not re-elected; or

(H) he or she is removed from office as a Director by notice in writing signed by all his co-Directors.

#### *Alternate Directors*

Any Director can appoint either another Director or any other person approved for that purpose by a resolution of the Directors to act as his alternate Director.

#### *Remuneration*

The remuneration of the Directors for their services shall not exceed £500,000 per annum (or such other amount as may from time to time be determined by ordinary resolution of the Company). Such remuneration shall be deemed to accrue from day to day and shall be divisible among the Directors in such proportion and manner as the Directors may determine.

Any Director who holds any executive office shall be entitled to such remuneration as the Directors may determine, and this may be in addition to, or instead of, any fees payable to him or her for his or her services as a Director.

Each Director may also be paid or repaid for his or her travelling, hotel and other expenses properly and reasonably incurred by them in the performance of their duties, including attending and returning from meetings of the Directors, committee meetings, general meetings or otherwise properly and reasonably incurred by him in connection with the business of the Company.

The Directors have the power to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities to any person who is or was a Director or is or was a director of any associated company and to the relatives and dependants of such a person.

#### *Powers of the Board*

The Directors shall manage the business and affairs of the Company and exercise all the powers of the Company.

#### *Borrowing powers*

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property (present or future) and uncalled capital of the Company and to issue debentures and other securities.

The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries and subsidiary undertakings so as to secure (as regards subsidiaries and subsidiary undertakings, to the extent possible) that the aggregate principal amount outstanding in respect of monies borrowed by the TRG Group does not at any time without the previous sanction of an ordinary resolution of the Company exceed a sum equal to 5 times the nominal amount of the issued and fully paid share capital of the Company.

The Directors may borrow or raise any such money as aforesaid upon or by the issue or sale of any bonds, debentures or securities, and upon such terms as to the time of repayment, rate of interest, price of issue or sale, payment of premium or bonus upon redemption or repayment or otherwise as they may think proper including a right for the holder of bonds, debentures or securities to exchange the same for shares in the Company of any class authorised to be issued.

#### *Authorisation of conflicts of interest*

The Directors may authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company. Neither the Director in question nor any other interested Director shall vote on any resolution of the Directors concerning any such authorisation.

### *Directors' interests*

Except as provided in the Articles, a Director shall not count in the quorum or vote on any resolution of the Directors in respect of any contract, arrangement, transaction or any other kind of proposal in which he has a direct or indirect interest unless:

- (A) his interest cannot reasonably be regarded as likely to give rise to a conflict of interests; or
- (B) the resolution relates to 1 of the following permitted matters and he has no other interest beyond that:
  - (i) any contract, arrangement, transaction or other proposal concerning an offer of shares, debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase, in which offer he is, or may be, entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
  - (ii) any contract, arrangement, transaction or other proposal to which the Company is or is to be a party concerning any other body corporate in which he does not, to his knowledge, directly or indirectly, hold an interest in shares representing 1 per cent., or more of either any class of the equity share capital (excluding, for the avoidance of doubt, any shares of that class held as treasury shares) of, or the voting rights (excluding, for the avoidance of doubt, any voting rights attached to shares held as treasury shares) in, such body corporate;
  - (iii) any contract, arrangement, transaction or other proposal concerning in any way a pension, retirement, superannuation, death and/or disability benefits scheme or fund or employees' share scheme under which he may benefit and which either: (a) has been approved, or is conditional on approval, by the board of HM Revenue and Customs for taxation purposes; or (b) relates both to employees and Directors of the Company (or any associated company) and does not award him any privilege or benefit not generally awarded to the employees to whom such scheme or fund relates; and
  - (iv) any contract or other proposal concerning any insurance which the Company is empowered to purchase and/or maintain for or for the benefit of any Directors or for persons including Directors.

### **4. Major Shareholders**

Insofar as it is known to the Company as at the Latest Practicable Date, the following persons have an interest in the Ordinary Shares which is notifiable under DTR 5 of the Disclosure Guidance and Transparency Rules:

<i>Shareholder</i>	<i>Number of shares</i>	<i>Percentage of total voting rights (per cent.)</i>
Fidelity Management & Research Company .....	20,080,968	9.99
Aberforth Partners LLP .....	17,105,441	8.51
Columbia Threadneedle Investments .....	16,308,764	8.11
J O Hambro Capital Management .....	15,807,004	7.86
Schroder Investment Management Ltd .....	11,016,584	5.48
Royal London Asset Management Ltd .....	9,879,773	4.91
Rathbones .....	9,263,002	4.61
Artemis Fund Managers Ltd .....	8,682,246	4.32
Wellington Management Company .....	7,436,071	3.70
Norges Bank .....	7,079,909	3.52
BlackRock Inc .....	6,505,239	3.24
Polaris Capital Management Inc .....	6,448,712	3.21

Save as disclosed above, the Company is not aware of any person who had a notifiable interest under DTR 5 of the Disclosure Guidance and Transparency Rules as at the Latest Practicable Date.

As at the Latest Practicable Date, the Company was not aware of any person or persons who directly or indirectly, jointly or severally, exercise or are entitled to exercise control over the Company, nor is it aware of any arrangement the operation of which may at a subsequent date result in a change in control of the Company.

None of the Company's major Shareholders has or will have different voting rights attached to the shares they hold in the Company.

### **5. Significant subsidiaries**

TRG is the parent company of the TRG Group. The following table contains a list of the principal (but not necessarily direct) subsidiaries and associated undertakings of TRG and Wagamama (each of which is considered

to be likely to have a significant effect on the assessment of the assets, liabilities, financial position and/or profits and losses of the Enlarged Group). Those companies marked by \* are indirectly owned by TRG or Wagamama (as applicable).

<i>Name</i>	<i>Nature of business</i>	<i>Country of incorporation</i>	<i>Per cent. ownership</i>
<b>TRG Group</b>			
TRG Holdings	Holding company	England & Wales	100
The Restaurant Group (UK) Limited*	Restaurant and concessions operations	England & Wales	100
Brunning and Price Limited*	Pub operations	England & Wales	100
Chiquito Limited*	Restaurant operations	England & Wales	100
Food & Fuel Limited*	Pub operations	England & Wales	100
Blubeckers Limited *	Restaurant operations	England & Wales	100
<b>Wagamama Group</b>			
Mabel Midco Limited	Holding company	England & Wales	100
Mabel Mezzco Limited*	Holding company	England & Wales	100
Mabel Bidco Limited*	Holding company	England & Wales	100
Wagamama Finance Plc*	Finance company	England & Wales	100
Ramen USA Limited*	Holding company	England & Wales	100
Wagamama USA Holdings, Inc*	Holding company	Delaware, USA	100
Wagamama, Inc*	Restaurant operations	Delaware, USA	100
Wagamama USA 2015 LLC*	Restaurant operations	Delaware, USA	100
Wagamama NY 210 5th LLC*	Lease company	Delaware, USA	100
Wagamama NY 55 3rd LLC*	Lease company	Delaware, USA	100
Wagamama NY 1011 3rd LLC*	Lease company	Delaware, USA	100
Boston 1 LLC*	License company	Delaware, USA	100
Wagamama Group Limited*	Holding company	England & Wales	100
Wagamama Limited*	Restaurant operations	England & Wales	100
Wagamama International (Franchising) Limited*	Franchise company	England & Wales	100
Wagamama CPU Limited*	Food production company	England & Wales	100
Wagamama Newco Limited*	Dormant company	England & Wales	100

## 6. Material contracts

### 6.1 TRG's material contracts

The following is a summary of each contract (not being a contract entered into in the ordinary course of business) which has been entered into by members of the TRG Group: (i) within the 2 years immediately preceding the date of this document and which is, or may be, material; or (ii) which contains any provision under which any member of the TRG Group has any obligation or entitlement which is material to the TRG Group as at the date of this document.

#### (A) Non-disclosure agreement

On 28 August 2018, TRG and Wagamama entered into a confidentiality agreement in a customary form in relation to the Acquisition, pursuant to which TRG undertook, among other things and subject to certain exceptions, to keep information relating to Wagamama confidential and not to disclose it to third parties (other than certain permitted persons) unless required by law or regulation. Unless terminated earlier, the confidentiality obligations will remain in force for a period of 36 months from the date of the agreement.

#### (B) Share Purchase Agreement

A description of the principal terms of the Share Purchase Agreement is set out in Part III (*Terms and Conditions of the Acquisition*) of this document.

#### (C) Management Warranty Deed and Warranty and Indemnity Insurance Policy

A description of the principal terms of the Management Warranty Deed and the Warranty and Indemnity Insurance Policy is set out in Part III (*Terms and Conditions of the Acquisition*) of this document.



*(D) Underwriting Agreement*

On 12 November 2018, the Company entered into the Underwriting Agreement with J.P. Morgan (in its capacity as Underwriter and Sponsor). Pursuant to the terms and conditions of the Underwriting Agreement, the Underwriter has agreed to use reasonable endeavours to procure subscribers for, or failing which, to itself subscribe for, New Ordinary Shares to the extent not taken up under the Rights Issue, in each case at the Rights Issue Price.

The Company has agreed: (i) to pay the Underwriter a base fee of 2.25 per cent. of the amount raised from the Rights Issue; and (ii) an incentive fee of 0.5 per cent. of the amount raised from the Rights Issue, payable at the Company's sole discretion. Neither the base fee nor the incentive fee is payable if the Underwriting Agreement is terminated.

The Underwriting Agreement is conditional upon certain requirements being satisfied and obligations not being breached including, among others:

- (i) the passing of the Resolutions at the General Meeting;
- (ii) the Share Purchase Agreement not having been terminated or having lapsed in accordance with its terms prior to Admission and no condition to the Share Purchase Agreement having become incapable of satisfaction;
- (iii) the warranties and representations given by the Company in the Underwriting Agreement being true and accurate and not misleading on the date of the Underwriting Agreement and at the time of Admission as if they had been given and made at such date or time by reference to the facts and circumstances then subsisting, save to the extent, in the good faith opinion of the Global Co-ordinator, not materially adverse in the context of the TRG Group, the Enlarged Group, the Acquisition, the Rights Issue, and/or the underwriting of the New Ordinary Shares and/or Admission;
- (iv) there having been no material adverse change in the TRG Group or the Wagamama Group at any time prior to Admission; and
- (v) Admission occurring by not later than 8.00 a.m. on 29 November 2018 or such later time and/or date as may be agreed between the Company and the Global Co-ordinator (acting in good faith), not being later than 4 December 2018 or, in the event a supplementary prospectus is published, 14 December 2018.

The Underwriter may terminate the Underwriting Agreement in its entirety in certain circumstances prior to Admission, including, among other things, if there has been a material adverse change in the TRG Group or the Wagamama Group prior to Admission, or if any of the warranties and representations given by the Company were untrue, inaccurate or misleading as at the date they were given (save to the extent, in the good faith opinion of the Global Co-ordinator, not materially adverse in the context of the TRG Group, the Acquisition, the Rights Issue, the underwriting of the New Ordinary Shares, and/or Admission).

The Company has given a customary indemnity in favour of the Underwriter and certain indemnified persons, and has also given certain customary undertakings, including that, during a period of 180 days from the settlement date of the Rights Issue (except with the consent of the Global Co-ordinator, such consent not to be unreasonably withheld or delayed) it will not issue any Ordinary Shares or enter into any agreement or arrangement having a similar effect, other than pursuant to the Rights Issue or the exercise of options under share option schemes or incentive plans.

Neither the Company nor the Underwriter may terminate the Underwriting Agreement following Admission.

*(E) Material debt financing arrangements*

***TRG Existing Revolving Credit Facility***

TRG and a number of its subsidiaries entered into a £140,000,000 multi-currency revolving credit facility on 7 October 2011 with a number of financial institutions for which Barclays Bank plc, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabobank International), London Branch, The Co-operative Bank Plc, Lloyds TSB Bank plc, and The Royal Bank of Scotland plc acted as arrangers. On 8 June 2015, the relevant TRG entities signed an amendment and restatement agreement in relation to this banking facility which, among other things, extended the term of the facility to 5 years from the date of the amendment and restatement agreement, and under which Barclays Bank plc, HSBC plc, Lloyds Bank plc and Santander UK plc are arrangers and original lenders (as amended and restated, the **TRG Existing Revolving Credit Facility**). As at 26 August 2018, TRG had utilised £36,000,000 of the TRG Existing Revolving Credit Facility.

The TRG Existing Revolving Credit Facility may be applied towards general corporate purposes, including capital expenditure and working capital.

The TRG Existing Revolving Credit Facility is unsecured, but includes a requirement that the obligations of TRG be guaranteed by certain members of the TRG Group whose aggregate assets, aggregate EBIT and aggregate turnover exceed, respectively, 90 per cent. of the consolidated assets, consolidated EBIT and consolidated turnover of the TRG Group. As such, in addition to TRG, Chiquito Limited, The Restaurant Group (UK) Limited, TRG Holdings, Bluebeckers Limited and Brunning and Price Limited are party to the TRG Existing Revolving Credit Facility, and are subject to certain of the obligations and restrictions contained therein in their capacity as guarantors.

Interest on any loans made under the TRG Existing Revolving Credit Facility is payable on the last day of each interest period, which may be 1 week or 1, 2, 3 or 6 months at the election of TRG, or as otherwise agreed with the lenders. The rate of interest is calculated at a percentage rate per annum equal to an aggregate of LIBOR (or, in relation to any loan in euro, EURIBOR) and a margin which is subject to change depending on the prevailing level of Net Debt to EBITDA of the TRG Group (as calculated under the TRG Existing Revolving Credit Facility and further described below) in respect of the most recently completed financial year or financial half year. The margin is also subject to change if a default is continuing.

TRG is also required to pay (i) a commitment fee equal to 35 per cent. of the applicable margin on available commitments under the TRG Existing Revolving Credit Facility for the availability period and (ii) a utilisation fee equal to (a) 0.15 per cent. per annum on the aggregate of all outstanding loans for each day on which the aggregate principal amount of the outstanding loans exceeds one third of the total commitments but is less than or equal to two thirds of the total commitments and (b) 0.30 per cent. per annum on the aggregate of all outstanding loans for each day on which the aggregate principal amount of the outstanding loans exceeds two thirds of the total commitments.

The TRG Existing Revolving Credit Facility has a Net Debt to EBITDA financial covenant of 3.0:1 and an EBITDA to net finance charges financial covenant of a minimum of 4.0:1, each of which is calculated on a consolidated basis in respect of the 12-month period ending on the most recently completed financial year or financial half-year. In addition, the TRG Existing Revolving Credit Facility contains certain other customary representations, warranties and covenants including, without limitation, a restriction on certain sales and other disposals of assets, a restriction on the creation or subsistence of security subject to certain exceptions and a restriction on financial indebtedness of any subsidiary of TRG which is not a guarantor under the TRG Existing Revolving Credit Facility subject to certain exceptions and a materiality threshold. Further, there is a restriction on TRG acquiring or agreeing to acquire any company or any shares in any company which would constitute a Class 1 transaction for the purposes of the Listing Rules, such as the Acquisition, without the prior consent of the Majority Lenders (as defined in the TRG Existing Revolving Credit Facility). On 7 November 2018 TRG obtained consent from the agent under the TRG Existing Revolving Credit Facility (on behalf of the Majority Lenders) to waive non-compliance with this restriction and any default or event of default arising as a result of such non-compliance, as well as consent to the Acquisition itself. In addition, any lender may require mandatory prepayment of its participation if there is a change of control of TRG, subject to a 30 day period for negotiations between TRG and the lenders to determine how to continue the facility.

The events of default include, among others and subject to customary grace periods and materiality thresholds, (i) failure to make payments under the TRG Existing Revolving Credit Facility and related finance documents, (ii) breach of any financial covenants mentioned above, (iii) breach of any other obligations contained in the TRG Existing Revolving Credit Facility, (iv) material misrepresentation, (v) cross-default in excess of specified amounts, (vi) certain insolvency events or proceedings (and similar events, including enforcement of security over assets above a specified value), (vii) creditors' process, (viii) an obligor ceases to be a subsidiary of the Company, (ix) it becomes unlawful for an obligor to perform any of its obligations, (x) repudiation, (xi) material adverse effect on the ability of an obligor to perform its obligations, the consolidated financial condition or business of the TRG Group taken as a whole or the validity or enforceability of the rights or remedies of any finance party, and (xii) an obligor or material subsidiary suspends or ceases (or threatens to suspend or cease) to carry on all or substantially all of its business.

If an event of default occurs, the agent may give notice of cancellation of all available commitments and/or declare all outstanding advances, together with accrued interest, to be immediately due and payable or payable on demand. On the giving of such notice or demand (as the case may be) the outstanding amounts would be repayable immediately.

The TRG Existing Revolving Credit Facility will continue to be available to TRG if the Acquisition does not proceed and Completion does not occur.

### **Debt Facility**

On 30 October 2018 TRG entered into a 3 year £220,000,000 revolving credit facility with Royal Bank of Canada as arranger and original lender and RBC Europe Limited as agent. The Debt Facility may be applied towards, among other things, payment of the purchase price of the shares in Wagamama and other amounts due on or around Completion under the Share Purchase Agreement, refinancing Wagamama's existing revolving credit facility, other costs and expenses associated with the Acquisition, the refinancing of the TRG Existing Revolving Credit Facility and general corporate and working capital purposes.

Following Completion, any references in the Debt Facility to TRG's subsidiaries will extend to the entities currently sitting in the Wagamama Group. As such, certain restrictions will apply to, and certain covenants will be tested in respect of, this Enlarged Group. However, as Mabel Mezzco Limited and its subsidiaries (the **Restricted Group**) are subject to ongoing restrictions under the terms of the Wagamama Notes, these entities will not (under the Debt Facility) be subject to any security, the material subsidiary test, the guarantor coverage test or various of the representations, covenants and events of default (subject to certain exceptions). For the purposes of this summary, the Enlarged Group excluding the Restricted Group will be the **Unrestricted Group**.

The Debt Facility is, as at the date of this document, unsecured, but includes a requirement that the obligations of TRG under the Debt Facility are guaranteed by certain members of the Unrestricted Group whose aggregate assets, aggregate EBIT and aggregate turnover exceed, respectively, 90 per cent. of the consolidated assets, consolidated EBIT and consolidated turnover of the Unrestricted Group. As such, in addition to TRG, Chiquito Limited, The Restaurant Group (UK) Limited, TRG Holdings, Blubeckers Limited and Brunning and Price Limited are party to the Debt Facility, and are subject to certain of the obligations and restrictions contained therein in their capacity as guarantors. The Debt Facility also contains a requirement that if, at any time, the Enlarged Group's Net Debt to EBITDA (calculated on a consolidated basis and subject to certain terms and conditions) exceeds 3.0:1, TRG will be obliged to grant security over the shares in any material subsidiaries, any bank accounts, any intercompany receivables and any intellectual property in the Unrestricted Group, in form and substance satisfactory to the lenders.

Interest on any loans made under the Debt Facility is payable on the last day of each interest period, which may be 1 week or 1, 2, 3 or 6 months at the election of TRG, or as otherwise agreed with the lenders. The rate of interest is calculated at a percentage rate per annum equal to an aggregate of LIBOR (or, in relation to any loan in euro, EURIBOR) and a margin which is subject to change depending on the prevailing level of Net Debt to EBITDA of the Enlarged Group in respect of the most recently completed financial year or financial half year. The margin is also subject to change if an event of default is continuing or if TRG fails to provide a compliance certificate. TRG is also required to pay a commitment fee equal to 35 per cent. of the applicable margin on available commitments under the Debt Facility from the earlier of Completion and 3 months after the date of the TRG Existing Revolving Credit Facility for the remainder of the availability period.

The Debt Facility has an Enlarged Group Net Debt to Enlarged Group EBITDA financial covenant of 3.50:1 and an Unrestricted Group EBITDA to Unrestricted Group net finance charges financial covenant of a minimum of 4.0:1, each of which is calculated on a consolidated basis in respect of the 12-month period ending on the most recently completed financial year or financial half-year. In addition, the Debt Facility contains certain other customary representations, warranties and covenants including, without limitation, a restriction on certain sales and other disposals of assets, a restriction on the creation or subsistence of security subject to certain exceptions and a restriction on financial indebtedness of any member of the Unrestricted Group which is not a guarantor under the Debt Facility subject to certain exceptions and a materiality threshold. The Debt Facility also contains a requirement that the TRG Existing Revolving Credit Facility be repaid and cancelled prior to or with the proceeds of the first utilisation of the Debt Facility.

The events of default under the Debt Facility include, among others and subject to customary grace periods and materiality thresholds, (i) failure to make payments under the Debt Facility and related finance documents, (ii) breach of any financial covenants mentioned above, (iii) breach of any other obligations contained in the Debt Facility, (iv) material misrepresentation, (v) cross-default in excess of specified amounts, (vi) certain insolvency events or procedures (any similar events, including enforcement of security over assets above a specified value), (vii) creditors' process, (viii) an obligor ceasing to be a subsidiary in the Company, (ix) it becomes unlawful for an obligor to perform any of its obligations, (x) repudiation, (xi) material adverse effect on

the ability of an obligor to perform its obligations, the consolidated financial condition or business of the Unrestricted Group taken as a whole or the validity or enforceability of the rights or remedies of any finance party, and (xii) an obligor or material subsidiary suspends or ceases (or threatens to suspend or cease) to carry on all or substantially all of its business.

If an event of default occurs, the agent may give notice of cancellation of all available commitments and/or declare all outstanding advances, together with accrued interest, to be immediately due and payable or payable on demand. However, the Debt Facility includes a clean-up period from the date on which the Acquisition completes to the date falling 120 days thereafter during which any breach of representation, warranty, undertaking, default or event of default will not be deemed to breach such representation, warranty, undertaking, default or event of default if: (i) such breach relates exclusively to the Wagamama Group; (ii) it is capable of being remedied and TRG is taking reasonable steps to remedy it; (iii) a member of the TRG Group did not procure or approve the breach; and (iv) the breach is not reasonably likely to have a material adverse effect (as defined in the Debt Facility).

If Completion does not occur on or prior to 8 March 2019 all available commitments under the Debt Facility will be cancelled and all amounts outstanding under the Debt Facility and related finance documents will become immediately due and payable.

TRG is continuing to evaluate the liquidity needs and capital structure of the Enlarged Group following Completion and as part of this TRG is continuing to consider the approach to its debt financing arrangements. TRG may seek to replace or refinance the TRG Existing Revolving Credit Facility and the Debt Facility prior to or following Completion (subject to, amongst other things, acceptable terms and pricing) in order to better serve the long-term debt needs of the Enlarged Group.

#### *(F) Acquisition of Food & Fuel Limited*

On 30 August 2018, Brunning and Price Limited (**B&P**), a member of the TRG Group, acquired the entire issued share capital of Food & Fuel Limited (**F&F**) for cash consideration of £14.9 million. F&F owns 11 leasehold pubs and café-bars, predominantly situated in affluent London neighbourhoods. B&P acquired insurance protection to cover any breach by the sellers of the warranties and indemnities in the sale and purchase agreement, up to a maximum aggregate amount of £10.7 million.

## **6.2 Wagamama's material contracts**

### *(A) Non-disclosure agreement*

A description of the confidentiality agreement entered into between TRG and Wagamama in connection with the Acquisition is set out at Section 6.1(A) of this Part XIII.

### *(B) Share Purchase Agreement*

A description of the principal terms of the Share Purchase Agreement is set out in Part III (*Terms and Conditions of the Acquisition*) of this document.

### *(C) Debt financing arrangements*

A description of Wagamama's debt financing arrangements is set out in Part VII (*Operating and financial review of Wagamama*) of this document.

## **7. Related party transactions**

A description of the related party transactions that TRG has entered into is given in note 27 on page 88 of the TRG Group's 2015 Annual Report and Accounts, note 26 on page 95 of the TRG Group's 2016 Annual Report and Accounts and note 27 on page 108 of the TRG Group's 2017 Annual Report and Accounts.

There were no related party transactions in the 34 weeks ended 26 August 2018. For the 34 weeks ended 27 August 2017: £0.1 million of loan note interest was received from Black House Newco Limited (formerly BH Restaurants Ltd), all of which was recognised in the income statement; and £0.4 million of capital repayments in relation to a convertible loan note receivable of £2.9 million all of which has been fully provided for in prior years.

On 24 October 2018 the TRG Group received £350,000 for the sale of all its loan notes in Blackhouse Newco Limited to certain managers within the Blackhouse group. This amount will be recognised in the TRG Group's income statement for the period ended 30 December 2018, given the full receivable balance of £2.9 million was fully provided for in prior years.

In December 2017, the TRG Group became aware of a technical matter relating to the levels of distributable reserves and the payment of interim and final dividends to Shareholders during the period from 2006 to 2017 (the **Relevant Dividends**). Throughout this period, the TRG Group had adequate reserves in subsidiary companies to enable payment of the Relevant Dividends, and each year during this period payment of the final dividends was approved by the Shareholders at the Company's annual general meeting. However, a review of historical intra-group transactions revealed that internal dividends paid up through the TRG Group structure in the period from 2006 to 2017 did not, owing to a technicality, create distributable reserves in the manner that had been intended. As a consequence, the Relevant Dividends were not paid out of distributable reserves and were therefore not paid in accordance with the Companies Act 1985 and the Companies Act 2006 (as applicable). The total amount of the Relevant Dividends was approximately £308 million.

After it came to the attention of the Company that the Relevant Dividends been declared and paid otherwise than in accordance with the Companies Act 1985 and the Companies Act 2006 (as applicable), a special resolution was put to the Shareholders at a General Meeting of the Company on 23 May 2018 to approve:

- (A) the appropriation of distributable profits to the payment of each of the Relevant Dividends;
- (B) the waiver and release of any claims which the Company had or may have had against those current or former Shareholders who had received Relevant Dividends, and the entry by the Company into a deed of release in favour of such Shareholders (the **Shareholders' Deed of Release**); and
- (C) the waiver and release of any claims which the Company had or may have had against all (current or former) TRG Directors at the time of the approval, declaration and payment of the Relevant Dividends, and the entry by the Company into a deed of release in favour of such TRG Directors (the **Directors' Deed of Release**),

(the **Special Resolution**).

Those persons who had been Directors at the time of the approval, declaration and payment of the Relevant Dividends and who were also Directors on, or in the 12 months prior to, the publication of the shareholder circular on 23 April 2018, were considered to be "related parties" of the Company under Chapter 11 of the Listing Rules (such persons being the **Related Party Directors**). The entry by the Company into the Directors' Deed of Release therefore constituted a related party transaction for the purposes of the Listing Rules.

Likewise, FMR Co. Inc. (the **Related Party Shareholder**) was considered to be a "related party" of the Company under Chapter 11 of the Listing Rules because, in the 12 months prior to the publication of the shareholder circular on 23 April 2018, the Related Party Shareholder had been entitled to exercise 10 per cent. or more of the votes able to be cast on all or substantially all matters at general meetings of the Company. The release of the Related Party Shareholder did not, however, constitute a related party transaction because it fell within the "smaller related party" exception under LR 11.1.10R.

The Special Resolution was approved on a poll at the general meeting held on 23 May 2018, with 99.99 per cent. of votes cast in favour.

There have been no additional related party transactions by TRG during the period between 26 August 2018, being the date to which the unaudited interim financial results of the TRG Group set out in Section 3 of Part VIII (*Historical Financial Information relating to TRG*) of this document have been prepared, and the Latest Practicable Date.

## 8. Working capital statement

TRG is of the opinion that, after taking into account the net proceeds of the Rights Issue, the Debt Facility, the TRG Existing Revolving Credit Facility and other facilities available to TRG, the working capital available for the TRG Group is sufficient for its present requirements, that is, for at least the next 12 months following the date of publication of this document.

## **9. Litigation**

### **9.1 TRG**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which TRG is aware) during the period covering the 12 months preceding the date of this document which may have, or have had in the recent past, significant effects on the financial position or profitability of the TRG Group.

### **9.2 Wagamama**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which TRG is aware) during the period covering the 12 months preceding the date of this document which may have, or have had in the recent past, significant effects on the financial position or profitability of the Wagamama Group.

## **10. No significant change**

### **10.1 TRG**

There has been no significant change in the financial or trading position of the TRG Group since 26 August 2018, being the end of the last financial period of the TRG Group for which unaudited interim financial information has been provided.

### **10.2 Wagamama**

There has been no significant change in the financial or trading position of the Wagamama Group since 19 August 2018, being the end of the last financial period of the Wagamama Group for which unaudited interim financial information has been provided.

## **11. Mandatory bids and compulsory acquisition rules relating to Ordinary Shares**

The Company is subject to the Takeover Code. Other than as provided by the Companies Act 2006 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. There is not in existence any current mandatory takeover bid in relation to the Company. There have been no takeover bids by third parties during the period from incorporation to 31 December 2017 or in the current financial year.

## **12. Third-party information**

Certain information has been obtained from external publications and is sourced in this document where the information is included. TRG confirms that this information has been accurately reproduced and, so far as TRG is aware and is able to ascertain from the information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Unless otherwise stated, such information has not been audited.

## **13. General**

J.P. Morgan has given and has not withdrawn its written consent to the inclusion in this document of its name and the references to it in the form and context in which they appear.

RBC has given and has not withdrawn its written consent to the inclusion in this document of its name and the references to it in the form and context in which they appear.

The auditor of the Company for TRG FY 2015, TRG FY 2016 and TRG FY 2017 was Deloitte LLP, registered to carry out audit work by the Institute of Chartered Accountants of England and Wales, and whose registered office is 2 New Street Square, London EC4A 3BZ.

EY was appointed auditor of the Company on 9 October 2018. EY is registered to perform audit work by the Institute of Chartered Accountants of England and Wales and has its registered office at 1 More London Place, London SE1 2AF.

EY has given and has not withdrawn its written consent to the inclusion in this document of its reports included in Section 1 of Part IX (*Historical Financial Information relating to Wagamama*), Section 2 of Part X (*Unaudited pro forma financial information*) and Section 2 of the Appendix (*TRG Profit Forecast*), and has authorised the contents of those reports for the purposes of paragraph 5.5.3(2)(f) of the Prospectus Rules.

As the Ordinary Shares have not been and will not be registered under the Securities Act, EY has not filed and will not file a consent under the Securities Act.

The aggregate costs and expenses payable by TRG in connection with the Rights Issue and the Acquisition are estimated to amount to approximately £20.8 million (excluding amounts in respect of VAT). Total estimated costs and expenses are split as follows: Rights Issue £9.7 million and Acquisition £11.1 million.

#### **14. Documents available for inspection**

Copies of the following documents will be available for inspection during normal business hours on any Business Day, free of charge, at the offices of the Company at 5-7 Marshalsea Road, London SE1 1EP and at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY, from the date of this document up to and including the Re-admission:

- (A) the Articles;
- (B) the Share Purchase Agreement;
- (C) the TRG Group's 2015 Annual Report and Accounts, TRG Group's 2016 Annual Report and Accounts, the TRG Group's 2017 Annual Report and Accounts, the TRG Group's 2018 Interim Report and the unaudited interim results of the TRG Group for the TRG 8 Month Interim Period 2017 and the TRG 8 Month Interim Period 2018;
- (D) the historical financial information of the Wagamama Group set out in Part IX (*Historical Financial Information relating to Wagamama*) of this document;
- (E) the accountant's report on the historical financial information on Wagamama set out in Part IX (*Historical Financial Information relating to Wagamama*) of this document;
- (F) the accountant's report on the Unaudited Pro Forma Information on the Enlarged Group set out in Part X (*Unaudited pro forma financial information*) of this document;
- (G) the accountant's report on the TRG Profit Forecast set out in the Appendix (*TRG Profit Forecast*) to this document;
- (H) the letters of consent referred to in Section 13 of this Part XIII; and
- (I) a copy of this document and the Form of Proxy.

#### **15. Announcement of results of the Rights Issue**

The Company will make an appropriate announcement to a Regulatory Information Service giving details of the results of the Rights Issue.

**PART XIV  
DOCUMENTS INCORPORATED BY REFERENCE**

This document should be read and construed in conjunction with the following documents which have been previously published and filed with the FCA and which shall be deemed to be incorporated in, and form part of, this document:

<i>Reference document</i>	<i>Information incorporated by reference into this document</i>	<i>Page number in reference document</i>
<b>TRG Group's 2018 Interim Report</b>	Consolidated Income Statement . . . . .	10 - 12
	Consolidated Balance Sheet . . . . .	13
	Consolidated Statement of Changes in Equity . . .	14
	Consolidated Cash Flow Statement . . . . .	15
	Notes to the Condensed Financial Statements . . .	18 - 25
	Independent Review . . . . .	26
<b>TRG Group's 2017 Annual Report and Accounts</b>	Independent Auditor's Report . . . . .	62 - 72
	Consolidated Income Statement . . . . .	73
	Consolidated Balance Sheet . . . . .	74
	Consolidated Statement of Changes in Equity . . .	75
	Consolidated Cash Flow Statement . . . . .	76
	Notes to the Consolidated Accounts . . . . .	77 - 108
<b>TRG Group's 2016 Annual Report and Accounts</b>	Independent Auditor's Report . . . . .	57 - 65
	Consolidated Income Statement . . . . .	71
	Consolidated Statement of Changes in Equity . . .	72
	Consolidated Balance Sheet . . . . .	73
	Consolidated Cash Flow Statement . . . . .	74
	Notes to the Consolidated Accounts . . . . .	75 - 95
<b>TRG Group's 2015 Annual Report and Accounts</b>	Independent Auditor's Report . . . . .	56 - 59
	Consolidated Income Statement . . . . .	64
	Consolidated Statement of Changes in Equity . . .	65
	Consolidated Balance Sheet . . . . .	66
	Consolidated Cash Flow Statement . . . . .	67
	Notes to the Consolidated Accounts . . . . .	68 - 88

To the extent that any document or information incorporated by reference or attached to this document itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this document for the purposes of the Prospectus Rules, except where such information or documents are stated within this document as specifically being incorporated by reference or where this document is specifically defined as including such information.

Any statement contained in a document which is deemed to be incorporated by reference into this document shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained in this document (or in a later document which is incorporated by reference into this document) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

These documents are also available on the Company's website at [www.trgplc.com](http://www.trgplc.com).

Except as set out above, no other portion of these documents is incorporated by reference into this document and those portions which are not specifically incorporated by reference in this document are either not relevant for the prospective investors or the relevant information is included elsewhere in this document.



**PART XV**  
**DEFINITIONS**

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

<b>2018 AGM</b> .....	the annual general meeting of the Company held on 23 May 2018;
<b>Acquisition</b> .....	the proposed acquisition of the entire issued and to be issued share capital of Wagamama pursuant to the Share Purchase Agreement;
<b>Adjusted EBITDA</b> .....	earnings before interest, tax, depreciation, amortisation and Exceptional Items;
<b>Adjusted Operating Profit</b> .....	operating profit before Exceptional Items;
<b>Adjusted PBT</b> .....	profit before tax and Exceptional Items;
<b>Admission</b> .....	admission of the New Ordinary Shares, nil paid, to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities;
<b>AGM</b> .....	annual general meeting;
<b>Articles</b> .....	the articles of association of TRG;
<b>Audit Committee</b> .....	the audit committee of TRG;
<b>Board or TRG Board</b> .....	the board of directors of the Company from time to time;
<b>Business Day</b> .....	any day (excluding Saturdays, Sundays and public holidays in England and Wales) on which banks are generally open for business in London;
<b>certificated or in certificated form</b> .....	in relation to a share or other security, a share or other security title to which is recorded in the relevant register of the share or other security concerned as being held in certificated form (that is, not in CREST);
<b>Closing Price</b> .....	the closing middle market quotation of an Existing Ordinary Share as derived from the daily official list published by the London Stock Exchange;
<b>Company or TRG</b> .....	The Restaurant Group plc, a company incorporated in Scotland with registered number SC030343, whose registered office is 1 George Square, Glasgow G2 1AL;
<b>Companies Act 2006 or the Act</b> .....	the Companies Act 2006, as amended from time to time;
<b>Completion</b> .....	completion of the Acquisition;
<b>Completion Date</b> .....	the date on which Completion occurs and the initial borrowings are made under the Debt Facility;
<b>Conditions</b> .....	the approval of the Resolutions by Shareholders at the General Meeting and Admission having occurred;
<b>Consideration</b> .....	base consideration of £208,010,197.02, subject to certain adjustments described in Section 1.2 of Part III ( <i>Terms and Conditions of the Acquisition</i> ) of this document;
<b>CREST</b> .....	the paperless settlement procedure operated by Euroclear enabling system securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument;

<b>CREST Deposit Form</b> .....	the CREST deposit form set out on page 4 of the Provisional Allotment Letter;
<b>CREST Manual</b> .....	the rules governing the operation of CREST as published by Euroclear;
<b>CREST member</b> .....	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations);
<b>CREST Proxy Instruction</b> .....	the message used for a proxy appointment made by means of CREST;
<b>CREST Regulations</b> .....	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755), as amended;
<b>DBP</b> .....	the TRG Deferred Bonus Plan;
<b>Dealing Day</b> .....	a day upon which dealings in domestic securities may take place on the London Stock Exchange (and <b>Dealing Days</b> shall be construed accordingly);
<b>Debt Facility</b> .....	the £220,000,000 revolving facility agreement between, amongst others, the Company as original borrower and RBC as agent dated 30 October 2018;
<b>Debt Financing</b> .....	the debt financing contemplated by the Debt Facility;
<b>DSBP</b> .....	the TRG 2018 Deferred Share Bonus Plan;
<b>DTR or Disclosure Guidance and Transparency Rules</b> .....	the Disclosure Guidance and Transparency Rules made by the FCA under section 73A of FSMA, as amended from time to time;
<b>Duke Street Vendors</b> .....	Duke Street VI Gestion Sarl (acting in its capacity as manager of Financiere DSC VI), DS Mabel 2 Limited Partnership (acting by its manager Duke Street LLP) and Duke Street General Partner Limited (acting in its capacity as manager of Duke Street Capital VI Fund Investment Limited Partnership);
<b>EBITDA</b> .....	earnings before interest, tax, depreciation, amortisation and impairment. EBITDA is a non-GAAP measure and is widely used to evaluate the profitability of companies. EBITDA eliminates potential differences in performance caused by variations in capital structures (affecting net finance costs), tax positions (such as the availability of net operating losses against which to relieve taxable profits), the cost and age of tangible assets (affecting relative depreciation expense) and the extent to which intangible assets are identifiable (affecting relative amortisation expense);
<b>EBT Vendor</b> .....	RBC Cees Trustee Limited (as trustee of the Wagamama EBT);
<b>EEA</b> .....	the European Economic Area;
<b>EEA States</b> .....	the member states of the European Economic Area (and <b>EEA State</b> shall be construed accordingly);
<b>Employee Share Schemes</b> .....	the LTIP, DBP, DSBP and SAYE;
<b>Enlarged Group</b> .....	the TRG Group as enlarged by the Rights Issue proceeds and the Acquisition (following completion of the Rights Issue and Completion, as applicable);

<b>EPS</b> .....	earnings per share before goodwill, amortisation and Exceptional Items;
<b>Equiniti</b> .....	Equiniti Limited;
<b>ERISA</b> .....	the US Employee Retirement Income Security Act of 1974;
<b>EU</b> .....	the European Union;
<b>EUR, euro or €</b> .....	the lawful currency of the EU;
<b>EURIBOR</b> .....	the euro interbank offered rate;
<b>Euroclear</b> .....	Euroclear UK & Ireland Limited, the operator of CREST;
<b>Exceptional Items</b> .....	those items that, as determined by TRG, by virtue of their unusual nature or size, warrant separate additional disclosure in order to fully understand the performance of the business;
<b>Exchange Act</b> .....	United States Securities and Exchange Act of 1934, as amended;
<b>Excluded Territories</b> .....	Australia, Canada, Hong Kong, Japan, South Africa, the United States and any other jurisdiction where the extension or availability of the Rights Issue (and any other transaction contemplated thereby) would breach any applicable law or regulation, and Excluded Territory shall be construed accordingly;
<b>Executive Directors</b> .....	collectively, the Chief Executive Officer and the Chief Financial Officer of TRG, and Executive Director shall mean any 1 of them;
<b>Existing Holding</b> .....	a Qualifying Shareholder's holding of Ordinary Shares on the Record Date;
<b>Existing Ordinary Shares</b> .....	the Ordinary Shares of 28.125 pence each in the capital of TRG in issue immediately prior to the Rights Issue;
<b>Ex-Rights Date</b> .....	the date on which the New Ordinary Shares are expected to commence trading ex-rights, being 8.00 a.m. on 29 November 2018;
<b>EY</b> .....	Ernst & Young LLP;
<b>FCA</b> .....	the Financial Conduct Authority;
<b>Form of Proxy</b> .....	the form of proxy enclosed with this document for use in connection with the General Meeting;
<b>FSMA</b> .....	the Financial Services and Markets Act 2000, as amended from time to time;
<b>Fully Paid Rights</b> .....	rights to acquire New Ordinary Shares, fully paid;
<b>General Meeting</b> .....	the general meeting of the Company proposed to be held at etc.venues St Paul's, 200 Aldersgate, London EC1A 4HD at 9.30 a.m. on 28 November 2018 to approve the Resolutions, the notice of which is contained in this document;
<b>Global Co-ordinator</b> .....	J.P. Morgan;
<b>GPP</b> .....	Group Personal Pension Scheme;
<b>HMRC</b> .....	HM Revenue & Customs, the UK tax authority;

<b>Hutton Collins Vendors</b> .....	HC Investissements V S.A.R.L and Hutton Collins Capital Partners III LP;
<b>IFRS</b> .....	International Financial Reporting Standards as adopted by the European Union;
<b>Insurer</b> .....	Ambridge Europe Limited;
<b>IRS</b> .....	US Internal Revenue Service;
<b>ISIN</b> .....	international securities identification number;
<b>J.P. Morgan</b> .....	J.P. Morgan Securities plc which conducts its UK investment banking business as J.P. Morgan Cazenove;
<b>Latest Practicable Date</b> .....	9 November 2018;
<b>LIBOR</b> .....	the London interbank offered rate;
<b>Listing Rules</b> .....	the listing rules made by the FCA under section 73A of FSMA, as amended from time to time;
<b>London Stock Exchange</b> .....	London Stock Exchange plc;
<b>Long Stop Date</b> .....	4 December 2018 or, if the Company reasonably believes in good faith, based on the advice of outside legal counsel, that it is required to supplement the Prospectus and provide additional time for Shareholders to consider the information in the supplement (and provided that TRG has not announced that the Board intends or withdraw, modify, qualify or amend its recommendation that the Shareholders vote in favour of the Resolutions and such recommendation has not been withdrawn, modified, qualified or amended), 14 December 2018 (or such later time and date as may be agreed in writing by the Majority Investor Representative and TRG Holdings);
<b>LTIP</b> .....	the TRG Group Long-Term Incentive Plan;
<b>LTM</b> .....	last 12 months;
<b>Majority Investor Representative</b> ....	Duke Street General Partner Limited (acting in its capacity as manager of Duke Street Capital VI Fund Investment Limited Partnership), as representative for the Duke Street Vendors and the Other Institutional Vendors;
<b>Management Vendors</b> .....	certain current and former employees of the Wagamama Group who are holders of Wagamama Shares and the holders of awards granted over Wagamama Shares;
<b>Management Warrantors</b> .....	Jane Holbrook, Nick Taylor, Phil Derbyshire, Nigel Sherwood and Emma Woods;
<b>Management Warranty Deed</b> .....	the agreement dated 30 October 2018 between the Management Warrantors and TRG Holdings, pursuant to which the Management Warrantors have given certain warranties in relation to the business of the Wagamama Group, a summary of which is contained in Part III ( <i>Terms and Conditions of the Acquisition</i> ) of this document;
<b>Market Abuse Regulation</b> .....	Regulation (EU) No. 594/2014 of the European Parliament and the Council of 16 April 2014 on market abuse;

<b>member account ID</b> .....	the identification code or number attached to any member account in CREST;
<b>Money Laundering Regulations</b> .....	the Money Laundering Regulations (2007) S.I. 2012/2157, as amended;
<b>MTM Instruction</b> .....	many-to-many instruction which allows 2 CREST members to settle up to 4 movements of securities and create up to 2 assured payment obligations at the same time;
<b>NEST</b> .....	National Employment Savings Trust;
<b>Net Debt</b> .....	cash and cash equivalents less long-term borrowings and finance lease obligations;
<b>New Ordinary Shares</b> .....	290,430,689 Ordinary Shares proposed to be issued by TRG pursuant to the Rights Issue;
<b>Nil Paid Rights</b> .....	New Ordinary Shares in nil paid form provisionally allotted to Qualifying Shareholders pursuant to the Rights Issue;
<b>Nomination Committee</b> .....	the nomination committee of TRG;
<b>Non-Executive Directors</b> .....	the TRG Directors who hold the position of Chairman or non-executive director, and <b>Non-Executive Director</b> shall mean any one of them;
<b>Notice of General Meeting</b> .....	the notice of General Meeting contained in this document;
<b>Official List</b> .....	the official list of the UKLA;
<b>Ordinary Shares</b> .....	the ordinary shares with a nominal value of 28.125 pence each in the capital of the Company including, if the context requires, the New Ordinary Shares;
<b>Other Institutional Vendors</b> .....	CLBRM Equity 2007, S.A., SICAR, Almack Mezzanine Fund II Limited (as GP for Almack Mezzanine II Unleveraged LP), Almack Mezzanine GP III Limited (as GP of Almack Mezzanine III LP), Cornerstone Private Equity LLP and Partners Group European Mezzanine 2008, LP;
<b>Outlet EBITDA</b> .....	EBITDA directly attributable to individual sites and therefore excluding corporate and central costs;
<b>Overseas Shareholders</b> .....	Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom, and <b>Overseas Shareholder</b> shall be construed accordingly;
<b>PBT</b> .....	profit before tax;
<b>PD Regulation</b> .....	the Prospectus Directive Regulation (No 2004/809/EC);
<b>Permitted US Shareholders</b> .....	Qualifying Shareholders resident in the United States permitted by TRG to participate in the Rights Issue (which for these purposes, where a Qualifying Shareholder holds as nominee, may be either the Qualifying Shareholder or the person for whom it is acting, directly or indirectly, as nominee);
<b>PFIC</b> .....	Passive Foreign Investment Company as defined by the IRS code;

<b>Pounds Sterling, Sterling, GBP, pence or £</b> .....	the lawful currency of the United Kingdom;
<b>PRA</b> .....	Prudential Regulation Authority;
<b>Proposed Director</b> .....	Allan Leighton;
<b>Prospectus Directive</b> .....	Directive 2003/71/EC (as amended from time to time, including by Directive 2010/73/EC (the PD Amending Directive) to the extent implemented in the relevant EEA State) and includes any relevant implementing measures in each EEA State that has implemented Directive 2003/71/EC;
<b>Prospectus or this document</b> .....	this combined prospectus and Class 1 circular;
<b>Prospectus Rules</b> .....	the prospectus rules made by the FCA under section 73A of FSMA, as amended from time to time;
<b>Provisional Allotment Letter</b> .....	the provisional allotment letter to be issued to Qualifying Non-CREST Shareholders;
<b>QIB</b> .....	qualified institutional buyers within the meaning of Rule 144A;
<b>Qualifying CREST Shareholders</b> .....	Qualifying Shareholders holding Ordinary Shares on the register of members of the Company on the Record Date which are in uncertificated form;
<b>Qualifying Non-CREST Shareholders</b> .....	Qualifying Shareholders holding Ordinary Shares on the register of members of the Company on the Record Date which are in certificated form;
<b>Qualifying Shareholders</b> .....	holders of Ordinary Shares who are on TRG's register of members at the Record Date;
<b>RBC</b> .....	RBC Europe Limited;
<b>Receiving Agent</b> .....	Equiniti Limited;
<b>Record Date</b> .....	close of business on 26 November 2018;
<b>Registrar</b> .....	Equiniti Limited;
<b>Regulation S</b> .....	Regulation S under the Securities Act;
<b>regulatory authority</b> .....	any central bank, ministry, governmental, quasi-governmental (including the EU), supranational, statutory, regulatory or investigative body or authority (including any national or supranational antitrust or merger control authority), national, state, municipal or local government (including any subdivision, court, administrative agency or commission or other authority thereof), private body exercising any regulatory, taxing, importing or other authority, trade agency, association, institution or professional or environmental body or any other person or body whatsoever in any relevant jurisdiction, including for the avoidance of doubt, the takeover panel, the FCA, the UKLA and the London Stock Exchange;
<b>Regulatory Information Service</b> .....	any one of the regulatory information services authorised by the UKLA to receive, process and disseminate regulatory information from listed companies;

<b>Remuneration Committee</b> .....	the remuneration committee of TRG;
<b>Resolutions</b> .....	the resolutions set out in the Notice of General Meeting and <b>Resolution</b> shall be construed accordingly;
<b>Rights Issue</b> .....	the offer by way of rights to Qualifying Shareholders to acquire New Ordinary Shares on the terms and conditions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Provisional Allotment Letter;
<b>Rights Issue Price</b> .....	108.5 pence per New Ordinary Share;
<b>RSU</b> .....	restricted stock unit;
<b>Rule 144A</b> .....	Rule 144A under the Securities Act;
<b>SAYE</b> .....	TRG Group Save As You Earn Plan;
<b>SDRT</b> .....	UK stamp duty reserve tax;
<b>SEC</b> .....	the US Securities and Exchange Commission;
<b>Securities Act</b> .....	the United States Securities Act of 1933, as amended;
<b>Shareholder</b> .....	any holder of Ordinary Shares registered on the register of members of the Company;
<b>Share Purchase Agreement</b> .....	the agreement dated 30 October 2018 between the Company, TRG Holdings and the Wagamama Vendors pursuant to which TRG Holdings has agreed to acquire the entire issued share capital of the TRG Group on the terms and subject to the conditions thereof, a summary of which is contained in Part III ( <i>Terms and Conditions of the Acquisition</i> ) of this document;
<b>Sponsor</b> .....	J.P. Morgan;
<b>Takeover Code</b> .....	the City Code on Takeovers and Mergers;
<b>Theoretical Ex-Rights Price</b> .....	the price per Ordinary Share calculated as at a date by applying the following formula: (current price * Existing Ordinary Shares) plus (Rights Issue Price * New Ordinary Shares) divided by Existing Ordinary Shares plus New Ordinary Shares;
<b>Trading Business</b> .....	represents the performance of the business before Exceptional Items and is considered as the key metrics for shareholders to evaluate and compare the performance of the TRG Group from period to period;
<b>Transaction</b> .....	the Acquisition, the Rights Issue and the Debt Financing;
<b>TRG Directors or Directors</b> .....	the directors of the Company, and <b>TRG Director</b> or <b>Director</b> shall mean any 1 of them;
<b>TRG Existing Revolving Credit Facility</b> .....	the £140,000,000 revolving facility agreement between, amongst others, the Company as original borrower and Lloyds Bank plc as agent originally dated 7 October 2011 and as amended and restated pursuant to an agreement dated 8 June 2015;
<b>TRG FY 2015</b> .....	the 52-week period ended 27 December 2015;

<b>TRG FY 2016</b> .....	the 53-week period ended 1 January 2017;
<b>TRG FY 2017</b> .....	the 52-week period ended 31 December 2017;
<b>TRG FY 2018</b> .....	the 52-week period ended 30 December 2018;
<b>TRG Group</b> .....	the Company together with its subsidiaries and subsidiary undertakings;
<b>TRG Group’s 2015 Annual Report and Accounts</b> .....	the annual report and accounts of the TRG Group for TRG FY 2015;
<b>TRG Group’s 2016 Annual Report and Accounts</b> .....	the annual report and accounts of the TRG Group for TRG FY 2016;
<b>TRG Group’s 2017 Annual Report and Accounts</b> .....	the annual report and accounts of the TRG Group for TRG FY 2017;
<b>TRG Group’s 2018 Interim Report</b> ...	the unaudited interim results of the TRG Group for TRG H1 2018;
<b>TRG H1 2018</b> .....	the 26-week period ended 1 July 2018;
<b>TRG Holdings</b> .....	TRG (Holdings) Limited, a company incorporated in England and Wales with registered number 05556066, whose registered office is 5-7 Marshalsea Road, London, SE1 1EP;
<b>TRG 8 Month Interim Period 2017</b> ...	the 34-week period ended 27 August 2017;
<b>TRG 8 Month Interim Period 2018</b> ...	the 34-week period ended 26 August 2018;
<b>TRG Profit Forecast</b> .....	has the meaning given to that term in the Appendix ( <i>TRG Profit Forecast</i> ) to this document;
<b>TRG Shareholder Approval</b> .....	the approval of the Resolutions by Shareholders at the General Meeting;
<b>UK Corporate Governance Code</b> .....	the corporate governance code issued by the Financial Reporting Council in the United Kingdom from time to time;
<b>UK GAAP</b> .....	United Kingdom Generally Accepted Accounting Practice;
<b>UKLA</b> .....	the FCA acting in its capacity as the competent authority under FSMA;
<b>uncertificated or in uncertificated form</b> .....	in relation to a share or other security, a share or other security title to which is recorded in the relevant register of the share or other security concerned as being held in uncertificated form (that is, in CREST) and title to which may be transferred by using CREST;
<b>Uncertificated Securities Regulations</b> .....	the Uncertificated Securities Regulations 2001 as amended from time to time;
<b>Underwriter</b> .....	J.P. Morgan;
<b>Underwriting Agreement</b> .....	the underwriting and sponsor’s agreement dated the same date as this document and made between the Company and J.P. Morgan, a summary of which is contained in Section 6.1(D) of Part XIII ( <i>Additional Information</i> ) of this document;



<b>United Kingdom or UK</b> . . . . .	the United Kingdom of Great Britain and Northern Ireland;
<b>United States or US</b> . . . . .	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia, and all other areas subject to its jurisdiction;
<b>USD, US\$ or US dollar</b> . . . . .	the lawful currency of the United States;
<b>VAT</b> . . . . .	(a) any tax imposed in compliance with the council directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); (b) to the extent not included in paragraph (a) above, any value added tax imposed by the VATA and legislation and regulations supplemental thereto; and (c) any other tax of a similar nature to the taxes referred to in paragraph (a) or paragraph (b) above, whether imposed in an EEA State in substitution for, or levied in addition to, the taxes referred to in paragraph (a) or paragraph (b) above or imposed elsewhere;
<b>VATA</b> . . . . .	Value Added Tax Act 1994;
<b>Wagamama</b> . . . . .	Mabel Topco Limited, a company incorporated in England and Wales with registered number 07556481, whose registered office is 76 Wardour Street, London, W1F 0UR;
<b>Wagamama EBT</b> . . . . .	Wagamama 2010 Employee Benefit Trust;
<b>Wagamama FY 2016</b> . . . . .	the 52-week period ended 24 April 2016;
<b>Wagamama FY 2017</b> . . . . .	the 52-week period ended 23 April 2017;
<b>Wagamama FY 2018</b> . . . . .	the 53-week period ended 29 April 2018;
<b>Wagamama Group</b> . . . . .	Wagamama together with its subsidiaries and subsidiary undertakings;
<b>Wagamama Historical Financial Information</b> . . . . .	the historical financial information of Wagamama for Wagamama FY 2016, Wagamama FY 2017 and Wagamama FY 2018;
<b>Wagamama Interim Financial Information</b> . . . . .	the interim financial information for Wagamama Interim Period 2018;
<b>Wagamama Interim Period 2017</b> . . . . .	the 16-week period to 13 August 2017;
<b>Wagamama Interim Period 2018</b> . . . . .	the 16-week period to 19 August 2018;
<b>Wagamama Notes</b> . . . . .	the £225,000,000 4.125 per cent. Senior Secured Notes due 2022 issued by Wagamama Finance Plc;
<b>Wagamama Share</b> . . . . .	a share of any class in the capital of Wagamama;
<b>Wagamama Vendors</b> . . . . .	the Duke Street Vendors, the Hutton Collins Vendors, the Other Institutional Vendors, the Management Vendors and the EBT Vendor; and
<b>Warranty and Indemnity Insurance Policy</b> . . . . .	the warranty and indemnity insurance policy entered into by the Company and TRG Holdings with the Insurer (on behalf of various underwriters / insurers) on 30 October 2018 in respect of the Acquisition.

## NOTICE OF GENERAL MEETING

### The Restaurant Group plc

(incorporated and registered in Scotland with registered number SC030343)

**NOTICE IS HEREBY GIVEN** that a general meeting of The Restaurant Group plc (the **Company**) will be held at 9.30 a.m. on 28 November 2018 at etc.venues St Paul's, 200 Aldersgate, London EC1A 4HD (the **General Meeting**) for the purposes of considering and, if thought fit, passing the following resolutions which shall be proposed as ordinary resolutions (which means that for the resolution to be passed, more than half of the votes cast must be in favour of the resolution).

1. THAT, subject to the passing of resolution 2 below, the proposed acquisition of the entire issued and to be issued share capital of Mabel Topco Limited (**Wagamama**) (the **Acquisition**) pursuant to the terms and subject to the conditions contained in the share purchase agreement dated 30 October 2018 between (*inter alios*) TRG (Holdings) Limited as Purchaser, the Company as Purchaser Guarantor and certain shareholders of Wagamama and holders of awards over shares in Wagamama as Vendors (the **Share Purchase Agreement**) and all other agreements and ancillary arrangements contemplated by the Share Purchase Agreement be and is hereby approved and that any or all of the directors of the Company (the **Directors**) (or any duly constituted committee of the Directors) be and are hereby authorised to take all such steps as may be necessary, expedient or desirable in relation thereto and to implement the Acquisition with such modifications, variations, revisions or amendments (provided such modifications, variations or amendments are not of a material nature) as they shall deem necessary, expedient or desirable; and
2. THAT, subject to the passing of resolution 1 and subject to and conditional upon admission to listing on the premium listing segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange plc's main market for listed securities of the new ordinary shares of 28.125 pence each to be issued by the Company in connection with the issue by way of rights of up to 290,430,689 new ordinary shares at a price of 108.5 pence per new ordinary share to qualifying shareholders on the register of members of the Company at the close of business on 26 November 2018 (the **Rights Issue**) and in addition, to the extent unutilised, to the authority conferred on them at the last annual general meeting of the Company on 23 May 2018, the Directors (or any duly constituted committee of the Directors) be and are hereby generally and unconditionally authorised, pursuant to and in accordance with section 551 of the Companies Act 2006, to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for shares in the Company up to a nominal amount of £81,683,632 in connection with the Rights Issue, such authority to expire (unless previously revoked by the Company) at the close of business on 1 March 2019, except that the Company may before such expiry make offers or agreements which would or might require shares to be allotted or rights to be granted after such expiry and the Directors may allot shares or grant rights in pursuance of such offers or agreements as if the power conferred hereby had not expired.

12 November 2018

By the order of the Board

Ace Company Services Limited  
Company Secretary

Registered office:  
1 George Square  
Glasgow  
G2 1AL

Notes

1. Unless otherwise defined in this Notice, capitalised terms shall have the meaning given to them in the document to which this Notice is appended.
2. Any Shareholder entitled to attend and vote at the General Meeting is entitled to appoint 1 or more proxies to exercise any or all of its, his or her rights to attend, speak and vote at the General Meeting. A form of proxy to be used for appointing a proxy or proxies for the General Meeting has been provided to Shareholders with this Notice. Please complete and return the proxy form whether or not you intend to

attend the General Meeting in person. The return of the proxy form will not prevent you from attending and voting at the General Meeting if you so wish. You can appoint the Chairman of the General Meeting to act as your proxy, or ask 1 or more persons of your choice to be your proxy. Your proxy does not have to be a Shareholder. There are notes on the proxy form explaining how you should complete it.

3. Shareholders may also appoint a proxy to vote on the Resolutions electronically at [www.sharevote.co.uk](http://www.sharevote.co.uk). Shareholders who are not registered to vote electronically will need to enter the Voting ID, Task ID and Shareholder Reference ID set out in their Proxy Form. Alternatively, Shareholders who have already registered with Equiniti's Shareview service can appoint a proxy by logging onto their portfolio at [www.shareview.co.uk](http://www.shareview.co.uk) and clicking on the link to vote. The on-screen instructions give details on how to complete the appointment process. If Shareholders have any difficulties with online voting, they should contact Equiniti's shareholder helpline on 0333 207 6514 (or +44 (0)121 415 0993 for overseas callers).
4. Voting on the Resolutions will be conducted by way of a poll, rather than on a show of hands. This is a more transparent method of voting as Shareholders' votes are counted according to the number of shares registered in their names. The relevant voting procedures will be explained at the General Meeting. The total voting rights in the Company as at 9 November 2018 (being the Latest Practicable Date) were 201,067,400. As soon as practicable after the General Meeting, the results of the polls will be announced via a Regulatory Information Service and also placed on the Company website, [www.trgplc.com](http://www.trgplc.com).
5. To be valid, the completed proxy form must be received by the Company's Registrar, Equiniti Registrars, by no later than 9.30 a.m. on 26 November 2018 and should be addressed to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting by using the procedures described in the CREST Manual on the Euroclear website ([www.euroclear.com](http://www.euroclear.com)). CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited (**Euroclear**) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or relates to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by 9.30 a.m. on 26 November 2018. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that its, his or her CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. Shareholders who have general queries about the General Meeting should either call the Registrar's helpline on +44 (0)121 415 0993; or write to the Registrar at Equiniti, Aspect House, Spencer Road, Lancing, BN99 6DA. No other methods of communication will be accepted.
7. The right of Shareholders to vote at the General Meeting is determined by reference to the Company's register of members (the **Register**). The Company has set a time and date for eligibility to attend the General Meeting. Only those Shareholders registered at close of business on 26 November 2018 will be eligible to attend and vote at the General Meeting. The Company will disregard changes to entries on the Register after close of business on 26 November 2018. If the General Meeting were to be adjourned for any reason, then only those Shareholders registered in the Register at close of business on the day that is 2 Business Days prior to the day fixed for the adjourned General Meeting will be eligible to attend.
8. A person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a **Nominated Person**) may, under an agreement between them and the

Shareholder by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights. The statements of the rights of Shareholders in relation to the appointment of proxies do not apply to Nominated Persons. Such rights can only be exercised by Shareholders.

9. Any corporate Shareholder may appoint 1 or more corporate representatives who may exercise on its behalf all of its powers as a Shareholder provided that they do not do so in relation to the same shares.
10. The information required by section 311A of the Companies Act 2006 to be published in advance of the meeting, which includes the matters set out in this Notice and information relating to the voting rights of Shareholders, is available at [www.trgplc.com/investors](http://www.trgplc.com/investors).
11. Any Shareholder attending the General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the General Meeting except in certain circumstances including if it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered or if to do so would involve the disclosure of confidential information.
12. As at 9 November 2018 (being the Latest Practicable Date) the Company's issued share capital consists of 201,067,400 Ordinary Shares of 28.125 pence each. The Company holds no Ordinary Shares in treasury.
13. You may not use any electronic address provided either in this Notice or any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated. Shareholders are advised that, unless otherwise specified, the telephone numbers, website and email addresses set out in this Notice or any related documents (including the proxy form) are not to be used for the purpose of serving information or documents on the Company, including the service of documents or information relating to any proceedings.
14. You may not use any electronic address provided either in this Notice or any related documents to communicate with the Company for any purpose other than as expressly stated. Information about this General Meeting is available from the Company's investor relations web page: [www.trgplc.com/investors](http://www.trgplc.com/investors).

**APPENDIX  
TRG PROFIT FORECAST**

**SECTION 1  
TRG PROFIT FORECAST**

On 31 August 2018 TRG published its results for TRG H1 2018. In the release accompanying those results, TRG made the following 3 statements in relation to its expectations for TRG FY 2018:

- (A) “We expect to deliver an adjusted PBT outcome for the full year broadly in-line with current market expectations given the impact of adverse weather and the World Cup.”
- (B) “Following a positive like-for-like sales performance in recent weeks, we remain on track to deliver an adjusted PBT broadly in line with current market expectations for the full year.”
- (C) “We expect to deliver an adjusted PBT outcome for the full year broadly in-line with current market expectations given the impact of adverse weather and the World Cup.”

***TRG Profit Forecast***

Trading since the point at which the above statements were made has been in line with the Company’s plans. TRG therefore confirms that it expects Adjusted PBT for TRG FY 2018 to be not less than £50 million (the **TRG Profit Forecast**).

***Basis of preparation***

The TRG Profit Forecast has been properly compiled on the basis of the assumptions below and on a basis consistent with the accounting policies of the TRG Group, which are in accordance with IFRS and are those which the TRG Group anticipates will be applicable for TRG FY 2018.

The TRG Directors have prepared the TRG Profit Forecast on the basis of:

- (A) the unaudited interim financial statements for the TRG 8 Month Interim Period 2018;
- (B) the unaudited management accounts for the 5 weeks ended 30 September 2018; and
- (C) the projected financial performance of the TRG Group for the remaining 13 weeks of TRG FY 2018.

The TRG Profit Forecast does not take into account any effects of the Acquisition (including associated costs), but does reflect the acquisitions of Ribble Valley Inns Limited and Food & Fuel Limited.

***Assumptions***

The TRG Profit Forecast has been prepared on the basis of the following assumptions during the forecast period:

***Factors outside the influence or control of TRG:***

- (A) There will be no material change in the political and / or economic environment that would materially affect TRG.
- (B) There will be no material change in current trading conditions or performance.
- (C) There will be no business disruption that materially affect TRG, its major suppliers or its guests by reason of technological faults, natural disasters, severe adverse weather conditions, acts of terrorism, cyber attack, pandemics, epidemics, other disease, industrial disruption, civil disturbance or government action.
- (D) There will be no material change to the competitive environment leading to an adverse impact on guest preferences.
- (E) There will be no material change in legislation or regulation impacting on the TRG Group’s operations or accounting policies or effective corporate tax rate.

***Factors within the influence of TRG:***

- (A) There will be no material acquisitions or disposals by the TRG Group that complete prior to the end of 2018, other than the Acquisition.

- (B) There will be no material change in the management of TRG or the operation of the business, other than those which arise as a result of the Acquisition.

*Additional notes*

The TRG Profit Forecast was not prepared with a view towards complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of the TRG Directors, was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best of the TRG Directors' knowledge and belief, the expected course of action and the expected future financial performance of TRG.

Deloitte LLP, TRG's former auditors, have not have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

**SECTION 2**  
**ACCOUNTANT'S REPORT ON THE TRG PROFIT FORECAST**

The Directors  
The Restaurant Group plc  
5-7 Marshalsea Road  
London  
SE1 1EP

12 November 2018

Dear Sirs

We report on the profit forecast comprising the forecast of adjusted profit before tax of The Restaurant Group plc (the "Company") and its subsidiaries (together the "Group") for the 52 weeks ending 30 December 2018 (the "Profit Forecast"). The Profit Forecast, and the material assumptions upon which it is based, are set out in Section 1 of the Appendix to the combined prospectus and circular (the "Document") issued by the Company dated 12 November 2018. This report is required by item 13.2. of Annex I of Commission Regulation (EC) No 809/2004 and is given for the purpose of complying with that item and for no other purpose.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided and which we may have to ordinary shareholders as a result of the inclusion of this report in the Document, 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 item 23.1 of Annex I to Commission Regulation (EC) No 809/2004 and Listing Rule 13.4.1R (6), consenting to its inclusion in the Document.

**Responsibilities**

It is the responsibility of the Directors of the Company to prepare the Profit Forecast in accordance with the requirements of Commission Regulation (EC) No 809/2004.

It is our responsibility to form an opinion as required by Commission Regulation (EC) No 809/2004 as to the proper compilation of the Profit Forecast and to report that opinion to you.

**Basis of preparation of the Profit Forecast**

The Profit Forecast has been prepared on the basis stated on page 255 of the Document and is based on the unaudited interim financial statements for the 34 weeks ended 26 August 2018; the unaudited management accounts for the 5 weeks ended 30 September 2018; and the projected financial performance of the Group for the remaining 13 weeks of the period ended 30 December 2018. The Profit Forecast is required to be presented on a basis consistent with the accounting policies of the Group.

**Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included evaluating the basis on which the historical financial information included in the Profit Forecast has been prepared and considering whether the Profit Forecast has been accurately computed based upon the disclosed assumptions and the accounting policies of the Group. Whilst the assumptions upon which the Profit Forecast are based are solely the responsibility of the Directors, we considered whether anything came to our attention to indicate that any of the assumptions adopted by the Directors which, in our opinion, are necessary for a proper understanding of the Profit Forecast have not been disclosed and whether any material assumption made by the Directors appears to us to be unrealistic.

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 Profit Forecast has been properly compiled on the basis stated.

Since the Profit Forecast and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the Profit Forecast and differences may be material.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions 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 Profit Forecast has been properly compiled on the basis stated and the basis of accounting used is consistent with the accounting policies of the Group.

**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 item 1.2 of Annex I of Commission Regulation (EC) No 809/2004.

Yours faithfully

Ernst & Young LLP



