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

The directors of Shellproof PLC, whose names appear on page 5 of the document, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules.

Application will be made to the London Stock Exchange plc for the whole of the issued share capital of Shellproof PLC to be admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and consultation with his or her own independent financial adviser. The rules of AIM are less demanding than those of the Official List of the UK Listing Authority. AIM securities are not admitted to the Official List and it is emphasised that no application is being made for admission of these securities to the Official List. Further, the London Stock Exchange has not itself examined or approved the contents of this document.

The whole of the text of this document should be read. Your attention is drawn to the Risk Factors set out in Part II of this document.

SHELLPROOF PLC

(Incorporated in England and Wales under the Companies Act 2006, with registered number 08225727)

Establishment of an English sparkling wine business, the acquisition of a freehold property and

admission to AIM

Nominated Adviser

CENKOS SECURITIES PLC

Share Capital on admission of enlarged entity to AIM

	Issued and fully paid
Ordinary shares of 50 pence each	8,000,002

This document, being an AIM admission document by Shellproof PLC, has been drawn up in accordance with the AIM Rules. **The Shellproof PLC Shares (as defined on page 4 of this document) have not and will not be registered under the United States Securities Act of 1933, as amended, or under the securities laws of any jurisdiction in the United States and may not be offered or sold in the United States or to any citizens, nationals or residents of the United States (including US based custodians, nominees or trustees for persons who are, or are not, citizens, nationals or residents of the United States), unless and until the shares are registered under that Act or unless an exemption from the registration requirements of that Act is available. Shellproof PLC currently has no plans to register the Shellproof PLC Shares under the United States Securities Exchange Act of 1934 (as amended) and Shellproof PLC is not seeking to list its securities on any United States exchange or quotation system and does not expect there to be a market for its shares in the United States.**

Cenkos Securities plc which is regulated in the United Kingdom by The Financial Services Authority, is acting as nominated adviser to Shellproof PLC in relation to the Admission and is not acting for any other persons and will not be responsible to such persons for providing protections afforded to customers of Cenkos Securities plc or advising them on the contents of this document or any matter referred to in it.

The contents of this communication have been approved by Cenkos Securities plc solely for the purposes of Section 21(2)(b) of the Financial Services and Markets Act 2000. Cenkos Securities plc can be contacted at 6.7.8 Tokenhouse Yard, London EC2R 7AS.

CONTENTS

DEFINITIONS

In this document, unless the context requires otherwise, defined terms shall have the meaning given to them below:

Acquisition	the acquisition by Shellproof Wines of the Freehold Property pursuant to the Acquisition Agreement;
Acquisition Agreement	the contract for sale of the Freehold Property;
Act	the United Kingdom Companies Act 2006;
Admission	admission of all of the Shellproof PLC Shares to trading on AIM;
AIM	a market operated by the London Stock Exchange;
AIM Rules	the rules of AIM as published by the London Stock Exchange from time to time;
Business Day	any day (other than a Saturday or Sunday) on which banks are open in London for normal banking business;
CREST	the relevant system (as defined in the Uncertificated Securities Regulations) for the paperless settlement of share transfers and the holding of shares in uncertificated form in respect of which CRESTCo Limited is the Operator (as defined in those Regulations);
Circular	the document sent to Shellproof Limited Shareholders with this document which describes the Merger;
Directors or Board	the directors of Shellproof PLC;
Enlarged Group	Shellproof PLC and its subsidiaries following completion of the Merger and any subsidiaries or businesses it may acquire following Admission;
Freehold Property	Halnaker Vineyard, Thicket Lane, Halnaker, Chichester also known as land to the north of Warehead Stud Farm, Eartham, Chichester;
FBT	a long term farm business tenancy agreement expected to be entered into by Shellproof Wines in respect of the FBT Site;
FBT Site	a field in West Sussex suitable for establishing a vineyard and comprising approximately 27 acres;
IBCA	the International Business Companies Act, 1990 of Belize;
IRR	internal rate of return
London Stock Exchange	London Stock Exchange plc;
Merger	the merger of Shellproof Limited and Shellproof PLC pursuant to Part VII of the IBCA;
Merger Plan	the description of the Merger set out in the Circular;
Nominated Adviser	Cenkos Securities plc;
Official List	the Official List of the UK Listing Authority;
Redeemable Shares	the 99,999 redeemable preference shares of 50 pence each in the capital of Shellproof PLC in issue as at the date of this document;
Shellproof Limited	Shellproof Limited, an international business company incorporated in Belize under the IBCA with registered number 70,859;
Shellproof Limited Shareholders	holders of Shellproof Limited Shares;
Shellproof Limited Shares	ordinary shares of 50 pence each in the capital of Shellproof Limited;
Shellproof Wines	Shellproof Wines Limited, a wholly-owned subsidiary of Shellproof Limited, being a company incorporated in England and Wales with registered number 07665948;

Shellproof PLC or the Company	Shellproof PLC, a company incorporated in England and Wales with registered number 08225727;
Shellproof PLC Shares	ordinary shares of 50 pence each in the capital of Shellproof PLC issued or to be issued pursuant to the Merger;
UK Listing Authority	the Financial Services Authority as the competent authority for listing in the United Kingdom under the United Kingdom Financial Services and Markets Act 2000;
Uncertificated Securities Regulations	the Uncertificated Securities Regulations 2001 as amended from time to time; and
United States or US	the United States of America, its territories and possessions, any state or political sub-division of the United States of America and the District of Columbia.

DIRECTORS AND ADVISERS OF THE COMPANY

Directors of Shellproof Limited	Peter Michael Reeder Gaze Philip Charles Johnson Philip Thomas Osborne Andrew Stephen Wilson
Directors of Shellproof PLC	Ian George Robinson Benjamin James Walgate Andrew Stephen Wilson
Secretary and registered office	Ian George Robinson 7 Cowley Street London SW1P 3NB
Nominated adviser and broker	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS
Auditors and reporting accountants	BDO LLP 55 Baker Street London W1U 7EU
Legal advisers	Brabners Chaffe Street LLP 55 King Street Manchester M2 4LQ
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of publication of this document	10 October 2012
Latest time and date for receipt of Forms of Direction for Depository Interest Holders	10.30 am on 21 October 2012
Latest time and date for receipt of completed forms of proxy to be valid at Special General Meeting	10.30 am on 22 October 2012
Special General Meeting	10.30 am on 24 October 2012
Merger Record Date	6.00 pm on 24 October 2012
Admission and commencement of dealings in Shellproof PLC shares	8.00 am on 25 October 2012
Despatch of definitive share certificates for Shellproof PLC shares in certificated form	by 8 November 2012

KEY INFORMATION

The following summarised information is derived from and should be read in conjunction with the full text of this document. You should read the whole of this document and not rely solely on the key information set out below. In particular your attention is drawn to the risk factors set out in Part II of this document.

Shellproof PLC

Shellproof PLC is a newly incorporated company which intends to merge with Shellproof Limited to create a UK holding company for the Enlarged Group. Shellproof PLC intends to establish itself in the production, sale and distribution of English sparkling wine.

Shellproof Limited

Shellproof Limited was admitted to AIM in May 2008 with the intention of seeking an investment opportunity for its shareholders. As at 31 March 2012, its accounting year end, Shellproof Limited had funds available for investment of approximately £4.1 million.

Merger

The Merger is being effected under the laws of Belize, where Shellproof Limited is incorporated. Shellproof PLC is incorporated under English law.

Strategy

Shellproof PLC's strategy addresses what the Directors believe to be an opportunity in the English sparkling wine industry to develop vineyards, a winery and a sales and marketing operation to take advantage of further anticipated market growth in this sector of the wine industry.

PART I

INFORMATION RELATING TO THE COMPANY

1. INTRODUCTION

Shellproof PLC is a newly incorporated company which intends to merge with Shellproof Limited. Shellproof Limited was admitted to AIM in May 2008 as a strategic investment company. It is proposed that Shellproof Limited should merge with the Company so that the ultimate holding company of the Enlarged Group is a UK company. Further details on Shellproof Limited are set out in paragraph 3 of this Part I.

Shellproof PLC intends to establish itself in the production, sale and distribution of English sparkling wine.

2. THE ACQUISITION AGREEMENT AND FBT

Shellproof Wines has entered into the Acquisition Agreement. The Acquisition, which is for a purchase price of £350,000, is not expected to be completed until after Admission. Completion of the Acquisition is required to take place by 31 October 2012 but is expected to take place as soon as possible after Admission. Shellproof Wines has the right to assign the benefit of the Acquisition Agreement should Admission not take place.

Shellproof Wines is also in the advanced stages of negotiation in respect of the FBT.

3. SHELLPROOF LIMITED

Following its admission to AIM, Shellproof Limited's primary objective was to invest in either a publicly traded or private company in which it could, by influencing the management and strategic direction of that company, create value for its shareholders. Following the admission of Shellproof Limited to AIM, Shellproof Limited was and remains controlled by Lord Ashcroft KCMG PC, who has an interest in approximately 76 per cent. of Shellproof Limited's issued capital.

Shellproof Limited has not traded since its incorporation but has, via its wholly owned subsidiary, Shellproof Wines, carried out a limited trial production of English sparkling wine in order to explore the potential of this business sector for an investment. Approximately £300,000 has been incurred on this activity.

As at 31 March 2012, Shellproof Limited had funds available for investment of approximately £4.1 million. Following the Merger, these funds (net of expenses) will be available to the Enlarged Group.

Further details of the Merger are set out in the Merger Plan.

4. THE BUSINESS

A. Business strategy

The business strategy is to create a prestigious English sparkling wine production, sales and distribution business. Through the acquisition and establishment of approximately 150 acres of vineyards and the construction of a winery, the Enlarged Group aims to produce leading examples of English sparkling wine.

It is intended that the vineyards and winery will be located in West Sussex within, or in close proximity to the South Downs National Park. The business plan is based on approximately 150 acres of vineyards. In full production these vineyards are expected to produce grapes sufficient for approximately 400,000 bottles of sparkling wine which would make the Enlarged Group one of the leading producers of English sparkling wine.

B. Market overview

In 2011 total wine sales in the UK amounted to 1,685 million bottles. Sparkling wine accounts for 108 million bottles of this representing 6.4 per cent. of all wine consumed in the UK. English wine (including sparkling) accounted for 2.4 million bottles (only 0.1 per cent. of total wine sales in the UK).

Of the 2.4 million bottles of English wine sold in the UK in 2011, the Directors believe that English sparkling wine accounts for approximately 60 per cent. of this at 1.4 million bottles. This represents approximately 1.3 per cent. of the UK sparkling wine market. However, the UK sparkling wine market of 108 million bottles includes a number of categories such as Cava and Prosecco, as well as Champagne and other sparkling wines, which the Directors believe are sold in retail price brackets from under £10 to over £40. Champagne accounts for approximately 35 million bottles overall but even within this sub sector it is estimated that only around two-thirds will be at price levels comparable with English sparkling wine. Thus English sparkling wine could already represent around 6 per cent. of the equivalent Champagne market with production trends which the Directors believe could potentially double this percentage in the coming years.

English sparkling wines have won a number of prestigious awards recently against competition from Champagne and other sparkling wines. Ridgeview has won the best international sparkling wine trophy on three separate occasions and in 2012 took both a trophy and gold medal at the International Wine Competition (IWC). The English sparkling wine sector has also enjoyed significant and positive media coverage in recent years. It is understood that English sparkling wines also featured at the Royal Wedding and Jubilee celebrations and it was reported that Waitrose sales of English sparkling wine increased five-fold over the Jubilee period.

Production of English wines has increased significantly in the last 9 years and from 2002 to 2011 total domestic production increased by 57 per cent. (source: HMRC Alcohol bulletin May 2012). This growth in sales has also been reflected in UK vineyard growth with planting in the UK up by around 75 per cent. in the last 3 years to approximately 1,400 hectares (equivalent to 3,460 acres) from the previous level of around 800 hectares (equivalent to 1,980 acres). The Directors believe that sparkling wine grape varieties form the bulk of new plantings.

In terms of competition, there are currently relatively few large producers of English sparkling wine and the Directors believe that there are only a few companies estimated to be producing more than 400,000 bottles of English sparkling wine per year. Availability nationwide is currently restricted to a few national retailers such as Waitrose and more recently Tesco, with retail price points in the range of £15 - £30 with some examples in excess of that. The Directors believe that direct retail sales via farm shops, online and mail order represent a significant proportion of distribution in the English sparkling wine market and for smaller producers this is likely to be their only outlet.

C. Business description

There are three principal components involved in developing the business to be operated by the Enlarged Group:

i. The Vineyards

These will contain or be planted with grape varieties suitable for English sparkling wine such as Pinot Noir, Pinot Meunier and Chardonnay. The 150 acre target is expected to come from:

- The Freehold Property – 13 acres, of which 10 acres are planted with mature vines, to be acquired in accordance with the terms of the Acquisition Agreement as a freehold purchase.
- The FBT Site - 27 acres.
- Other sites locally, up to a further 110 acres, which are expected to be on similar long term farm business tenancies similar to the FBT will be identified and planted over the course of the next few years.

During the early years, in order to meet its production plans, the Enlarged Group will continue to buy in grapes and process these in other local wineries on a contract basis. The Enlarged Group currently has stocks of approximately 25,000 bottles.

The Enlarged Group may also consider the acquisition of freehold land and mature vineyards if suitable opportunities arise.

ii. The Winery

The Enlarged Group intends to build a winery on one of its target sites, subject to obtaining the relevant planning consents. It is likely that the winery would be acquired via a leasehold arrangement with commencement contingent on planning. The winery would be expected to be commissioned towards the end of 2014. The winery and related storage facility would carry out grape crushing, juice extraction, fermentation, secondary fermentation and other processes involved in the production of sparkling wine. The buildings would also accommodate bottling and storage facilities as well as a small visitor centre.

iii. Sales & Marketing

At a mature production level of approximately 400,000 bottles, the business is expected to be positioned as one of the leading producers of English sparkling wine. Sales and marketing will include:

- Branding and related support:

A brand name or names will be chosen to reflect the perceived brand values of the product. The Directors believe that branding will be assisted by the perceived quality of the region's "terroir". This region on which Shellproof Wines is based already has established vineyards for some of the leading English sparkling wine producers. The region benefits from an attractive setting with particular soil and climatic conditions which have already produced a number of award winning sparkling wines.

- Distribution:

Distribution will include direct sales via a visitor centre, other local direct sales, online and mail-order purchases, export sales and selected national distribution.

D. Costs of developing the business

The Directors estimate that a total cash requirement of approximately £10.6m will be required to fully establish and develop the business. This estimate comprises the vineyard establishment costs (including the Acquisition) of £2.3m, the winery, storage area and visitor centre of £3.3m and working capital for stocks and overheads of £5.0m. The Directors expect this expenditure to be made over a number of years with the early focus on establishment costs and certain build costs.

E. Fund raising

The Company will continue to consider its funding options for further development of the winery in order to maximise shareholder value, this may include debt and equity funding.

5. CURRENT TRADING AND PROSPECTS

As stated above in paragraph 3, Shellproof Limited has not traded since incorporation but, via its subsidiary Shellproof Wines, commenced trial production of English sparkling wine in 2011 and Shellproof Wines currently holds stocks of approximately 25,000 bottles. In evaluating prospects it should be noted that the business is not expected to reach its planned mature production volumes for approximately eleven years. This extended time period reflects:

- The planting of vines over the next three years.
- The time taken for vines to reach peak grape production of approximately five years.
- The time taken for premier tier sparkling wine production and maturity of approximately three years.

The Directors believe that it will take approximately six years for the Company to become cash flow positive and have estimated that the IRR on invested funds will be in the range of 15 per cent. to 20 per cent. Some of the key operational assumptions impacting these estimates include grape production yield per acre, the juice yield from those grapes, the product pricing and the retail/wholesale mix. The Directors believe the assumptions they have used are reasonable based on knowledge of similar operations but it should be noted that such comparable data is limited and comes from an industry which is still in the relatively early stages of growth in the UK.

6. THE MANAGEMENT

The Directors are as follows:

Benjamin James Walgate BSc, Chief Executive

Since university, Ben's career has been focussed on the wine industry. After a summer spent working in vineyards and cellars in Western Europe, Ben returned to England to study Viticulture (grape growing) and Oenology (winemaking) for two years at Plumpton College.

After Plumpton College, Ben ran his own business, involving the importation and sale of rare and unusual wines into the UK. This provided him with direct experience of the wine wholesale and retail market in the UK. Following the disposal of this business, Ben took over the management of one of the UK's oldest vineyards, replanting and rejuvenating 40 plus year old vineyards. The refurbishment of the winery and winemaking procedures increased both quantity and quality of wine produced.

From his time at Plumpton and throughout his career in the wine trade, Ben has developed a network of peers, contacts and organisations, both in the UK wine industry and abroad, that is expected to provide additional support for Ben in his role as Chief Executive and for the Enlarged Group.

Ben has been advising Shellproof Limited and Shellproof Wines on the establishment of an English sparkling wine business since February 2011.

Ian George Robinson BA FCA, Non–Executive Chairman

Ian is currently a director of Anne Street Partners Limited and non-executive director of a number of privately owned businesses. Previously he was Chief Financial Officer of Carlisle Group's UK staffing and facilities services operations.

Ian has held other senior financial appointments in UK service group companies and has spent several years overseas in both chief executive and chief financial officer roles of a quoted international services group.

Andrew Stephen Wilson MA, Non-Executive Director

Andrew is currently a non-executive director of a number of AIM-listed companies, including Dods (Group) plc, Restore plc and WeAre 2020 plc. He is also currently a non-executive director of a number of privately owned businesses. Previously he was an investment banker with UBS Warburg specialising in mergers and acquisitions.

As the business develops over the next few years the senior management team of the Enlarged Group is expected to comprise a chief executive (Ben Walgate), a vineyard manager, winemaker, sales and marketing manager and finance director. Initially however the senior team will be limited to Ben Walgate and another senior manager, who is likely to be recruited following Admission.

7. MANAGEMENT INCENTIVES

The Directors propose to adopt an appropriate long term incentive scheme, which would enable management to acquire up to a maximum 10 per cent. of the issued share capital of the Company (inclusive of this incentive stake), in the form of market price options that would not vest for at least three years and be subject to key performance criteria satisfactory to the Company. Those criteria are expected to include the achievement of an agreed compound annual growth rate ("CAGR") in the Company's share price with a linear scale starting at an agreed minimum level of achievement, with the maximum payout based on the agreed high end of the achievement scale.

8. THE CIRCULAR

The Circular contains details of the proposed Merger between the Company and Shellproof Limited, as well as the audited financial results for Shellproof Limited for the year ended 31 March 2012.

9. DIVIDEND POLICY

For the foreseeable future, it is anticipated by the Directors that the Company will not pay dividends but will preserve any surplus cash for business development purposes. This policy will be reviewed on an at least annual basis.

10. ADMISSION, SETTLEMENT AND CREST

It is expected that on or about 25 October 2012, Shellproof PLC Shares will be admitted to trading on AIM and that dealings will commence on that date. It is intended that, where applicable, definitive share certificates in respect of Shellproof PLC Shares will be distributed as soon thereafter as is practicable.

Shellproof PLC Shares are issued in registered form and may be held either in certificated or uncertificated form. The ISIN for Shellproof PLC is GB00B8TS4M09.

The Company has applied for the Shellproof PLC Shares to be admitted to CREST with effect from Admission. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The articles of association of the Company permit the holding of Shellproof PLC Shares under the CREST system. Accordingly, settlement of transactions in Shellproof PLC Shares following Admission may take place within the CREST system if any shareholder so wishes.

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

It is intended to redeem the Redeemable Shares immediately after Admission.

11. RISK FACTORS

The business of the Enlarged Group is dependent on many factors and prospective investors are advised to read the whole of this document and, in particular, Part II entitled "Risk Factors".

12. FURTHER INFORMATION

The attention of prospective investors is drawn to the information contained in Parts II to IV (inclusive) of this document which provide additional information on the Company and to the Circular, which should be read in conjunction with this document.

PART II

RISK FACTORS

RISK FACTORS RELATING TO SHELLPROOF PLC

An investment in the Company involves a high degree of risk. Accordingly, in relation to any investment decision concerning Shellproof PLC Shares you are advised to consult an investment adviser authorised under the Financial Services and Markets Act 2000 who specialises in the acquisition of shares and other securities. In addition to the other information contained in this document, the following risk factors affecting the Enlarged Group's business should be considered carefully.

It should be noted that this list is not exhaustive and does not purport to be a complete explanation of all the risks and significant considerations involved in investing in the Company.

1. Further equity issues

The Company plans to raise further equity funds in the future to fund the business during its development over the coming years, through the issue of additional Shellproof PLC Shares. Such funding may not be achieved and in any case, a share issues may have a dilutive effect on existing shareholdings.

2. Trading on AIM and liquidity

The share prices of publicly quoted companies can be volatile. The price of shares is dependent upon a number of factors, some of which are general or market specific, others which are sector specific and others which are specific to the Company. It may be the case that the market price of the Company's shares does not fully reflect the underlying net asset value of the Company.

Although the Shellproof PLC Shares will be traded on AIM, this should not be taken as implying that there will always be a liquid market in the Shellproof PLC Shares. In addition, the market for shares in smaller public companies is less liquid than for larger public companies and the fact that a significant proportion of Shellproof PLC Shares will be held by a small number of persons may also affect the liquidity of the market for Shellproof PLC Shares. Therefore an investment in Shellproof PLC Shares may be difficult to realise and the share price may be subject to greater fluctuations than might otherwise be the case.

The Shellproof PLC Shares will be quoted on AIM rather than on the Official List of the UK Listing Authority. An investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List as the AIM Rules are less demanding than the rules of the Official List. Investors should be aware that the value of Shellproof PLC Shares may be volatile and may go down as well as up and investors may not recover their original investment.

Future sales of Shellproof PLC Shares could adversely affect the price of Shellproof PLC Shares and there is risk that substantial shareholders in Shellproof PLC will decide to sell a significant portion of their holdings. The sale of a significant amount of Shellproof PLC Shares in the public market could materially adversely affect the market price of Shellproof PLC Shares.

RISK FACTORS RELATING TO THE BUSINESS AND PROPOSED BUSINESS OF THE ENLARGED GROUP

3. Climate change

The Directors believe that climatic conditions in the South of England in recent years have generally been favourable to the growing of grapes used in sparkling wine production. However, grape yields can be affected by certain adverse weather patterns such as late frosts and lack of sunshine during the flowering period. These climatic impacts can be quite localised but it is understood that the 2011 crop across the UK was generally below expectations and the Directors believe that the 2012 crop is likely to be similarly impacted due to prolonged rainfall. Please also refer to paragraph 5 ("Crop disease") below.

4. Competition

With the anticipated continuing growth in vineyard plantings in the South of England, the supply of English sparkling wine is likely to continue to increase significantly with increased competition from other suppliers. This may adversely affect retail prices of English sparkling wine and the assumed levels of pricing in the Company's development strategy may not be achieved. The English sparkling wine industry may also face stronger competition from similar overseas products, which could also adversely affect the retail prices of the English product.

5. Crop disease

Commercial viticulture is a farming system prone to disease pressures. The relatively cool climate of the UK can exacerbate these pressures. While there is no significant pressure from fatal diseases threatening vine growing in the UK at present, there are certain diseases which may reduce yield under adverse climatic circumstances. However, these risks can be minimised through good husbandry and management practices. Please also refer to paragraph 3 ("Climate change") above.

6. Management

The operations of the Enlarged Group will be dependent upon the continuing employment of a few key people in the management team and the Chief Executive in particular. The future results of the Enlarged Group depend significantly upon the efforts and expertise of such individuals. The loss of the services of any of these key people could have a material adverse effect on the business of the Enlarged Group.

7. Political

The demand for sparkling wine could be adversely impacted by any increase in duties and taxes on the products that the Enlarged Group sells, which could adversely affect the business of the Enlarged Group.

8. Social change

The demand for sparkling wine could be adversely affected by the social acceptability of alcoholic drinks, generally combined with further medical evidence of the adverse health impacts. This could adversely affect the business of the Enlarged Group.

9. Litigation risks

All industries, including the wine industry, are subject to legal claims, with and without merit. The Enlarged Group may become involved in legal disputes in the future. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material effect on the Enlarged Group's financial position or results of operations.

10. Significant shareholders

On Admission, 76.2 per cent. of the Shellproof PLC Shares will be owned by Lord Ashcroft KCMG PC. Accordingly, Lord Ashcroft KCMG PC will be able to exercise influence over all matters requiring shareholder approval, including the election and removal of directors and approval of corporate transactions, including for example a sale of the Company or the Enlarged Group's assets, for the foreseeable future. This concentration of ownership could have the effect of delaying or preventing a change in control of the Enlarged Group or otherwise discouraging a potential acquirer from attempting to obtain control of the Enlarged Group, which in turn could have a material adverse effect on the market price of the Shellproof PLC Shares.

11. The Company's business development strategy

The Enlarged Group plans to acquire further vineyard sites as part of its development strategy. These may be by way of long term farm business tenancies similar to the FBT or freehold purchases and may include established vineyards. The risks associated with this strategy include a failure to complete the FBT, lack of other suitable vineyard sites on acceptable terms and in line with the Enlarged Group's timetable, higher establishment costs than anticipated and an inability to recruit and retain the required skilled staffing to establish and maintain these vineyards. The Directors may also consider further acquisitions of properties or other corporate entities. Such acquisitions carry integration risks, as well as additional financing requirements.

12. The Winery

The Enlarged Group also plans to build its own winery. The risks associated with this include the failure to find a suitable site and an inability to obtain the required planning consents, delays in construction, higher construction costs than anticipated and an inability to recruit and retain the required skilled staffing to operate the winery.

13. Sales and marketing

The Enlarged Group plans to develop a sales and marketing function to support the business of the Enlarged Group including branding and related support as well as a retail and wholesale distribution network. The risks associated with this component of the development strategy include the inability to achieve sufficient brand awareness and customer support, the inability to achieve the Enlarged Group's pricing targets in the retail and wholesale markets and the inability to recruit and retain the required skilled staffing to support this function.

PART III

FREEHOLD PROPERTY VALUATION REPORT

24 July 2012

The Directors
Shellproof Wines Limited
7 Cowley Street
London SW1P 3NB

Dear Sirs

PROPERTY: HALNAKER VINEYARD, HALNAKER, CHICHESTER, WEST SUSSEX, PO18 0QS
CLIENT; SHELLPROOF WINES LIMITED

1.0 INSTRUCTIONS AND TERMS OF REFERENCE

1.1 Instructions

In accordance with the instructions contained in your email to us dated 4 July 2012 as confirmed in our letter of acceptance dated 10 July 2012, we have made all relevant enquiries in order to provide you with our opinion of the current Market Value of the unencumbered freehold interest of the above property as described in this report.

1.2 Basis of Valuation

In accordance with your instructions, we have provided an assessment of:

- The current Market Value of the freehold interest in the property with full vacant possession.

Market Value is defined by the Royal Institution of Chartered Surveyors as:-

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgably, prudently and without compulsion".

In respect of the trading business, once fully established this type of property often changes hands in the open market as a fully equipped operational business unit, and is therefore valued including:

- all plant, equipment, furniture, furnishings, fixtures and fittings on the assumption that these are free from lien and encumbrance.
- the market's perception of the trading potential excluding any personal goodwill.
- all licences, consents, certificates and permits necessary to allow the property to properly trade on the assumption that these will be received as required.
- all existing staff, membership and bookings but excluding stock in trade, consumables and any additional value attributable to works of art, historic artefacts and the like.

1.3 General Assumptions and Conditions

All our valuations have been carried out on the basis of the General Assumptions and Standard Conditions set out in the relevant section of this report.

1.4 Date of Valuation

Our opinion of value is as at the date of this report, 25 July 2012. The importance of the date of valuation must be stressed as property values can change over a relatively short period

1.5 Purpose of Valuation

You instruct us that our valuation is required as part of the documents required for the company's AIM submission for inclusion on the stock exchange. This is a condensed version of our full report of the same date and does not include any appendices.

1.6 Conflicts of Interest

We are not aware of any conflict of interest, either with the Property or with the Borrower, preventing us from providing you with an independent valuation of the Property in accordance with the RICS Red Book. We will value as External Valuers.

1.7 Valuer Details and Inspection

The due diligence enquiries referred to below were undertaken by Alan Plumb FRICS and Abi Goodwin MRICS. The valuation has also been reviewed by James Higham MRICS.

The Property was inspected on 13 July 2012 by Alan Plumb FRICS and Abi Goodwin MRICS. We were able to inspect the whole of the property, externally but limited to those areas that were easily accessible or visible. However we were unable to gain access to any of the buildings on site. The weather on the date of our inspection was overcast with showers.

The valuers have the necessary knowledge, expertise, experience and understanding of this type of property in this location to provide the valuation.

1.8 Extent of Due Diligence Enquiries and Information Sources

At the date of our inspection a brief interview was held with Mr Ben Walgate of Shellproof Wines Limited, which has provided much of the verbal information forming the basis of this report.

Please note that, where possible, in the time allowed we have verified and supplemented the information given to us. However, if further information comes to light of which we are not presently aware, we reserve the right to amend our valuation accordingly in the light of such additional information.

The extent of the due diligence enquiries we have undertaken and the sources of the information we have relied upon for the purpose of our valuation are stated in the relevant sections of our report below.

Where reports and other information have been provided, we summarise the relevant details in this report. We do not accept responsibility for any errors or omissions in the information and documentation provided to us, nor for any consequences that may flow from such errors and omissions.

The way in which we have approached these matters is set out in the relevant sections of our report below.

1.9 RICS Compliance

This report has been prepared in accordance with Royal Institution of Chartered Surveyors' ("RICS") Valuation Standards, 8th Edition (the "RICS Red Book") published in March 2012, effective from 30 March 2012 (incorporating the International Valuation Standards(IVS)), in particular in accordance with the requirements of Valuation Standards VS6 entitled Valuation Reports, (Appendix 5 entitled Valuations for Commercial Secured Lending) and VS4.2 entitled Valuations for Secured Lending.

Our valuation will comply with IVS Standards.

Our report in accordance with those requirements is set out below.

2.0 LOCATION

The property is situated on the outskirts of Halnaker village between Chichester and Petworth in West Sussex, approximately 9 miles from the south coast. Chichester is 5 miles to the west with the larger town of Portsmouth 23 miles to the west. Worthing is the nearest major town to the east, 19 miles away. The property has good transport links via the A27, 2 miles away. The area forms part of the South Downs and is predominantly agricultural with the Goodwood Estate adjoining the subject property. The area has become well established as a wine growing region especially for sparkling varieties due to the chalk soil and increasingly warm climate.

The property is thus well located in relation to a substantial population catchment, its target market and the motorway network.

3.0 SITUATION

The property is situated approximately 1 mile to the east of Halnaker Village in a predominantly agricultural area. It is bounded to the south and east by the A285, to the west by the Goodwood Estate and to the north by agricultural land. There are two disused chalk quarries in the vicinity, one adjoining the property to the west and one to the south of the A285 which was subsequently used for landfill. On the southern side of the A285 is Warehead Stud equestrian facility.

4.0 DESCRIPTION

4.1 Sales History

We note from information held by the Land Registry that the property was purchased in November 2000 by the current owner for £74,000 as bare agricultural land. However we are informed by Mr Walgate that this was part of a probate settlement and it does not necessarily therefore reflect full Market Value.

We are also aware that the property has been marketed by Smiths Gore as an established vineyard and was originally launched to the market in August 2011 at a guide price of £450,000. This price was reduced to £385,000 in October 2011 and a sale was agreed to another purchaser in February at £350,000.

The agents received several other unsuccessful bids ranging from £320,000 to £170,000. Mr Walgate then made an offer of £360,000 in June and we understand from the agents that whichever party is ready to exchange first will acquire the property.

4.2 Access

The property is accessed off the A285 Chichester to Petworth Road. The site entrance is through a five bar gate via a steep grassy track.

4.3 Site

The Property is roughly rectangular in shape, with a gentle slope from the north west corner down to the southern and eastern boundaries. We have measured the extent of the property from digital Ordnance Survey data and calculate that it extends to about 5.33 hectares (13.17 acres). The majority of the site is planted with rows of vines (about 10.3 acres, 4.17 hectares) whilst the remainder is in part bare grassland and in part overgrown boundary areas with nettles, scrub and small trees. There are some mature trees to the boundary and a small copse towards the north west corner of the site. The boundaries are not clearly defined and some work will need to be done to clear the peripheral areas before they can be brought into production if required. There is a mobile phone mast within the site boundary with an equipment cabin, neither of which we understand are included in the purchase nor the valuation. There is also a subterranean machine store and timber stable type building on site.

5.0 ACCOMMODATION

Accommodation on site consists of a subterranean machine store, timber stable type building and a static caravan.

We are informed by Mr Walgate that the machine store was originally a basement dug by the current owners for a barn that they were planning to construct on site. The basement did not have planning consent and the project was eventually abandoned. The excavation was subsequently converted into a machine store with corrugated metal sheet roof and garage type door. We were unable to gain access to the structure to measure. We understand that the structure does not have the benefit of a planning permission and that a retrospective application for a non material amendment to an extant planning consent for the barn was refused.

The static caravan and stable building are disused. We were unable to gain access to them to measure them. The units appear to be in poor condition.

5.1 Disability and Equality Act 2010

As there are no usable buildings on site, the terms of the above Acts do not apply to the property.

6.0 CONDITION

As instructed, we have not undertaken a structural survey/building report and, apart from any matters specifically referred to in this report, we have assumed that the property is free from hidden defects, structural faults, rot, infestation or other defects. The report is prepared on this assumption.

We would comment without liability that during the course of our inspection for valuation purposes we observed that the buildings at the property appeared to be in a poor state of repair. The vines appear healthy although we do not have the benefit of a report from a recognised authority to confirm this. We are informed by Mr Walgate that he is satisfied that the vines are in good condition. We have valued on this assumption. Should it prove incorrect our valuation will of course be affected.

We have not carried out any investigations to ascertain whether either of the buildings were constructed or altered using deleterious or hazardous materials or techniques (e.g. high alumina cement, woodwool as permanent shuttering, calcium chloride or asbestos). We have assumed that no such materials or techniques have been used.

6.1 Warranties and Guarantees

We have assumed for the purposes of this report that no warranties or guarantees are available in respect of any construction work carried out on site.

7.0 FIXTURES FITTINGS FURNISHINGS AND EQUIPMENT

We have been provided by Mr Walgate with a list of chattels at the property that are to be included with the sale, along with his comments. The details are summarised below.

Item	Value	Comments
Renault tractor, cost £7343 in 2007.	£2,000	Poor condition, in need of service & works (replace)
Sprayer for pesticides / feed, cost £3000 in 2007.	£500	Poor condition (replace)
Sprayer for weed killer, cost £3367 in 2009.	£1,500	Good condition (keep)
Water tank and stand, cost £121 in 2007	£0	Tank not fit for use & stand belongs to third party
Oil tank for red diesel, purchased in 2002 price unknown	£50	unseen
Flail mower cost £940 in 2007 Condition fair, blades replaced last year.	£450	
Hand held compression sprayer, condition unknown, cost £382 in 2008	£0	unseen
Bird scarer, condition good, cost £80 in 2009	£0	unseen
160 plastic boxes for harvest, £546 in 2008	£0	not required
400 plastic boxes for harvest, cost £400 in 2009	£0	not required
20 picking scissors, cost £60	£0	unseen
Offered	£ 4,500	

We have not inspected the condition of any of these items and have assumed for the purpose of this valuation that the values assigned to each item by Mr Walgate are appropriate and reflect their true value. We have valued on this assumption.

8.0 ENVIRONMENTAL CONSIDERATIONS

8.1 Informal Enquiries

As instructed, we have not carried out a soil test nor an environmental audit. Following informal enquiries, we understand that the property was previously used as agricultural land until the vineyard was planted in 2006.

During our limited site inspection there were no visible signs of contamination in the immediate vicinity and we saw no evidence of ruptured storage tanks or other similar stored material likely to cause any contamination issue. The valuation is prepared on this assumption.

8.2 Environmental Report

We have undertaken an environmental search supplied by RPS Consultants Risk Management in association with www.homecheckpro.co.uk. Please note that this information is in the public domain and we take no responsibility for its accuracy. It is not a substitute for a comprehensive Local Search and should not be relied upon as such. The report also states that no inspection of the property has been undertaken and that it applies to residential property searches only, and not to commercial uses. It does however provide useful information of historical land uses and an indication of any contamination risks that may apply to a specific area, which can be helpful if an environmental report has not been undertaken of the site.

The report has highlighted the following:-

- A Landfill site or waste management facility within 500m of the site – Eartham Sand and Gravel Pit which took Non-biodegradable wastes closed in 1986.
- An Integrated Pollution Control (IPC) regulated site within 500m of the property. Eartham Sand and Gravel Pit which took Non-biodegradable wastes.
- A past industrial land use within 500m of the property. Quarrying of Sand, Clay and gravel.

We are of the opinion that it is unlikely that these issues will significantly affect the value of the subject property.

8.3 Assumption

No indications of past or present contaminative land uses or other environmental features were noted during the inspection. Our inspection was only of a limited visual nature and we cannot give any assurances that previous uses on the site or in the surrounding areas have not contaminated subsoils or groundwaters. In the event of contamination being discovered or if it transpires there are other environmental features specifically affecting the property, further specialist advice should be obtained. You are advised to ensure that your legal advisor takes up the usual enquiries on your behalf, in respect of possible contamination or environmental issues, prior to entering into any commitments.

Our valuation has had regard to the contents of the above report. We have formed an opinion of the market's perception of the issues involved. As a prospective purchaser, we would wish you clearly to understand the approach we have adopted, and satisfy yourselves that the approach is reasonable in all the circumstances. Finally, we would add that, should any further contaminative uses be found to exist at the subject property, or on any neighbouring land, then we may wish to review our valuation.

8.4 Flooding

We have made enquiries with regard to potential flooding at the Environment Agency website, www.environment-agency.gov.uk and note that the area is not listed as being in an area at risk from flooding. A specific assessment of the site has not been carried out however the steep incline and height of the site make flooding unlikely.

9.0 TOWN PLANNING

9.1 Local Plan

We have inspected the website of the local planning authority, Chichester District Council, which states that the council is preparing its Local Plan Core Strategy, which will cover all of the District excluding the area in the South Downs National Park. Until this is adopted the "saved" policies of the District Local Plan First Review (adopted April 1999) forms the Development Plan.

The property lies within an Area of Outstanding Natural Beauty (Policy RE4) and adjacent to a Site of Special Scientific Interest (Policy RE7)

Areas of Outstanding Natural Beauty - Chichester Harbour and Sussex Downs protection of landscape and character

RE4 Areas of Outstanding Natural Beauty will be conserved and enhanced. Any development which would be harmful to their visual quality or distinctive character will not be permitted except in compelling circumstances:

- Need for development essential for agriculture or forestry or for quiet informal recreation, for roads, the extraction of minerals or the deposit of waste may exceptionally be regarded as compelling provided that the proposal cannot be located or designed so as to meet these needs without giving rise to such harm;
- Applications for roads, mineral working or waste disposal will be subject to the most rigorous examination because of the possible impact of such development on natural beauty. Major developments for any purpose are likely to be inconsistent with the designation of areas of outstanding natural beauty and any applications will need to be accompanied by environmental assessments;
- They will be permitted only if there is an overriding national interest and no acceptable alternative location is available;
- Any development permitted will be required to be in sympathy with the landscape and designed and sited so as to enhance visual quality and minimise noise disturbance;
- Particular attention will be given to the setting and to the off-site impact of any traffic generated and any consequential highway improvements on the character, appearance and amenity of villages or the countryside;
- Development outside but near to a designated area of outstanding natural beauty will not be permitted if it would be unduly prominent in or detract from views into or out of the area of outstanding natural beauty (particularly from roads, rights of way or other public places), or would otherwise threaten public enjoyment of the area of outstanding natural beauty.

Nature Conservation - Designated Sites

RE7 The district planning authority will refuse permission for development which would be likely to damage, destroy or adversely affect wetlands of international importance (ramsar sites), declared or potential special protection areas, candidate special areas for conservation, sites of special scientific interest, and nature reserves.

Where particularly sensitive ecological sites are threatened the district planning authority will take active steps to protect them and may seek Article 4 directions.

Designations

The property is stated neither to be Listed nor to be within a Conservation Area, and we are informed that it is not directly affected by any highway, town planning or other schemes or proposals.

9.2 Planning History

We have inspected the website of the Local Planning Authority to ascertain the planning history of the property. Details of relevant planning decisions are listed below:

Application No.	Decision Date	Description	Decision
97/01709/FUL	19/09/1997	Construct radio base station for Orange PCS comprising 6 no. Sectored antenna and 3 no. 600mm microwave dishes mounted on 15m high slimline lattice tower with 30cum equipment cabin with 2.4m high chain link fence compound.	Refused
98/00133/FUL	20/04/1998	15m pole telecoms mast with cross polar and dish antenna, compound and radio equipment cabin.	Refused
03/01469/PNO	24/06/2003	New barn for storage of tools and machinery.	Planning Permission Required.
04/00411/FUL	16/06/2004	Demolition of existing barn and erection of new agricultural barn for storage of machinery and pressing and storage of grapes.	Refused

Application No.	Decision Date	Description	Decision
11/03012/NMAP	02/08/2011	Non-material amendment to planning permission 04/00411/ FUL. Excavation and enclosure of deep strip foundations to approved barn, to create basement for storage of machinery and implements (retrospective).	Refused as original planning consent expired.
98/00096/REF	14/12/1998	15m Pole telecommunications mast with cross polar and dish antennae, compound and radio equipment cabin.	Appeal Allowed
04/00069/REF	29/04/2005	Demolition of existing barn and erection of new agricultural barn for storage of machinery and for pressing and storage of grapes.	Appeal Allowed

It should be noted that the planning consent for the construction of a barn on site has now lapsed.

The Local Authority, or we, are not aware of any further outstanding or pending planning applications on the subject site or any in the immediate vicinity, which are likely to have an adverse affect on the subject property.

We recommend that your solicitors verify the position and if necessary refer their findings to us for valuation review.

9.3 Planning Officer Comment

We have been unable to speak to a planning officer of the Chichester District Council Planning Department as they do not take telephone enquiries. We have assumed for the purpose of the report that the present use of the property complies with existing planning permissions other than the subterranean machine store. We have not made any allowance in our valuation for restoration of the site should enforcement action be taken by the council.

9.4 Development Proposals

There are no immediate proposals to construct any further buildings on site.

9.5 Grants and Allowances

We are informed by the selling agent that the property formerly qualified under the Single Farm Payment scheme but that this has now lapsed.

We understand that there are currently no grants or allowances taken in respect of this property with conditions with which a purchaser would have to comply which may cause us to alter our opinion of value.

9.6 Summary

In valuing the property we have assumed that the present lawful use is as a vineyard.

10.0 TAXATION

10.1 Business Rates

As the property is agricultural, it is not subject to business rates.

10.2 VAT

Our valuation is exclusive of VAT.

11.0 INFRASTRUCTURE AND SERVICES

We have been advised by the purchaser that mains water and electricity are available to the subject property. We have been unable to ascertain whether these services are connected and no tests have been undertaken on any of the services.

12.0. HIGHWAY AND ACCESS

We have made informal enquiries of Chichester District Council Highways Department and understand that the A285 is an adopted highway and maintained at public expense. We are informed that the Highways Authority is not aware of any proposals or schemes likely to adversely affect the subject property.

In reporting our opinions, we have assumed that there are no third party interests between the boundary of the subject property and the adopted highway, and accordingly the site enjoys unfettered vehicular and pedestrian access.

13.0 TENURE

We have been provided with a draft report on title prepared by Rupert Jackson of Brabners Chaffe Street LLP, an extract of which is set out below.

"The property is subject to the following encumbrances:

- *Sporting rights are excluded to a predecessor in title. The sellers have confirmed in replies to enquiries that they are not aware of the sporting rights being exercised although this will not prevent future exercise of the rights.*
- *The property is subject to rights in favour of third parties to use all sewers, drains, water courses, wires, cables and other services laid or passing through or under the property.*
- *The property is subject to third party rights in favour of the area excluded as shown coloured green on the plan relating to rights of way and access over the property for the operation of the telecommunications mast located on the excluded area.*

There are reserved in favour of the Goodwood Estate covenants as follows:-

- *No building should be erected other than a farm house, farm building or cottages for accommodation and dwellinghouses not less than £1,000.00;*
- *No private dwellinghouse to be erected less than £3,000.00;*
- *Not to use the property for any trade or business (other than that of a farmer) or manufacture nor for an aerodrome or landing place for aeroplanes nor for a parking ground in connection with the Goodwood Race Meeting:*
- *Not to allow anything to be done on the property which may become a nuisance or inconvenience to the Goodwood Estate and particularly not to allow any advertisement board or notice to be erected on the land or affixed to any buildings;*
- *To maintain in good order and condition a ditch and earthen bank with a sufficient wire fence on the top of such bank on the western boundary to the property (a wire fence to be sufficient to prevent cattle and sheep straying onto the adjoining land).*

The property is also subject to a covenant in favour of a predecessor in title as follows:-

- *To maintain suitable post and rail fence lined with sheep netting along the north western and north eastern boundaries of the property;*
- *Not to bring upon or allow to be brought upon the property any female cattle save where there shall be erected a cattle proof fence separate to the fence referred to above to exclude the cattle from the fence referred to above.*

The property is also subject to new covenants being imposed in the proposed transfer pursuant to the proposed purchase:

- *A right of way in favour of the excluded area over the access way and a right to use the excluded area for the erection and maintaining and operation of the telecommunication apparatus equipment:*
- *The right to enter the property to inspect, maintain, renew, replace or lay new conduits under over the excluded areas;*

- *The right to maintain the landscaping area coloured green on the additional plan around the excluded area (NB. This forms part of the property);*
- *The right to inspect, maintain, repair, rebuild and renew the access to a suitable standard for vehicular use to include the right to surface the access with hardcore and similar material."*

We have taken the above into account within our opinion of value.

We have valued the freehold interest in the property.

There are stated to be no leases in existence, and therefore we have valued the property with the benefit of full vacant possession. We confirm that no one was in occupation at the time of our inspection.

We would strongly advise that your legal advisors confirm our understanding to be correct and to ensure that there are no further elements, restrictions or charges contained which are likely to have a detrimental effect upon the valuations as herein reported.

13.1 Third Party Rights

We have assumed that no third parties enjoy any rights over the subject property other than those listed above. Your solicitors should confirm that there are no onerous restrictions or obligations as part of the due diligence process.

14.0 THE BUSINESS

14.1 The property is currently run as a vineyard producing Chardonnay, Pinot Noir and Pinot Meunier grapes for sale to local wineries. The vines were planted in 2006 and are now reaching maturity in terms of yield. These grapes are suitable varieties to produce sparkling wine and are amongst the most popular grapes grown in the south of England today.

14.2 Present Trading Business

There has been a limited trading business at the vineyard and Mr Walgate informed us that thiswas originally planted in 2006. As vines normally take between three and seven years to reach maturity we would expect the vines on site to be fruiting at near to mature levels at this stage. Due to the lack of vine management over recent years we are of the opinion that mature levels have yet to be met. We understand from Mr Walgate that it is hoped that the vines will produce at least circa 3 tonnes per acre in an average year.

We have been provided with the harvest data for the October 2009 to 2011 harvests which shows the following:

Kg	**2009**	**2010**	**2011**
Red	6,035.5	12,079.05	3,531
White	5,851	9,290.3	5,930
Total Harvest	11,886.5	21,369.35	9,461
Harvest per acre	1,154	2,075	919
Harvest per acres (tonnes)	1.15	2.07	0.92

Whilst the 2011 harvest was low, 2011 was not a good year for the grape harvest with wine yields nationally down to 18.75 hectolitres from a high of 27.73 the previous year. Also the vines are unlikely to have been fully mature due to the time since planting and the lack of active management. We would anticipate the grape harvest to recover marginally in 2012 provided that the weather conditions are favourable. The 2012 harvest has however already been affected by poor weather conditions and these conditions may also have an effect on the 2013 harvest.

We are informed by Mr Walgate that once maturely trading he anticipates the vineyard producing income equivalent to £2,000 per tonne on the harvest of 3 tonnes per acre on average over 10.3 acres. This would give an annual income of £61,800 per annum. He has also indicated that he expects running costs to be in the region of £2000 per acre per annum, totalling £20,600 per annum. This would give a profit of £41,200 per annum.

We believe that the market is likely to take a more conservative view of maintenance costs at £2500 per acre per annum and grape price at £1800 per tonne, with an average grape yield of 3.2 tonnes per acre based on industry standards. This produces a fair maintainable operating profit of £33,578 per annum. This assumes that the projections on income and expenditure are met and that no additional planting of vines takes place.

However as accounts to March 2012 are not available, the vineyard is not yet mature and we have not been provided with detailed projections to March 2013 and beyond we have not relied on the profits method to value the property.

15.0 MACRO ECONOMIC AND PROPERTY MARKET OVERVIEW

15.1 Economic Background (Savills Economic Brief)

- Recent global market turmoil, through the second quarter of this year, has resulted in the equity market showing a total return of -1.4%. In comparison, the property market has shown a 1.2% total return and gilts leading with a 4.2% return.
- The current expectation for UK GDP is around 0.3% for this year and recovering strongly to 1.6% for 2013.
- According to Nationwide, the price of a typical house fell 0.6% in June. This was attributable to the weakness of the UK economy and the end of the stamp duty holiday in March, which provided a boost for the market early in the year. The annual decline in mainstream prices now stands at 1.5%, the sharpest decline in almost three years.

15.2 Commercial Property Market (Savills Commercial Market in Minutes May 2012)

- Last month's hope that there was a flicker of change on the horizon for prime yields did materialise. However, this was confined to prime Regional Hotels which saw a 25bps softening to 7%.
- High Street Retail prime yields are one of the few sectors where recent evidence exists that support prime yields at 4.75%. For some ultra prime retail markets such as Bond Street and Oxford Street record yields have been achieved at 3% and 4% respectively.
- Despite the ongoing Euro crisis, there has been little impact on prime yields. With this still to be fully resolved we suspect that prime yield stagnation will remain during 2012.

15.3 Economic Background From the RICS Chartbook July 2012

Growth expectations are continuing to be scaled back as the gloom surrounding the euro crisis deepens. Even the Bank of England has admitted to ripping up its recently crafted forecast with Sir Mervyn King acknowledging to be ‘very struck by how much has changed’ over the past six weeks. As it happens, RICS lowered its projection for the economy this year to a miserly 0.3% back in May so for the time being we are ‘happy’ to sit on our hands. In truth, in the current environment where visibility on developments regarding the single currency is so limited, forecasts are barely worth the paper they are written on.

What does appear clear is the imminence of another round of quantitative easing from the monetary authorities. The last MPC meeting produced a 5 to 4 vote to hold fire for the time being but since then, activity has been mixed at best and inflation has eased more than was expected. It may be that the ‘steady’ 5 will stick together in July, but our suspicion is that at least one of the group will peel away to support the Governor in his desire to do more. If we are right in this, another £50bn of gilt purchases is likely to be sanctioned. Arguably, the bigger question is whether this addition to the programme will result in any real benefits for the economy.

Bank of England research last autumn concluded that the £200bn of assets purchased until that point had raised the level of real GDP by between 1.5 and 2%. We were and still are supportive of the scheme although have some doubts as to whether the impact on the economy has been quite so

significant. In any event, it is improbable that the forthcoming ‘bang for buck’ can be anywhere near as large when gilt yields are already tracking down to the 1.5% area. Channelling this funding directly into the construction and housing sectors would, in our view, generate a more meaningful boost for an economy desperately in need of a driver.

There is certainly precious little comfort to be derived from the real estate sector at present. The latest RICS Housing Market Survey showed a worsening trend in price expectations with the agreed sales net balance painting its second consecutive negative reading. Meanwhile, data from the British Bankers’ Association indicate that the number of mortgage approvals for house purchase in May slipped to its lowest level in more than a year.

HMRC figures suggest that the total volume of transactions in the first five months of the year amounted to 390k. Although this run rate, if sustained, would beat our forecast of 890k for the whole year, the loss of momentum post the expiry of the stamp duty holiday means that we are still reasonably confident in our number.

Meanwhile, the April reading on construction output from the Office of National Statistics suggests no speedy rebound from the very weak first quarter number is likely. For various reasons, we are a little sceptical that output from the construction sector actually dropped 5% in the early part of the year but whatever the extent of the pullback, sentiment still remains fairly flat.

This also remains the case in the commercial property market. The second quarter RICS Commercial Property Market Survey continues to contrast the mood in the capital, particularly central London, with the rest of the country.

On the basis of our findings, we suspect that the headline rent and capital value numbers produced by IPD are likely to continue to slip back, albeit very modestly, through the second half of the year.

15.4 Vineyard Market Conditions

Facts and figures (Source: Defra, May 2012)

- The UK currently has about 419 registered vineyards accounting for 1384 hectares of planted vines. However only 1208 hectares are currently in production as newly planted vines only become commercially productive after 3 years. Currently the UK vine area is expanding rapidly, by well over 10% P/A.
- Chardonnay, Pinot Noir, and Bacchus are the top three varieties planted in the UK and together make up almost half of all vine varieties planted.
- The UK is currently the second largest importer of wine in the world. Imports of wine in 2010 had a value of nearly £3bn, while exports of wine – primarily wine imported from outside the EU, bottled here and exported to Europe had a value of £425m.
- The UK has a long trade association with fine wines and many of the world's leading traders in this commodity are based in the UK. The UK is the principal export market for many countries in addition to products such as Champagne and Port.

The UK remains the world's largest market for imported wine and consumption is still growing. Trends show a polarization between high and low spending consumer segments and until recently a growth in rose and Prosecco consumption. Wine intelligence figures from May 2011 show a slide in Pinot Grigio, Prosecco and Australian and French wine consumption. Latest percentages show a 46% share for red wine, 39% for white wine and 14% for rose. However, although a major consumer the UK remains a minor producer with English and Welsh wine sales only accounting for around 1% of the domestic market.

Indications are that sparkling wine has now become the most widely produced UK wine style. English Wine Producers statistics based on a five year average split, suggest that 21% production is of red wine and 79% of white. The average yield per hectare is 20.78 hectolitres.

The market for vineyards is very small, with open market transactions not often taking place in the UK. There are approximately 380 vineyards in England and Wales, with the majority located in southern England. The majority of these are small in scale, being less than 5 acres, with a total of around 950 hectares (2,347 acres) in production across England and Wales. There are approximately 25 vineyards which are considered large in the UK, the largest being Denbies in Dorking which has around 265 acres of vines under cultivation.

There are around 110 wineries in the UK. The number of bottles produced by English wineries jumped from 1.34 million in 2008 to 3.17 million in 2009, according to official figures released by English Wine Producers and the 2010 harvest was announced as the highest production figures on record. The number of bottles produced is likely to carry on increasing, because last year the amount of farmland dedicated to growing grapes increased to 3,000 acres, up from 2,150 a decade ago. The extra vines have been mostly planted by, or by suppliers of, two of the biggest producers, Chapel Down (Kent) and Nyetimber (West Sussex). Waitrose also started planting Chardonnay, Pinot Noir and Pinot Meunier grapes – classic varieties used by Champagne producers – at its Leckford estate in Hampshire.

Smaller vineyards are often operated as a hobby, by wine enthusiasts and do not necessarily produce a profit. The more successful vineyards tend to be operated commercially by individuals who are very experienced in viticulture.

Some vineyards have diversified and expanded their business of wine production to include carrying out organised tours, tastings, restaurants, shops and plant centres.

Viticulture is classified as an agricultural business and vineyard properties reach the market in varying conditions. The value of a commercially driven vineyard may vary with the location, quality and age of the vine, layout, arrangement and orientation of the vines. They tend to be of interest to local entrepreneurs, wine enthusiasts and lifestyle buyers. In many cases however, buyers are not commercially driven and are seeking a rural property with a house, the vineyard and winery being attractive but incidental to the principal aim of the purchaser. Bearing all the above in mind, the market for UK based vineyards cannot be described as mature.

We are aware of the marketing of the nearby Southlands Valley Vineyard at West Chiltington. It has been on the market since January 2011 and is being offered at a reduced price of £100,000 from £145,000. It comprises circa 3 acres of vines and 2 acres of grassed area suitable for further planting or as paddock land. The site has a south facing aspect on fertile lower greensand soil. There is also a timber store on site. The site extends to 5 acres, of which 3 acres is planted with vines. The price equates to £8,000 per acre for the paddock land and £28,000 per acre for the planted area. The property is as yet unsold but the agents feel this is due to the vineyard being too small to be commercially viable.

We have also noted the following vineyards currently on the market although we note that these are being marketed with the emphasis on the residential accommodation rather than the business and have much smaller areas of vines and facilities in comparison.

- Old Luxters, Hambleden, Henley-on-Thames, asking price £3,500,000, farmhouse, vineyard, winery and brewery were offered as a going concern, total 11,497 sq ft buildings, 2.47 acres vineyard planted 1982. The property was openly marketed for three years but has now been withdrawn from the market.
- Lansdowne, Shere, Surrey, asking price £2,500,000, 35 acres of vineyard, woodland and lake with planning permission for an 8,000 sq ft house, 9 acres of vines planted and a 5,000 sq ft winery. The property was originally offered at £2,850,000.
- Murlingden, Lamberhurst, Kent, original asking price £3,250,000, reduced to £2,950,000, 28 acres total with 23 acres of pasture land, a 6,021 sq ft early Victorian house, 400 bottles produced per annum from 0.5 acres of vines.
- Hastings, East Sussex, asking price £950,000, 16 acres total, 3 bedroom low energy bungalow, 12 acres of planted vines, agriculturally tied, winery, permission for a mobile home for vineyard worker. We have analysed this to reach a price per acre of £23,000.
- Adgestone, Isle of Wight, asking price £695,000, 10 acres, four bedroom house, winery, café, capacity to produce 20-25,000 bottles per annum.
- Highdown Vineyard, Littlehampton Road, Ferring, Worthing, sold 2009 £695,000, 3 bedroom detached farmhouse with agricultural tie, modern barn used as winery (incorporating shop, restaurant, store, bonded store and laboratory) and 10.41 acres majority of which is established vineyards. We have analysed this to reach a price per acre of vines of circa £24,000.
- Coddington Vineyard, Ledbury, asking price £1,200,000, 6 acres (2 acres of vines), 4 bedroom detached period house with annexe and brick barn, all recently refurbished. Modern winery and shop. Exchanged July 2012, price achieved – confidential.

16.0 APPROACH TO VALUATION

16.1 Current Market Value

We have reached our opinion of value combining three alternative bases of valuation. The principal basis is the comparable method of valuation which we have noted along side the marketing history of the property in order to arrive at our valuation.

We have adopted a rate of £20,000 per acre for the area planted with vines of 10.3 acres. This gives a value of £206,000. We have adopted a rate of £8000 per acre for the unplanted area as bare agricultural land of 2.8 acres. This gives a value of £22,400. These figures combined give a market value of **£228,400**.

We have then examined the marketing history of the property which shows the current competing bid of £350,000 and two further bids at £320,000. This would indicate that the market would pay a higher price than the value arrived at using the comparables method. This would give a market value of **£320,000**.

As a cross check on the above methods we have used the profits method. Since it has not been possible to analyse yields achieved by UK based commercial vineyards sold on the basis of their trading history, we have also analysed recent sales of other types of visitor attractions of a comparable scale. These indicate yield requirement parameters for commercial purchasers of 12.5% to 10% for the better properties, translating to multiples of 8 to 10 on achieved profits, with properties in secondary locations or with other drawbacks such as poor trading records or limited potential requiring higher yields and therefore lower multiples.

We have applied a yield of 12.5% yield (8 multiplier) to the Fair Maintainable Operating Profit (FMOP) of £33,578 per annum to give a value of £268,624. We have discounted this figure back by 18 months at 7% per annum to achievement which provides a market value of £242,700. To this figure we have added the unplanted land value of £22,400 to reach a value of **£265,100**.

In addition we have considered the opportunity cost to the business of purchasing alternative land and establishing a new vineyard. We have calculated this as follows:-

Item	**Acres**	**Cost per Acre**	**Total Cost**
Land Cost	13.1	£8,000	£104,800
Establishment Cost	10.3	£12,000	£123,600
Maintenance Cost per annum	10.3	£2,500	£25,750
Combined Cost			£305,650
Time allowed for purchasing land (years)			1
Time from planting to first harvest (years)			3
Finance Rate			5%
Interest			£66,020
Total cost including interest			**£371,670**

This method provides some support for an acquisition at the proposed price of £360,000 although is not well supported by comparable sales. Please note that we have assumed that no wine stock passes with the purchase.

As a further check we have taken into consideration the value of the land in strategic terms to Shellproof Wines Limited and the opportunity cost of purchasing alternative land close to the winery. The company is in the process of signing a Farm Business Tenancy on 27 acres of land ¼ mile away in order to plant further vines and are also in negotiations to lease a former dairy ¼ mile away to convert into a winery to process the grapes grown both on the subject site and the FBT land. This affords them an element of special purchaser, reducing transport costs and travel time which in turn will ensure the grapes reach the winery as soon as possible. This would justify them paying a premium of circa 10% in order to secure the site. At say a 10% premium above our valuation on the basis above, the actual price proposed of **£360,000** is reached.

Bearing the above in mind we consider that a market value is in the order of £330,000 but that scarcity and special purchaser requirements and benefits may make a purchase or acquisition at up to £370,000 prudent.

A note of the calculation is available upon request.

The value of this type of property is often related to its trading potential and achieved results. In view of the importance which the market for such properties may attach to trade results actually achieved and future potential it should be noted that in the event of future change in trading potential or actual level of trade the market value for existing use may vary.

It should be noted that the market for properties of this type is extremely restricted with only a small number of open market transactions taking place at any one time. This has the effect of limiting up to date evidence of comparable transactions which can act as a guide to value.

16.2 Valuation Certainty

- The valuation is subject to more uncertainty than usual due to the lack of closely comparable transactions and the lack of a mature market for commercially trading vineyard properties in the UK. Further the valuation relies to some extent upon the market's perception of the achievability of the forward budget projections. Our valuation assumes that these would be regarded as reasonable within the risk parameters contained within the yield requirements applied.

- Any significant departure from the projections of Fair Maintainable Operating Profit may make a review of our valuation prudent.
- Bearing the above in mind the tolerances contained within the valuation assessment are likely to be significantly greater than the standard 10% normally applied.

17.0 VALUATION

17.1 Fraud Caveat

Our valuation is based on market evidence which has come into our possession from numerous sources. That from other agents and valuers is given in good faith but without liability. It is often only provided in verbal form. Some comes from data bases such as the Land Registry or computer data bases to which we subscribe. In all cases, other than where we have had a direct involvement in the transaction, we are unable to warrant that the information on which we have relied is correct although we believe it to be so.

As part of our research process we endeavour to discover the existence and nature of any recent transaction or the provisionally agreed price. We consider the extent to which the property was marketed, the effect of any incentives and whether the price realised was the best price obtainable. All this information is included in our valuation report. In the event that no such information is found, but that it subsequently comes to light (for example through the clients due diligence) we reserve the right to review our opinion as to value.

17.2 Market Value

Having carefully considered the property as described above we are of the opinion that the current value, on the basis specified below, of the Freehold interest with the benefit of full vacant possession is

£330,000
(THREE HUNDRED AND THIRTY THOUSAND POUNDS)

on the basis of the various specific and general assumptions referred to in the text of this report

- That the property will be maintained in good condition with all necessary furniture, furnishings, fittings, fixtures and equipment.
- That the property will trade and continue to trade with all relevant and required permissions, licences, consents and permits
- That the trading performance will be in accordance with the forward projections adjusted as set out in this report.

We consider that a period of up to 9 months is a reasonable period within which to negotiate completion of a sale by private treaty of the property at the level of our valuation, taking into account the nature of the property and the state of the market.

17.3 Capital Allowances

In undertaking our valuation we have not taken into account the value (if any) of any Capital Allowances.

18.0 STANDARD CONDITIONS AND ASSUMPTIONS

18.1 Standard Conditions

Our valuation has been carried out on the basis of the following standard conditions:

1. We have made no allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the property.
2. Our valuation is exclusive of VAT (if applicable).
3. No allowance has been made for any expenses of realisation.
4. That inspection of those parts which have not been inspected, or a survey inspection would not reveal material defects or cause the valuer to alter the valuation materially.
5. Excluded from our valuation is any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupier.

6. No allowance has been made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and it has been assumed that all fixed plant and machinery and the installation thereof complies with the relevant UK and EU legislation.

7. Our valuation is based on market evidence which has come into our possession from numerous sources. That from other agents and valuers is given in good faith but without liability. It is often provided in verbal form. Some comes from databases such as the Land Registry or computer databases to which Savills subscribes. In all cases, other than where we have had a direct involvement with the transactions, we are unable to warrant that the information on which we have relied is correct although we believe it to be so.

18.2 General Assumptions

Our valuation has been carried out on the basis of the following Assumptions. Unless it is made apparent by our express statement to the contrary, in the report, we will have been under no duty to have verified these assumptions. If any of them are subsequently found not to be valid, we may wish to review our valuation, as there may be an impact on it.

1. That the Freehold interest is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and good title to be shown. Should there be any mortgages or charges, we have assumed that the property would be sold free of them. We have not inspected the Title Deeds or Land Registry Certificate.

2. That we have been supplied with all information likely to have an effect on the value of the property, and that the information supplied to us and summarised in this report is both complete and correct.

3. That the building including extensions or alterations has been constructed and is used in accordance with valid planning permissions, all statutory and bye-law requirements, and that there are no breaches of planning control. Likewise, that any future construction or use will be lawful (other than those points referred to above).

4. That the property is not adversely affected, nor is likely to become adversely affected, by any highway, town planning or other schemes or proposals, and that there are no matters adversely affecting value that might be revealed by a local search, replies to usual enquiries, or by any statutory notice (other than those points referred to above) and that its condition, its use or intended use is not or will not be unlawful.

5. That any building is structurally sound, and that the services operate efficiently. That there are no structural, latent or other material defects, including rot and inherently dangerous or unsuitable materials or techniques, whether in parts of the building we have inspected or not, that would cause us to make allowance by way of capital repair or materially alter our valuation. Our inspection of the property and this report do not constitute a building survey.

6. That the property is connected, or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage except where otherwise stated in this report.

7. That in the construction or alteration of the building no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, woodwool slabs used as permanent shuttering and the like (other than those points referred to above) and that it is not on landfilled ground. We have not carried out any investigations into these matters.

8. That sewers, main services and roads giving access to the property have been adopted.

9. In cases where properties lie within or close to a flood plain or have a history of flooding our valuation assumes that building insurance is available without payment of an excessive premium or excess.

10. That vacant possession is provided.

11. We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative uses have ever been carried out in the property. We have not carried out any investigation into past or present uses, either of the property or of any neighbouring land, to establish whether there is any potential for contamination to the subject property from these uses or sites, and have therefore assumed that none exists. However, should it be established subsequently that contamination exists at the property or on any neighbouring

land, or that the premises have been or are being put to a contaminative use, this might reduce the values reported.

19.0 VERIFICATION

This report contains many assumptions, some of a general and some of specific nature. Our valuation is based on certain information supplied to us by others. Some information we consider material may not have been provided to us. All of these matters are referred to in the relevant sections of the report.

We recommend that you satisfy yourself on all these points either by verification of individual points or by judgement of the relevance of each particular point in the context of the purpose of our valuations. Our valuations should not be relied upon pending this verification process.

20.0 CONFIDENTIALITY

Finally, in accordance with the recommendations of the RICS, we would state that this report is provided solely for the purpose stated above. It is confidential to and for the use only of the party to whom it is addressed, and no responsibility is accepted to any third party for the whole or any part of its contents. Any such parties rely upon this report at their own risk. Neither the whole nor any part of this report or any reference hereto may be included now, or at any time in the future, in any published document, circular or statement, or published, in any way without our written approval of the form and context in which it may appear.

Yours faithfully
For and on behalf of Savills Advisory Services Limited

Alan Plumb FRICS	**James Higham MRICS**	**Abi Goodwin MRICS**
Director	Associate	Surveyor
RICS Registered Valuer	RICS Registered Valuer	RICS Registered Valuer
Savills Advisory Services Limited	Savills Advisory Services Limited	Savills Advisory Services Limited

PART IV

ADDITIONAL INFORMATION

1. RESPONSIBILITY

To the best of the knowledge of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and makes no omission likely to affect the import of such information. The Directors, whose names, functions and business addresses are set out on page 5 of this document, accept responsibility for the information contained in this document.

2. SHELLPROOF PLC

2.1 Incorporation

(a) Shellproof PLC was incorporated in England and Wales on 24 September 2012 with registered number 08225727 as a public company with limited liability under the Act.

(b) Shellproof PLC will be, following the Merger, the holding company of the following significant subsidiary companies:

Company No.	*Company Name*	*Country of Incorporation*	*Percentage of Ownership*
07665948	Shellproof Wines Limited	United Kingdom	100

The registered office of Shellproof PLC is 7 Cowley Street, London SW1P 3NB.

(c) The principal activity of the Enlarged Group will be the production, sale and distribution of English sparkling wine. There are no exceptional factors that have influenced the Enlarged Group's activities.

2.2 Share Capital and interests

(a) Shellproof PLC was incorporated with an issued share capital of £50,000 represented by 1 ordinary share of £0.50 and 99,999 redeemable preference shares of £0.50 each. No alterations in the issued share capital of Shellproof PLC have taken place since incorporation.

(b) The issued share capital of Shellproof PLC as at the date of this document is set out below:

	Issued
Ordinary shares of £0.50 each	1
Redeemable preference shares of £0.50 each	99,999

(c) Since incorporation no capital of Shellproof PLC has been allotted for cash or for a consideration other than cash.

(d) Save for the grant of options under appropriate share option schemes to be developed to incentivise senior employees (as further described in paragraph 7 of Part I of this document), no capital of Shellproof PLC is proposed to be issued or is under option or is agreed conditionally or unconditionally to be put under option.

(e) The Company passed resolutions at a general meeting on 8 October 2012 to:

(i) authorise the Directors generally and unconditionally to exercise all the powers of the Company to allot equity securities (within the meaning of section 560 of the Act) up to a maximum nominal amount of £4,000,000 provided that the authority shall expire immediately following admission of the entire issued share capital of the Company to trading on the Alternative Investment Market, save that the Company before that date may make offers or agreements which would or might require relevant securities to be allotted after that date and to enable the directors to allot relevant securities in pursuance of those offers or agreements as if the authority conferred by them had not expired;

(ii) authorise the Directors, such authority to expire immediately following admission of the entire issued share capital of the Company to trading on the Alternative Investment Market, to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority referred to in paragraph 2.2(e) (i) above as if section 561 of the Act did not apply to that allotment, the power being limited to an aggregate nominal amount of £4,000,000;

(iii) authorise, with effect from the admission of the entire issued share capital of the Company to trading on the Alternative Investment Market, the Directors generally and unconditionally to exercise all the powers of the Company to allot equity securities (within the meaning of section 560 of the Act) up to a maximum nominal amount of £1,333,333 provided that the authority shall expire on the date of the Company's next annual general meeting or, if earlier, the date 18 months after the passing of the resolution, save that the Company before that date may make offers or agreements which would or might require relevant securities to be allotted after that date and to enable the directors to allot relevant securities in pursuance of those offers or agreements as if the authority conferred by them had not expired; and

(iv) authorise, with effect from the admission of the entire issued share capital of the Company to trading on the Alternative Investment Market, the Directors until the date of the Company's next annual general meeting or, if earlier, the date 18 months after the passing of the resolution, to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority referred to in paragraph 2.2(e)(iii) above as if section 561 of the Act did not apply to that allotment, the power being limited to an aggregate nominal amount of £400,000.

3. DIRECTORS AND DIRECTORS' INTERESTS

3.1 The current directorships and partnerships of the Directors and the directorships and partnerships held by them over the previous five years are as follows:

Name	*Directorships and Partnerships*
Andrew Stephen Wilson	**Current** WeAre 2020 PLC SUSD Asset Management (Holdings) Limited Impellam Group PLC Restore PLC Political Investments Limited Political Holdings Limited Best Publishing Ever International Limited SUSD Limited Dods (Group) plc TLA Worldwide plc Shellproof Wines Limited Seashell Group Limited Shellshock Limited Global Health Partner Limited London Town plc (in Administration) Strand Partners Limited
	Previous Calibre Sports Group Limited Artefact Partners Global Opportunities Fund Limited B.P. Balkans Pluto (Cyprus) Limited LT Pub Management PLC Watford Association Football Club Limited (The) Watford Leisure Limited The Corporate Services Group Limited Wraith Limited Anne Street Partners Limited Digital Marketing Group Services Limited Global Health Partner UK Limited GRS Pub Investments Limited GRS Pubs Limited Jolie Investments Limited Retail Merchant Group Limited Access Hire Nationwide Limited Strand Associates Limited Bawley Associated Limited Bruce Oldfield Studio Limited Priory Investments Holdings Limited

Name	*Directorships and Partnerships*
Benjamin James Walgate	**Current** Shellproof Wines Limited **Previous** Festival Wines Limited
Ian George Robinson	**Current** Flooved Ltd E Text Books Limited Political Holdings Limited Shellproof Wines Limited SUSD Limited SUSD Asset Management (Holdings) Limited Best Publishing Ever International Limited LT Pub Management plc Bearwood Corporate Services Limited Strand Associates Limited Draught Development Inn Portfolio Anne Street Partners Limited London Town Developments Limited London Town Pubs Limited London Town plc (In Administration) LT Pub Leasing Limited LT Pub Support Services Limited GRS Inns Limited GRS Pub Investments Limited Digital Marketing Group Services Limited LT Management Services Limited GRS Pubs Limited **Previous** WeAre 2020 plc Calibre Sports Group Limited

3.2 Andrew Wilson and Ian Robinson were both directors of London Town plc, a pub owner and operator, when it was placed into administration on 19 February 2010. In common with other companies in this sector, the business had experienced difficult trading conditions and had been unable to meet its debt covenants and other obligations. As a result London Town plc was placed into administration as part of a financial restructuring of the group.

3.3 None of the Directors:

1. is, save as disclosed in 3.1 or 3.2 above, currently a director of a company or a partner in a partnership or has been a director of a company or a partner in a partnership within the five years immediately preceding the date of this document; or
2. has any unspent convictions for any indictable offences or has been declared bankrupt or has made any voluntary arrangement with his creditors; or
3. has been a director of a company at the time of or within the twelve months preceding any receivership, compulsory liquidation, creditors voluntary liquidation, administration or voluntary arrangement of that company or any composition or arrangement with its creditors generally or any class of creditors; or
4. has been a partner in a partnership at the time of or within the twelve months preceding any compulsory liquidation, administration or voluntary arrangement of that partnership; or
5. has had any asset which has been subject to receivership or has been a partner in a partnership at the time of or within the twelve months preceding an asset of the partnership being subject to a receivership; or
6. has been subject of any public criticisms by any statutory or regulatory authorities or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

3.3 The interests of the Directors, all of which are beneficial save where otherwise stated, in the securities of the Company as at 8 October 2012 (the last practicable date prior to the publication of this document) and on completion of the Merger are as follows:

Director	Number of Shellproof Limited Shares as at the date of this document	Percentage of issued share capital as at the date of this document	Number of Shellproof PLC Shares on completion of the Merger	Percentage of issued share capital on completion of the Merger
Andrew Stephen Wilson	0	0.0%	0	0.0%
Ian George Robinson	46,442	0.58%	46,442	0.58%
Benjamin James Walgate	0	0.0%	0	0.0%

3.4 Following completion of the Merger, no persons other than those set out below (other than the Directors whose interests are set out in paragraph 3.3 above and as set out below), will be interested, directly or indirectly, in 3 per cent. or more of Shellproof PLC's issued share capital:

	Shellproof PLC Shares	Percentage
Lord Ashcroft KCMG PC	6,093,616	76.2

3.5 No Director or any member of a Director's family has a related financial product referenced to Shellproof PLC Shares.

3.6 Save as disclosed in this document and so far as the Directors are aware, there are no persons who, directly or indirectly, jointly or severally, exercise or could exercise control over Shellproof PLC.

4. UK TAXATION

4.1 General

The following statements are intended to apply only as a general guide to current UK tax law and to the current practice of HM Revenue & Customs and are not a substitute for prospective subscribers obtaining individual advice from their tax advisers. They are intended to apply only to shareholders who are resident or ordinarily resident in the UK and UK domiciled for UK tax purposes, who hold the Shellproof PLC Shares as investments and who are the beneficial owners of the Shellproof PLC Shares. The statements may not apply to certain classes of shareholder such as dealers in securities. Prospective subscribers for or purchasers of Shellproof PLC Shares, in particular, those who are in any doubt as to their tax position regarding the acquisition, ownership and disposition of the Shellproof PLC Shares or who are subject to tax in a jurisdiction other than the UK should consult their own tax advisers.

4.2 Dividends

Under current UK tax law, the Company will not be required to withhold tax at source from dividend payments it makes.

1. **Individuals**

An individual shareholder who is resident in the UK for tax purposes and who receives a dividend from the Company will be entitled to a notional tax credit which may be set off against his total income tax liability on the dividend. Such an individual shareholder's liability to income tax is calculated on the aggregate of the dividend and the tax credit (the gross dividend) which will be regarded as the top slice of the individual's income. The tax credit will be equal to 10 per cent. of the "gross dividend" (i.e. the tax credit will be one-ninth of the amount of the dividend).

Generally, a UK resident individual shareholder who is not liable to income tax in respect of the gross dividend will not be entitled to any credit for or any repayment from HM Revenue and Customs in respect of any part of the tax credit. A UK resident shareholder who is liable to income tax at the lower or basic rate will be subject to income tax on the dividend at the rate of 10 per cent. of the gross dividend so that the tax credit will satisfy in full such shareholder's liability to income tax on the dividend. A UK resident individual shareholder liable to income tax at the two higher rates will be subject to income tax on the gross dividend at 32.5 per cent. and 42.5 per cent. respectively but will be able to set the tax credit off against part of this liability. The effect of that set off of the tax credit is that such a shareholder will have to account for additional tax equal to 22.5 per cent. and 32.5 per cent. respectively of the gross dividend.

2. **Companies**

A corporate shareholder resident in the UK for tax purposes will not normally be subject to corporation tax on any dividend received from the Company. Such corporate shareholders will not be entitled to any credit or payment from HM Revenue and Customs in respect of the tax credit attaching to any dividend paid by the Company.

3. **Non-residents**

Shareholders resident outside the UK will not generally be entitled to any credit or payment from HM Revenue & Customs in respect of the tax credit attaching to any dividend paid by the Company.

4. **Pension Funds**

UK pension funds will not be entitled to any credit or payment from HM Revenue and Customs in respect of the tax credit attaching to any dividend paid by the Company.

4.3 Capital Gains

A disposal of Shellproof PLC Shares by a shareholder who is either resident or ordinarily resident in the UK for tax purposes, or is not UK resident but carries on a trade, profession or vocation in the UK through a permanent establishment, branch or agency and has used, held or acquired the Shellproof PLC Shares for the purposes of such trade, profession or vocation or such permanent establishment, branch or agency, may, depending on the shareholder's circumstances and subject to any available exemption or relief, give rise to a chargeable gain or an allowable loss for the purposes of the taxation of capital gains. A shareholder who is an individual and who has, on or after 17th March, 1998, ceased to be resident or ordinarily resident in the UK for tax purposes for a period of less than five years and who disposes of the Shellproof PLC Shares during that period may also be liable on his return to the UK to any tax on any capital gain realised (subject to any available exemption or relief).

The Directors have been advised that the proposals which are being effected by the Merger should not be treated as a disposal by existing UK resident or ordinary resident shareholders of Shellproof Limited, and no liability to UK capital gains tax should arise as a result of the proposals. The Shellproof PLC Shares received should be treated as the same asset and as having been acquired at the same time for the same consideration as the Shellproof Limited Shares from which they have been derived.

UK tax resident shareholders of Shellproof Limited who will not hold (either alone or together with connected persons) more than 5% of, or of any class of, shares in Shellproof PLC should obtain a "rollover" relief in respect of the issue of Shellproof PLC Share to them.

UK tax resident shareholders of Shellproof Limited who will hold (either alone or together with connected persons) more that 5% of, or any class of, shares in Shellproof PLC will be eligible for the above treatment only if the proposals are carried out for bona fide commercial reasons and do not form part of a scheme or arrangement of which the main purpose, or one of the main purposes, is avoidance of a liability to capital gains tax or corporation tax. If these conditions are not met, such a shareholder may be treated as having made a disposal which may, depending on individual circumstances, give rise to a chargeable gain or allowable loss for capital gains tax purposes. Clearance has been sought and obtained from HMRC that the proposals will be implemented for bona fide commercial reasons and do not form part of a scheme or arrangement of which the main purpose, or one of the main purposes, is avoidance of a liability to capital gains tax or corporation tax.

4.4 Stamp duty and stamp duty reserve tax

In relation to the shares being issued by Shellproof PLC, no liability to stamp duty or stamp duty reserve tax (SDRT) will arise on the issue of, or on the issue of definitive share certificates in respect of, such shares by Shellproof PLC, save in specific circumstances as set out below.

The conveyance or transfer on sale of the Shellproof PLC Shares outside the CREST system will generally be subject to ad valorem stamp duty on the instrument of transfer at the rate of 0.5 per cent. of the amount or value of the consideration given (rounded up to the nearest £5). Stamp duty is normally the liability of the purchaser or transferee of the Shellproof PLC Shares. An unconditional agreement to transfer Shellproof PLC Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration for the Shellproof PLC Shares. However, where within six years of the date of the agreement, an instrument of transfer is executed and duly stamped, the SDRT liability will be cancelled and any SDRT which has been paid will be repaid. SDRT is normally the liability of the purchaser or transferee of the Shellproof PLC Shares.

Where Shellproof PLC Shares are issued or transferred (a) to, or to a nominee for, a person whose business is or includes the provision of clearance services or (b) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts, stamp duty (in the case of a transfer only to such persons) or SDRT may be payable at a rate of 1.5 per cent. of the amount or value of the consideration payable or, in certain circumstances, the value of the Shellproof PLC Shares or, in the case of an issue to such persons, the issue price of the Shellproof PLC Shares. Clearance service providers may opt, under certain circumstances, for the normal rates of stamp duty and SDRT to apply to an issue or transfer of Shellproof PLC Shares into, and to transactions within, the service instead of the higher rate applying to an issue or transfer of the Shellproof PLC Shares into the clearance system and the exemption for dealings in the Shellproof PLC Shares whilst in the system.

Under the CREST system for paperless share transfers, deposits of Shellproof PLC Shares into CREST will generally not be subject to stamp duty or SDRT unless such a transfer is made for a consideration in money or money's worth, in which case a liability to SDRT will arise usually at the rate of 0.5 per cent. of the value of the consideration given. Paperless transfers of Shellproof PLC Shares within CREST are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT from the purchaser of the Shellproof PLC Shares on relevant transactions settled within the system.

The above statements are intended as a general guide to the current position. Certain categories of person, including market makers, brokers, dealers and persons connected with depositary arrangements and clearance services, are not liable to stamp duty or SDRT and others may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

5. MEMORANDUM AND ARTICLES OF ASSOCIATION

5.1 Memorandum of Association

The Company’s Memorandum of Association contains no objects and consequently the objects of the Company are unlimited.

5.2 Articles of Association

The Articles of Association adopted on incorporation of the Company will continue to remain in force after Admission. The Articles of Association contain provisions, inter alia, to the following effect:

1. **Objects**

   The Articles of Association contain no specific restrictions on the Company’s objects and therefore, by virtue of section 31(1) of the Act, the Company’s objects are unrestricted.

2. **Voting rights**

   Subject to any special terms as to voting, upon which any shares may for the time being be held (as to which there are none at present except as regards the Redeemable Shares), on a show of hands every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly appointed representative shall have one vote (other than in the case of a proxy appointed by multiple members, who may have (on a show of hands) more than one vote) and on a poll every member present in person or by a representative or proxy shall have one vote for every ordinary share in the capital of the Company held by him. A proxy need not be a member of the Company.

3. **Rights attaching to the Redeemable Shares**

   The Redeemable Shares carry no right to a dividend or to participate in the profits or assets of the Company other than on a return of capital on winding-up, in which case, the assets of the Company available for distribution among the members will first be applied in repaying to the holder the amount paid up on the Redeemable Shares.

   Holders of the Redeemable Shares are not entitled to notice of or to vote at any general meeting of the Company unless a resolution is to be proposed at such a meeting to wind up the Company or which alters the rights attaching to the Redeemable Shares.

   The Company may redeem the Redeemable Shares at their nominal amount at any time.

4. **Variation of rights**

If at any time the capital of the Company is divided into different classes of shares (which it is not as at the date of this document except as regards the Redeemable Shares), all or any of the rights or privileges attached to any class of shares in the Company may be varied or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. At every such separate general meeting (except an adjourned meeting), the quorum shall be two persons holding or representing by proxy one-third in nominal value of the issued shares of that class.

5. **Alteration of capital**

The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of a larger nominal value and subdivide all or any of its shares into shares of a smaller nominal value.

Subject to and in accordance with the provisions of the Act, the Company may purchase its own shares (including any redeemable shares), provided that the Company shall not purchase any of its shares unless such purchase has been sanctioned by a special resolution passed at a separate meeting of the holders of any class of shares convertible into equity share capital of the Company.

6. **Transfer of shares**

A member may transfer all or any of his shares (1) in the case of certificated shares by instrument in writing in any usual or common form or in such other form as may be approved by the Directors and (2) in the case of uncertificated shares, through a relevant system in accordance with the Uncertificated Securities Regulations and the facilities and requirements of the relevant system concerned. The instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or on behalf of the transferee. The Directors may in their absolute discretion refuse to register a transfer of any share:

(i) held in certificated form which is not fully paid, provided that dealings in the shares are not prevented from taking place on an open and proper basis;

(ii) that is subject to a notice concerning the disclosure of interests (and certain circumstances apply); and

(iii) that is in favour of more than four persons jointly.

In the case of uncertificated shares the Directors may only refuse to register a transfer in accordance with the Uncertificated Securities Regulations. Subject to the above and to paragraph 7 below, the Articles of Association contain no restrictions on the free transferability of fully paid shares provided that the transfer is in respect of only one class of share and is accompanied by the share certificate and any other evidence of title required by the Directors and that the provisions in the Articles of Association relating to the deposit of instruments for transfer have been complied with.

7. **Dividends**

The Company may by ordinary resolution in general meeting declare dividends provided that no dividend shall be paid otherwise than out of profits and no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time pay such interim dividends as appear to the Directors to be justified.

Subject to the rights of persons, if any, holding shares with special dividend rights (as to which there are none at present except as regards the Redeemable Shares), all dividends shall be apportioned and paid pro rata according to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid or credited as paid in advance of calls shall be regarded as paid on shares for this purpose.

All dividends unclaimed for a period of 12 years after the payment date for such dividend shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company.

The Directors may, if authorised by an ordinary resolution of the Company, offer the holders of Ordinary Shares the right to elect to receive additional shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend. The Directors may at their discretion make the right to participate in any such elections subject to restrictions necessary or expedient to deal with legal, regulatory or other difficulties in respect of overseas shareholders.

8. **Suspension of rights**

If a member or any other person appearing to be interested in shares held by such shareholder has been duly served with notice under section 793 of the Act and is in default in supplying to the Company within 14 days (or such longer period as may be specified in such notice) the information thereby required, then (unless the Directors otherwise determine) such member shall not be entitled to vote or to exercise any right conferred by membership in relation to meetings of the Company in respect of the shares which are the subject of such notice. Where the holding represents more than 0.25 per cent. of the issued shares of that class (calculated exclusive of any treasury shares of that class), the payment of dividends may be withheld, and such member shall not be entitled to transfer such shares otherwise than by an arms length sale.

9. **Return of capital**

Subject to the provisions of the Act and any other relevant statutes and any special rights attached to any class of shares, on a winding-up or other return of capital, the holders of Ordinary Shares are entitled to share in any surplus assets pro rata to the amount paid up on their Ordinary Shares. A liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members in specie or in kind the whole or any part of the assets of the Company, those assets to be set at such value as he deems fair. A liquidator may, with the sanction of a special resolution, also vest the whole or any part of the assets of the Company in trustees on trusts for the benefit of the members.

10. **Pre-emption rights**

There are no rights of pre-emption under the Articles of Association in respect of transfers of issued Ordinary Shares. In certain circumstances, the Company's shareholders may have statutory pre-emption rights under the Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment by existing Shareholders on a pro rata basis before allotting them to other persons.

11. **Shareholder meetings**

Annual general meetings should be held in accordance with the Act. Other general meetings may be called whenever the Directors think fit or when the Act so requires. Two members present in person or by proxy (or, being a corporation, present by a duly authorised representative), at the meeting and entitled to vote shall be a quorum for all purposes.

Annual general meetings or a meeting at which it is proposed to pass a resolution requiring special notice are called on at least 21 days' notice in writing, exclusive of the day of which the notice is served or deemed to be served and of the day on which the meeting is to be held.

Other general meetings are to be called on 14 days' notice in writing exclusive of the day on which notice is served or deemed to be served and of the day on which the meeting is to be held. Notice is to be given to all members on the register at the close of business on a day determined by the Directors, such day being not more than 21 days before the day that the notice of meeting is sent.

The Company may specify in the notice of meeting a time, not more than 48 hours before the time fixed for the meeting, by which a person must be entered into the register in order to have the right to attend and vote at the meeting. In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and speak and vote instead of him/her, and that a proxy need not be a member.

12. **Directors**

Save as provided in the Articles of Association or by the terms of any authorisation given by the Directors, a Director shall not vote as a Director in respect of any contract, transaction or arrangement or proposed contract, transaction or arrangement or any other proposal whatsoever in which he (or any person connected with him) has any interest (otherwise than by virtue of an interest in shares or debentures or other securities of or otherwise in or through the Company) and which conflicts or may conflict with the interests of the Company and if he shall do so his vote shall not be counted, nor in relation thereto shall he be counted in the quorum present at the meeting.

The Directors may authorise a Director to be involved in a situation in which the Director has or may have a direct or indirect interest which conflicts or may conflict with the interests of the Company and may impose such terms or conditions on the grant of such authorisation as they think fit and in doing so will act in such a way, in good faith, as they consider will be most likely to promote the success of the Company.

A Director shall (in the absence of some other interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution relating to any of the following matters namely:

(i) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings; or

(ii) the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the Director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security; or

(iii) the granting of an indemnity or provision of funding pursuant to the Articles of Association unless the terms of such arrangement confer upon such director a benefit not generally available to any other Director; or

(iv) an offer of shares or 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 is to be or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate; or

(v) any other company in which he or any person connected with him is interested, directly or indirectly, and whether as an officer or shareholder or otherwise howsoever, provided that he and any persons connected with him are not to his knowledge the holder (otherwise than as a nominee for the Company or any of its subsidiary undertakings) of or beneficially interested in one per cent. or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of the relevant Article to be a material interest in all circumstances); or

(vi) an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or

(vii) the purchase and/or maintenance of any insurance policy for the benefit of the Directors or for the benefit of persons including the Directors.

Fees may be paid out of the funds of the Company to Directors who are not managing or executive Directors at such rates as the Directors may from time to time determine provided that such fees do not in the aggregate exceed the sum of £200,000 per annum (exclusive of value added tax if applicable) or such other figure as the Company may by ordinary resolution from time to time determine.

Any Director who devotes special attention to the business of the Company, or otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a director, may be paid such additional remuneration as the Directors or any committee authorised by the Directors may determine.

The Directors (including alternate directors) are entitled to be paid out of the funds of the Company all their travelling, hotel and other expenses properly incurred by them in connection with the business of the Company, including their expenses of travelling to and from meetings of the Directors, committee meetings or general meetings.

A Director may hold any other office or employment with the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No Director or intending director shall be disqualified by his office from entering into any contract, arrangement, transaction or proposal with the Company either with regard to his tenure of any other such office or employment, nor shall any such contract, arrangement, transaction or proposal or any contract, arrangement, transaction or proposal entered into by or on behalf of the Company in which any Director or any person connected with him is in any way interested (whether directly or indirectly) be liable to be avoided, nor shall any Director who enters into any such contract, arrangement, transaction or proposal or who is so interested be liable to account to the Company for any benefit realised from any such contract, arrangement, transaction or proposal by reason of such director holding that office or of the fiduciary relationship thereby established, if the director has disclosed his interest in accordance with the Act.

The remuneration and other terms and conditions of appointment of a Director appointed to any executive office or employment under the Company shall from time to time (without prejudice to the provisions of any agreement between him and the Company) be fixed by the Directors or by any committee appointed by the Directors, and may (without limitation) be by way of fixed salary, lump sum, commission on the dividends or profits of the Company (or of any other company in which the Company is interested) or other participation in any such profits or by any combination of such modes.

The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed at any other number shall be two.

13. **Restrictions on Borrowing Powers of Directors**

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 (if any) so as to secure (as regards subsidiaries so far as by such exercise they can secure) that the aggregate amount for the time being remaining undischarged of all moneys borrowed by the Group and for the time being owing to persons outside the Group shall not, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to the greater of three times the Adjusted Capital and Reserves (as defined in the Articles of Association). The certificate of the auditors of the Company for the time being as to the amount of the Adjusted Capital and Reserves (as defined in the Articles of Association) at any time shall be conclusive and binding upon all concerned.

6. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into or agreed by, (i) Shellproof PLC; or (ii) as they will be following the completion of the Merger, its subsidiaries; or (iii) Shellproof Limited and, pursuant to the Merger, will become the obligation of Shellproof PLC or another member of the Enlarged Group; during the two years preceding the date of this document and are or may be material:

1. **The Acquisition Agreement**

The Acquisition Agreement is a contract for sale of the Freehold Property and is to be acquired by Shellproof Wines for a purchase price of £350,000. Completion of the Acquisition is required to take place by 31 October 2012 but is expected to take place as soon as possible after Admission. Shellproof Wines is entitled to assign the benefit of the Acquisition Agreement.

2. **Articles of Merger**

An agreement dated 8 October 2012 between (1) Shellproof Limited and (2) the Company (the “Articles of Merger”) pursuant to which Shellproof Limited will merge with the Company in accordance with the provisions of Part VII of the IBCA so that the Company will be the surviving company resulting from the Merger (and Shellproof Limited will cease to exist) and all rights, properties, obligations and liabilities of Shellproof Limited will vest in the Company, subject to and in accordance with the terms of the Articles of Merger and the Merger Plan. The Merger will become effective on registration of the Articles of Merger with the Registrar of International Business Companies of Belize, which is currently expected to occur on or about 24 October 2012 (the “Merger Effective Date”). On the Merger Effective Date, the Shellproof Limited Shares will be treated as having been cancelled and Shellproof Limited Shareholders will receive one Shellproof PLC Share for every one Shellproof Limited Share held by them at 5.00 p.m. (Belize time) on the day immediately preceding the Merger Effective Date (subject to the Shellproof Limited Shareholders’ right to dissent to the terms of the Merger under Belizean law).

7. DIRECTORS' SERVICE AGREEMENTS

(a) Benjamin James Walgate has entered into a service agreement with the Company dated 8 October 2012 subject to termination upon 6 months' notice by either party. The agreement provides for an annual salary of £80,000 and a bonus, payable entirely at the discretion of the Company’s remuneration committee, of up to 40 per cent. of salary per annum.

(b) Anne Street Partners Limited, a company of which Ian George Robinson is a director, has entered into a letter with the Company dated 8 October 2012 governing the terms of appointment of Ian George Robinson as a non-executive director of the Company. The letter is subject to termination upon one month’s notice by either party. The agreement provides for an annual remuneration of £50,000 to be paid to Anne Street Partners Limited in respect of Ian’s appointment.

(c) Anne Street Partners Limited, a company of which Andrew Stephen Wilson is an employee, has entered into a letter with the Company dated 8 October 2012 governing the terms of appointment of Andrew Stephen Wilson as a non-executive director of the Company. The letter is subject to termination upon one month's notice by either party. The agreement provides for an annual remuneration of £20,000 to be paid to Anne Street Partners Limited in respect of Andrew's appointment.

(d) There are no service agreements in existence between the Directors and any member of the Enlarged Group which cannot be determined by the employing company without payment of compensation (other than statutory compensation) within one year.

8. WORKING CAPITAL

In the opinion of the Directors, having made due and careful enquiry, the working capital available to the Enlarged Group will from the date of Admission be sufficient for its present requirements (that is for at least twelve months from such date).

9. LITIGATION

There are no active, pending or threatened legal or arbitration proceedings against, or being brought by, any member of the Enlarged Group which are having or may have or have had during the 12 months preceding the date of this document, a significant effect on the Enlarged Group's financial position.

10. GENERAL INFORMATION

10.1 There are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Enlarged Group's business.

10.2 No persons (excluding professional advisers otherwise disclosed in this document and trade suppliers) have received, directly or indirectly, from Shellproof PLC in the 12 months preceding the date of this document and no persons have entered into contractual arrangements to receive, directly or indirectly, from Shellproof PLC on or after Admission:

1. fees totalling £10,000 or more;
2. securities in Shellproof PLC with a value of £10,000 or more; or
3. any other benefit with a value of £10,000 or more at the date of Admission.

10.3 The Nominated Adviser, Capita Registrars and Savills Advisory Services Limited have given and not withdrawn their respective written consent to the issue of this document with the inclusion of the references to their respective names in the form and context in which they appear.

10.4 Copies of this document and the Circular will be available free of charge at the offices of Cenkos Securities plc, 6.7.8 Tokenhouse Yard, London EC2R 7AS during normal business hours on any weekday (Saturday, Sunday and public holidays excepted) for at least one month from the date of Admission in accordance with Rule 3 of the AIM Rules.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection, during normal business hours, on any weekday (Saturdays and public holidays excepted) at the offices of Cenkos Securities 6.7.8 Tokenhouse Yard, London EC2R 7AS until Admission:

1. the Memorandum and Articles of Association of the Company;
2. the material contracts referred to in paragraph 6 above;
3. the Circular;
4. the Merger Plan and the IBCA; and
5. the consent letters referred to in paragraph 10.3 above.

Dated 10 October 2012