

SEPARATOR SHEET

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WINE WORLD LONDON PLC



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COMPANIES HOUSE 17/06/98

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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the contents of this Prospectus or as to the action you should take, you should immediately consult your stockbroker, solicitor, accountant or other financial advisor under the Financial Services Act 1986.

The Directors of Wineworld London plc, whose names appear on page 6, accept responsibility for the contents of this Prospectus. To the best of the knowledge and belief of such Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

A copy of this Prospectus, which has been drawn up in accordance with the Public Offers of Securities Regulations 1995 (the "Regulations") and contains the information prescribed by the Regulations, has been delivered to the Registrar of Companies in England and Wales for registration in accordance with Regulation 4(2) thereof. ✓

WINEWORLD LONDON PLC ✓

*(Incorporated and registered in England and Wales under the Companies Act 1985
with registered number 2663676)* ✓

Offer for subscription of up to 3,000,000 Ordinary Shares of 25 pence each at £2.00 per share

**Advised by
Rea Brothers Limited**

No application has been made for any of the securities of Wineworld London plc, now in issue or to be issued, to be listed or otherwise dealt in on any stock exchange or other securities market.

Rea Brothers, which is authorised by the Securities and Futures Authority Limited, is acting exclusively for Wineworld London plc as financial adviser in relation to the proposals described in this Prospectus and is not acting for or advising any other person in relation thereto. Rea Brothers will not be responsible to any person other than Wineworld London plc for providing the protections afforded to its clients or customers or for providing advice in relation to this Offer or in relation to the contents of this Prospectus or any transactions or arrangement referred to herein.

No person receiving a copy of this Prospectus in any territory other than the United Kingdom may treat it as constituting an offer or invitation to subscribe, nor should he in any event receive this Prospectus, unless in the relevant territory such an invitation could lawfully be made to him without compliance with any registration or other legal or regulatory requirement.

The Offer will remain open until 31 July 1998 or such later date as the Directors may determine being no later than 30 September 1998.

Instructions for making an application are set out in full in Part XI of this Prospectus. The Application Form should be returned as soon as possible and, in any event, so as to be received by 3.00 pm on 31 July 1998, unless extended by the Company.

The application list for the Offer Shares hereby offered will open at 8.00 am on 17 June 1998 and will close as soon as the maximum number of shares under the Offer have been applied for or, if earlier, at 3.00 pm on 31 July 1998 unless extended by the Company.

Prospective Investors should be aware that an investment in Wineworld London plc involves certain risks. Prospective Investors should carefully consider the Risk Factors specified in Part VI of this Prospectus and before deciding to invest should be aware that the value of an investment may go down as well as up.

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KEY FEATURES

Description of the project

Wineworld intends to create London's first visitor attraction dedicated to the world of wine and its associated pleasures in a multi-faceted leisure complex on the south bank of the River Thames in Southwark, London to be known as Vinopolis, City of Wine. The major feature of Vinopolis will be the Wine Odyssey, a pay-to-enter audio-visual tour of the world's wine regions, cultures, history and flavours, aimed principally at adults and culminating in tasting halls. Vinopolis will also provide restaurants, a coffee shop/wine bar, retail facilities, corporate hospitality venues and a variety of educational, training and subscription services open to the wider public.

Developing the opportunities

- Burgeoning interest in wine (with over 10 million UK residents estimated to become regular wine drinkers by 1999), eating out and corporate hospitality.
- London's increasing appeal as one of the world's busiest tourist cities, with approximately 15 million overseas visitors expected in 1999. Market research conducted in 1997 indicated that, in the summer of that year, 89 per cent. of overseas adult visitors to London were not accompanied by children.
- A dramatic 2.2 acre riverside site in Bankside (an area undergoing major tourism development) comprising a Main Site and adjoining Riverside Arches. The leasehold interest of the site as a whole has been estimated, in June 1998, to have a value of £7.25 million once refurbishment work is completed, if completed on schedule by the second quarter of 1999. The Company has agreed the terms of a 60 year lease over the Main Site and is currently negotiating terms for a 60 year lease over the Riverside Arches.
- The Company aims to spread the commercial risk across various income streams.

Achievements to date

- Contractors are on site proceeding with the refurbishment of the Main Site.
- Heads of agreement have been signed with tasting hall sponsors, representing approximately 33 per cent. of the Company's projected income for its first year of operation following opening to the public.
- Heads of agreement have been signed with Majestic Wine for Majestic Wine to operate the Vinopolis wine store.
- Discussions are taking place with potential restaurant operators to operate the four restaurants planned for Vinopolis.
- Corporate hospitality events have taken place and further bookings are being taken. Four corporate hospitality event organisers have signed heads of agreement to operate events.
- The management team to launch the Vinopolis project is substantially in place.

Investment Features

- Of the maximum £10.4 million to be raised under the Second Round Fundraising, the Company is looking to raise £6.0 million of equity with the balance of £4.4 million through debt and asset leasing.
- The seven income streams should enable the Company to spread its investment risk.
- Considerable third party operator income has already been committed in principle to the Vinopolis project.
- The Company's illustrative financial projections are supported by third party consultants specialising in the leisure and tourism sector.

- Up to 60 per cent. tax relief may be available from EIS subject, inter alia, to the Company retaining its qualifying trade.
- All Investors in the Second Round Fundraising are entitled to free subscription to the Founders Club.
- Any Investor to whom in excess of 25,000 Offer Shares are allotted will be entitled to a 5 per cent. discount voucher for the first 3 years following opening towards the cost of using the Vinopolis corporate hospitality facilities.
- Any Investor validly accepting the Offer and returning their Application Form so as to arrive at either of the addresses stated thereon within 14 days of the date of this Prospectus will be entitled, upon the successful closure of the Offer, to a commission of 2.5 per cent of the Offer Price multiplied by the number of Offer Shares actually allotted to the Investor.
- It is the Directors' intention to enable Shareholders to realise their investment by seeking an exit in the form of a trade sale or flotation within 4 years.

Illustrative Financial Projections

Year ended 31 December £'000	1999	2000	2001	2002
Turnover	7,668	13,428	15,941	17,608
Profit before tax	(1,079)	2,670	4,341	6,065
Visitors '000	284	507	532	600

- Projected visitor numbers are comparable with various other leisure and tourist attractions in the vicinity.
- All projections are supported by leisure and tourism consultants, L&R Consulting.

The assumptions underlying these illustrative financial projections are set out in Part III of this Prospectus. There can be no assurances that these projections can be realised or that actual results will not be different from those projected. For example, the length of the period covered by the illustrative financial projections results in assumptions that are inherently uncertain, being based on events that have not taken place and are necessarily more subjective than would be appropriate for a profit forecast and the illustrative projections do not constitute a profit forecast. Prospective Investors should not place undue reliance on these figures when deciding whether to invest.

First Round Fundraising

The First Round Fundraising was completed in March 1998 and comprised £2.4 million of equity, up to £2.5 million of Grant from English Partnerships and up to £2.2 million of debt from Smedvig Capital by way of the Loan Stock to be issued in tranches during refurbishment of the Properties. The Warrant was issued to Smedvig Capital in conjunction with the Loan Stock which entitles Smedvig Capital, in 2001, to exercise the Warrant to subscribe for Ordinary Shares at an aggregate subscription price of £2,153,027, using the Loan Note to discharge the consideration, at an initial base price of £1.20 per share although this is subject to adjustment depending on the Second Round Fundraising and also the turnover and profit figures of the Company in the year ending 31 May 2001. Additionally, in circumstances of under-performance of the Company in the year ending 31 May 2001 by 40 per cent. or more against either of a pre-agreed turnover or profit figure, control of the Company could pass to Smedvig Capital under the terms of exercise of the Warrant. In specified circumstances including delays and/or cost overruns, the Company may be required to transfer, for a nominal consideration only, its interest in the Properties to Smedvig Capital. Further details of the terms of the agreement with Smedvig Capital are set out in the summary of the Subscription Agreement, set out in Part IX of this Prospectus.

Aim of the Second Round Fundraising

The Company intends to raise £10.4 million as the Second Round Fundraising (being a combination of equity, debt and asset leasing) to complete the Fit-out and the launch of Vinopolis project. In accordance with the terms agreed with English Partnerships and Smedvig Capital during the First Round Fundraising (details of which are set out in Part IX of this Prospectus), the minimum amount required under the Second Round Fundraising is £8.9 million, of which the minimum amount required to be raised pursuant to the Offer is £4.4 million.

The Company has secured underwriting commitments for subscriptions to the Offer of £2.5 million. Additionally, bank facilities of £4.5 million have been offered by Allied Irish Bank subject to the approval of the bank's Credit Committee and to the formalisation of documentation acceptable to the bank.

DIRECTORS AND ADVISERS

Directors	<p>Sir Ronald Thomas Stewart Macpherson, <i>Chairman</i> Anthony Hodges, <i>Managing Director</i> Duncan Keith Thorburn Vaughan-Arbuckle, <i>Founder and Executive Director</i> Roger Norman Alexander Wood, <i>Finance Director</i> Michael Broadbent, <i>Non-executive Director</i></p> <p>all of First Floor Axe and Bottle Court 70 Newcomen Street London SE1 1YT</p>
Company Secretary	Roger Norman Alexander Wood, FCA
Registered Office	<p>Devonshire House 60 Goswell Road London EC1M 7AD</p>
Financial Advisers	<p>Rea Brothers Limited Alderman's House Alderman's Walk London EC2M 3XR</p>
Solicitors	<p>Cameron McKenna Mitre House 160 Aldersgate Street London EC1A 4DD</p>
Auditors and Reporting Accountants	<p>Kingston Smith Devonshire House 60 Goswell Road London EC1M 7AD</p>
Leisure and Tourism Consultants	<p>L & R Consulting Holly House 6 Paddockhall Road Haywards Heath West Sussex RH16 1HH</p>
Principal Bankers	<p>Bank of Scotland London Head Office 38 Threadneedle Street London EC2P 2EH</p>
Receiving Bankers	<p>Bank of Scotland New Issues Apex House 9 Haddington Place Edinburgh EH7 4AL</p>
Property Valuers	<p>Matthews & Goodman 48 Bow Lane Cheapside London EC4M 9HR</p>
Property Solicitors	<p>Garretts 180 Strand London WC2R 2NN</p>

OFFER STATISTICS AND PROJECTED TIMETABLE

OFFER STATISTICS

Price of Offer Shares under Offer	£2.00
Number of Offer Shares	3,000,000
Gross proceeds receivable by the Company ¹	6,000,000
Proportion of enlarged issued Ordinary Shares being offered ^{1,2}	30.2%
Number of Ordinary Shares in issue following the Offer ^{1,2}	9,923,782

PROJECTED TIMETABLE OF THE OFFER

Event	Date
Latest date for receipt of completed Application Form and payment in full under the Offer (unless extended or closed earlier if the Offer is fully subscribed)	31 July 1998
Expected date of despatch of share certificates	2 weeks following the Offer closing date

Note: 1: This assumes that all the Offer Shares are subscribed.

Note: 2: The figure of 30.2 per cent. assumes that the Warrant is exercised, by Smedvig Capital to subscribe for 1,794,189 Ordinary Shares at £1.20 per Share. The actual percentage will depend on the price at which the Warrant is exercised which may vary according to the terms summarised on page 57 of this Prospectus.

PART I

Description of the Project

1.1 Introduction

Wineworld intends to create London's first visitor attraction dedicated to the world of wine and its associated activities in a multifaceted leisure complex on the south bank of the River Thames in Southwark, London to be known as Vinopolis, City of Wine. The major feature of Vinopolis will be the Wine Odyssey, a pay-to-enter audio-visual tour of the world's wine regions, cultures, history and flavours aimed principally at adults and culminating in tasting halls. Vinopolis will also provide restaurants, a coffee shop/wine bar, retail facilities, corporate hospitality venues and a variety of educational, training and subscription services open to the wider public.

The Vinopolis concept has been designed to capitalise on three markets - wine, eating out and tourism - which have achieved growth averaging 37 per cent., over the period 1989 to 1994, and are forecast to grow by an average 44 per cent over the period 1995 to 1999 (*Source: Henley Centre*). The Company's aim is for Vinopolis to open to the public in May 1999 and the Directors project that it will attract 284,400 visitors in the eight months from opening to 31 December 1999.

1.2 Market Background

The Directors envisage that Vinopolis will capitalise on growth in leisure markets, especially in travel and dining, as well as the growth in London tourism, corporate hospitality and UK wine consumption.

The marketing strategy, both domestically and internationally, will be aimed at establishing Vinopolis as the place to explore and enjoy the world of wine. It is intended to achieve this through high profile launch activities and subsequent high yield "narrowcast" campaigns using direct marketing, sales promotion and extensive trade advertising to enlist tour operators, corporate hospitality buyers and trade audiences. The objective of this marketing activity will be the creation of a unique international brand, salient in markets for leisure, wine, retailing and quality goods.

The Directors consider that independent research and industry evaluations support the appeal of Vinopolis and the Directors' visitor projections which project a rise from 284,400 in 1999 to 600,000 in the year 2002,

Growth in overseas visitors to London has averaged between 5 and 10 per cent. per annum in recent years. Overseas visitors to London in 1996 were estimated at 13.5 million, a number which is forecast to reach about 15 million in 1999 (*Source: London Tourist Board and Convention Bureau*). Market research conducted in 1997 indicated that, in the summer of that year, 89 per cent. of overseas visitors to London were not accompanied by children (*Source: London Tourist Board and Convention Bureau*). The Wine Odyssey's annual penetration of this market is forecast by the Directors to be up to 1.5 per cent.

Independent market data (*Source: NTC Publications Ltd. in association with Stats MR*) indicate that regular UK wine drinkers numbered approximately 9 million in 1995. The Directors expect this number to exceed 10 million by 1999, having multiplied 2.25 times over the 10 years to 1995. The Wine Odyssey's peak annual penetration of this market is forecast by the Directors to be up to 2.5 per cent.

1.3 The Business Proposal

The main visitor attraction of Vinopolis, the Wine Odyssey tour, will be marketed to attract fee paying visitors. It will bring the world atlas of wine to life through innovative "edutainment", interactive technology, art works and cultural artefacts, all set in an exhibition design. Visitors will pass through arched vaults devoted to individual countries and regional cultures aided by audio guides, at no additional charge, featuring famous wine writers and producers, in a choice of six languages. Visitors will be able to absorb the customised commentary on wine from its earliest source to the present day whilst enjoying displays and works of art which will evoke the spirit of wine.

At the end of the Wine Odyssey Tour through the arched vaults covering Old World and New, visitors will enter the Grand Tasting Halls, where free tastings will be available from a range of up to 300 wines.

In addition to the Wine Odyssey, it is intended that there will be six other income streams:

- a) *Sponsorship* - representatives from the international wine industry have confirmed their intention to sponsor Vinopolis by renting space and providing premium wines in the Grand Tasting Halls where visitors will enjoy free samples from a range of up to 300 wines. The Company is actively recruiting additional sponsors and hopes to have agreements in place by the time of opening.
- b) *Retailing* - will feature strongly, with visitors to Vinopolis and the general public being able to purchase wines, glassware, fine foods, literature, CD ROMs, accessories, art works etc., in a wine store to be called "Vinopolis Vaults" and a wine accessories store to be called "Bacchanalia". Majestic Wine has signed heads of agreement to operate the wine store.
- c) *Restaurants* - four restaurants are planned: fine dining and a champagne lounge in the Riverside Arches and a volume restaurant to be called "Food Odyssey" and a coffee shop/wine bar in the Main Site. It is intended that these will be managed by high quality restaurant operators, offering multicultural menus and providing a range of wines by the glass to an extent not normally seen in the UK. The Company is currently in discussions with leading restaurateurs regarding these operations with a remit to provide quality food and wine at competitive prices.
- d) *Corporate Hospitality and Banqueting* - are planned to be provided for smaller scale functions from 50 people upwards in Wine Odyssey's themed rooms through to medium scale functions of 150 to 400 people in the West Wing Hall to large scale banqueting for up to 650 people in the Grand Tasting Halls. As a consequence of demand for use of the Grand Tasting Halls prior to the projected opening in May 1999, the Directors expect corporate hospitality functions to commence in April 1999.
- e) *Wine Education Services* - will offer formal seminars and tutored tasting opportunities from novice to sommelier levels. Wine auctions and trade training facilities will also be part of the services provided.
- f) *Subscription Club* - activities are expected to deliver fee income through the operation of three proposed clubs, namely the "Founders Club" (for investors and gourmets); the "Vinopolis Society" (for the international wine industry), and "Club Vinopolis" (for enthusiastic "amateurs"); thereby attempting to cover the interests of trade and consumers alike.

1.4 London Leisure Attraction Market

The Vinopolis illustrative projections assume that, as a niche attraction geared to adult visitors, its success will complement, rather than be threatened by, other nearby visitor attractions. The Directors expect that the growing number of visitor attractions in the surrounding area will enhance the future tourist traffic thereby further promoting Vinopolis and opening the possibility of mutually beneficial arrangements with other visitor attractions to be put in place. Nearby attractions include the Tower of London (approximately 2.5 million visitors in 1996) and St Paul's Cathedral (approximately 1.5 million visitors in 1996). Projections of a total of 17.2 million visits to various sites on the South Bank of the River Thames in the year 2001 mean Vinopolis would require a 3 per cent. share to achieve visitor targets (Source: London Borough of Southwark).

1.5 Properties and Location

The Main Site consists of a series of high brick railway arches and old wine vaults dating from the 1860's and will comprise approximately 8,392 square metres of floor space after completion of the Fit-out. The Riverside Arches will comprise approximately 1,026 square metres of floor space after completion of the Fit-out, which the Company intends to use for two restaurants.

The Directors believe the Properties to be in a particularly attractive location for a leisure and tourism development as the surrounding area is being extensively regenerated by Southwark Council and other bodies for tourism and leisure purposes. The South Thames Riverside path is currently being developed as an uninterrupted walkway from Westminster Bridge to Tower Bridge, passing the entrances to the Main Site and the Riverside Arches. Nearby attractions currently include the new Globe Theatre, St Paul's Cathedral, the Tower of London, the Golden Hinde and HMS Belfast and will include the new Tate Gallery for Modern Art and the Millennium Footbridge.

Transport links are also improving. The new Bankside exit of the London Bridge underground station, which is anticipated to open before Vinopolis in 1999, will give access to Vinopolis (approximately 3 minutes walk) from the Jubilee and Northern underground lines, as well as from the existing main line station. The proposed Thameslink improvements between Brighton and Bedford via London Bridge will open further easy access for visitors from the South Coast, the North and Gatwick airport. A new coach park

to serve Bankside tourism traffic is being created by Southwark Council with the drop off and pick up points approximately 300 yards from the Main Site. Furthermore, a new tourist riverbus service is planned with a station at the Globe Theatre whilst the Millennium Footbridge is expected to cross the River Thames nearby, opposite St Paul's Cathedral.

Several offices of large organisations, such as The Financial Times and Sunday Express newspapers, ANZ Bank, Citibank and Unisys are located in the surrounding south bank area offering the site an immediate marketing opportunity for the corporate hospitality activities. In addition, numerous other organisations along the north bank of the River Thames will be close to Vinopolis.

1.6 Property Arrangements

The Company has entered into the Agreement to Lease in respect of the Main Site. It has entered into heads of agreement with both the freeholder and the current tenant in respect of the Riverside Arches. Southwark Council has granted detailed planning permission subject to approval of certain matters for the Company's proposed use of the Properties, which include contributions the Company is making to local environmental and transport improvements.

Summary details of the Lease agreed for the Main Site and heads of terms in respect of the Riverside Arches are as follows:

<i>Property</i>	<i>Approximate floor area post Fit-out (m²)</i>	<i>Lease term (years)</i>	<i>Minimum annual rental payment (£)</i>
Main Site	8,392	60	160,000
Riverside Arches	1,026	62	92,400

Further details of the Lease agreed for the Main Site are set out in Part IX of this Prospectus.

The rental payable per annum for the Main Site will be the higher of the minimum, shown above, and the sum of 2 per cent. of direct turnover and 10 per cent. of net concession income. The heads of terms for the Riverside Arches, negotiated with the freeholder envisage five yearly upwards only rent reviews to be the greater of 12.5 per cent. of turnover or open market value of the Riverside Arches finished to an agreed specification.

1.7 Illustrative Financial Projections

<i>Year ended 31 December £'000</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>
Turnover	7,668	13,428	15,941	17,608
Profit before tax	(1,079)	2,670	4,341	6,065
Visitors '000	284	507	532	600

The above summary of illustrative financial projections of the Company (which do not constitute a forecast), together with estimated visitor numbers, is extracted from the illustrative financial projections in Part III of this Prospectus and should be read in conjunction with the principal assumptions underlying them and the associated risk factors referred to in Part VI of this Prospectus.

1.8 Directors, Management and the Advisory Panel

Directors

Short biographies of the Directors are set out below:

Sir Ronald Thomas Stewart Macpherson, Chairman is immediate past president of the Association of European Chambers of Commerce and is currently Chairman of Annington Holdings Plc and Boustead Plc, Deputy Chairman of Keller Group Plc. He also holds directorship of various other companies.

Anthony Hodges, Managing Director spent thirteen years with Benton & Bowles, before founding his own agency and marketing services group: then as a consultant, he was involved in the launch of Vidal Sassoon Wash & Go for Procter & Gamble and marketing initiatives for Early Learning Centre and London Gatwick Airport.

Duncan Keith Thorburn Vaughan-Arbuckle, Founder and Executive Director has, over the last twenty-five years, established and/or managed a number of companies, such as jute merchants, cargo ship owners, general traders and beer and wine distributors. In 1982 he founded Wigmore Wine Company Limited, a national wine wholesaler, shipper and retailer of wines. This company was sold in 1989 enabling him to concentrate on creating the Vinopolis project.

Roger Norman Alexander Wood, Finance Director qualified as a Chartered Accountant and joined The Guthrie Corporation Limited where he subsequently worked as Divisional Finance Director in the Far East. He spent five years as Chief Executive of United City Merchants Plc and over four years as Finance Director of Burmah Castrol Plc. He was Finance Director of George Wimpey Plc until he left to join the management buyout of Automotive Products Group Limited where he was Group Finance Director until the end of 1996.

Michael Broadbent, MW, Non-executive Director is the Chairman of Christie's International Wine Department

Management

Alan White, Building Manager, has devoted 30 years to the construction industry working with and advising major companies such as Sir Robert McAlpine Limited, Rock Asphalt Limited and Barnsley, Hewett & Mallinson (Architects).

John Lowther, General Manager Operations brings 25 years of experience in leisure facility management, including Rank and Granada both in the UK and abroad.

Sophia Gilliatt (Sales and Marketing Manager Wine and Food) has spent 11 years in the US wine trade as agent and marketing manager with leading names that have included The Wine Society of America, Martin Scott Wines, Domaine Michel Vineyards and Palace Brands.

Advisory Panel

The Directors and senior management of the Company will be supported by an advisory panel, some of whom are existing shareholders in the Company and all of whom have experience pertinent to Vinopolis. The following members of the advisory panel will act in the capacity of retained consultants:

Steven Spurrier	Chairman of the advisory panel (Former Chairman of the Circle of Wine Writers)
Oz Clarke	Internationally acclaimed writer on wines
Nick Lander	Restaurant expert and critic
Michel Roux	Restaurant owner and expert
Adrian Webster	Founder and Chief Executive Officer of Websters International Publishers Limited

The remaining members, listed below, have agreed in principle to provide advice to the Company on an *ad hoc* basis:

Paul Bowker MW	Director of Bordeaux Index Limited
John Davy	Chairman of Davys of London Limited
Jacques Gelardin	Wine Industry Adviser
Ben Howkins	Marketing Director, The Royal Tokaji Wine Company and Consultant to the Rothschild Wine Cellar at Waddesdon Manor
Sarah Kemp	Publisher, Decanter Magazine
Matthias Kunheim	International Investment Consultant
Robert Millbourn	Investment Consultant
David Molyneux-Berry MW	Wine Consultant and former Director of Wine at Sotheby's
The Earl of Bradford	President of Masterchefs Organisation

1.9 First Round Fundraising

The First Round Fundraising was completed in March 1998 and comprised £2.4 million of equity, £2.5 million of Grant from English Partnerships, made available in accordance with the terms of the Development Agreement, and £2.2 million of debt from Smedvig Capital, by way of the Loan Stock, in accordance with the terms of the Subscription Agreement.

English Partnerships

The availability and amount of the interest-free Grant is subject to the terms and conditions of the Development Agreement. These conditions include, inter alia, a charge in favour of English Partnerships (which would be subordinated to any charge taken by a bank) over the Company's interests in the Properties (through the Agreement to Lease, the Lease and any lease of the Riverside Arches) and a potential clawback of 50 per cent. of any uplift in the value of the Properties during the period of five years from practical completion of the refurbishment works on the Properties.

Smedvig Capital

The Subscription Agreement sets out the terms and conditions upon which Smedvig Capital has agreed to provide £2.2 million by way of the Loan Stock to be issued in tranches during refurbishment of the Properties. The coupon payable on the Loan Stock shall be 12 per cent., increased to 20 per cent. upon the occurrence of any of certain events (each a "Relevant Event").

The Warrant was issued to Smedvig Capital in conjunction with the Loan Stock which entitles Smedvig Capital, in 2001, to exercise the Warrant to subscribe for Ordinary Shares at an aggregate subscription price of £2,153,027, using the Loan Note to discharge the consideration, at an initial base price of £1.20 per share although this is subject to adjustment depending on the Second Round Fundraising and also on the turnover and profit figures of the Company in the year ending 31 May 2001. Additionally, in circumstances of under-performance of the Company in the year ending 31 May 2001 by 40 per cent. or more against either of a pre-agreed turnover or profit figure, control of the Company could pass to Smedvig Capital under the terms of exercise of the Warrant which would entitle the Warrant holder to subscribe for 50 per cent. plus one Ordinary Share of the Ordinary Shares then in issue or capable of issue.

Under Rule 9 of the City Code, a person or group of persons acting in concert acquiring shares which, when taken together with shares already held, would result in such a person or persons holding shares carrying 30 per cent. or more of the voting rights of a company which is subject to the City Code (which includes Wineworld), is normally obliged by the Panel to make a general offer to all shareholders.

In summary, the circumstances in which this could arise as a result of exercise of the Warrant are as follows:-

- (i) the actual trading results of the Company for the year ending 31 May 2001 falling short of a pre-agreed turnover threshold and/or profit threshold by more than 40 per cent. of such thresholds; or
- (ii) a takeover of the Company where, in order for Smedvig Capital to realise a minimum of an internal rate of return of 20 per cent. on its investment, the price of the Ordinary Shares at the time of the takeover so determines;
- (iii) a listing of the Ordinary Shares on a recognised stock exchange (with the exception of a dealing facility on OFEX) where in order for Smedvig Capital to realise a minimum of an internal rate of return of 20 per cent. on its investment the value of the Ordinary Shares at the time of listing so determines; or
- (iv) a combination of three factors, being significantly less than £5 million equity being raised by way of the Second Round Fundraising at a subscription price below £2.00 combined with shortfalls against profit and/or turnover thresholds which may be less than 40 per cent. of such thresholds.

With the consent of the Panel a resolution of the Company in general meeting was passed on 28 February 1998 waiving any obligation on the part of Smedvig Capital (or a member of its group) under Rule 9 of the City Code to make a general offer to Shareholders which could otherwise arise as a result of the issue of Ordinary Shares carrying in excess of 30 per cent. but up to a maximum of 50 per cent. plus one Ordinary Share of all the Ordinary Shares in issue or capable of issue following exercise of the Warrant pursuant to any exercise in the future of the Warrant in the circumstances set out in paragraphs (i) to (iv) above. The waiver by the Panel and the Company of the obligation on Smedvig Capital to make a general offer to Shareholders only applies to the acquisition of shares by Smedvig Capital through the exercise of the Warrant.

In specified circumstances including delays and/or cost overruns, the Company may be required to transfer, for a nominal consideration only, its interest in the Properties to Smedvig Capital. Smedvig Capital would then be entitled to all future value derived from the Properties that would otherwise be available to the Company.

Simultaneously with entering into these two funding agreements the Company entered into an intercreditor agreement with English Partnerships and Smedvig Capital which provides, in the event of the Company committing an event of default under the Development Agreement, for the conditions in which Smedvig Capital is entitled to step in and take over the rights and obligations of the Company under the Development Agreement. The Agreement does not contain any obligation on the part of Wineworld other than its consent to the arrangements in the agreement between English Partnerships and Smedvig Capital, certain warranties as to capacity to contract and further assurance obligations to enable Smedvig Capital to gain the full benefit of taking over the Company's rights and obligations contained in the Development Agreement.

Fuller details of the funding agreements between the Company and English Partnerships and the Company and Smedvig Capital are set out in Part IX of this Prospectus.

PART II

Second Round Fundraising

1.1 Fundraising Requirement

The Directors are seeking to raise in aggregate, pursuant to the Second Round Fundraising, a minimum of £8.9 million of which the amount to be raised pursuant to the Offer will not be less than £4.4 million and not more than £6.0 million. If the minimum of £8.9 million has not been raised or committed on or before 31 July 1998, or such later date as the Directors may determine (being not later than 30 September 1998), then any funds received by the Company pursuant to any application for Offer Shares will be returned (without interest) to the applicant(s). The maximum amount to be raised is £10.4 million.

The Company has secured underwriting commitments for subscription to the Offer of £2.5 million. Mr. A. Anderson, an investor in emerging businesses particularly in the leisure industry, has agreed to underwrite the subscription of 1,000,000 Offer Shares. Miklo Beheer B.V., a wholly owned and controlled investment vehicle of Mr. M. Loubser, an investor in marketing in the financial services industry and in vineyards has agreed to underwrite the subscription of 250,000 Offer Shares.

On the assumption that the Second Round Fundraising raises £10.4 million, actual and proposed sources and anticipated uses of funds are as follows:

<i>Sources</i>	£million	£million
Seed capital		1.8
First Round Fundraising:		
- equity	2.5	
- loan stock	2.2	
- grant	<u>2.5</u>	7.2
Second Round Fundraising:		
-equity	6.0	
-bank debt and asset leasing	<u>4.4</u>	<u>10.4</u>
		<u>19.4</u>
<i>Anticipated uses</i>		£million
Refurbishment of Properties		7.7
Fit-out		7.0
Operating costs, consultants and contingencies		2.8
IT and other fixed assets		0.7
Fundraising fees and commission		<u>1.2</u>
		<u>19.4</u>

If the maximum funds of £10.4 million are raised through the Second Round Fundraising, contingency expenditure aggregating £1.5 million will enable the Company to extend the existing floor space in the Properties and to enhance the income streams beyond those currently contained in the illustrative financial projections.

Matthews & Goodman, the Company's property valuers are of the opinion that the open market value of the leasehold interests in the Properties, as at today's values, is in the order of £7.25 million. This valuation is on the basis, *inter alia*, that the refurbishment of the Properties is completed, that the Lease in respect of the Main Site has been entered into and that a lease, on the terms referred to in Part IX of this Prospectus, is obtained in respect of the Riverside Arches. A letter from Matthews & Goodman concerning their valuation report is set out in Part IV of this Prospectus.

Gleeds, the Company's quantity surveyors, are of the opinion that the estimated cost of the refurbishment of the Properties is of the order of £7.7 million, as set out in their letter in Part IV of this Prospectus.

Jasper Jacob Associates, the Company's design consultants, are of the opinion that the estimated cost of the Fit-out is in the order of £7.0 million, as set out in their letter in Part IV of this Prospectus.

1.2 Bank debt facilities

Subject to Credit Committee approval and incorporation within documentation acceptable to both parties, Allied Irish Bank has provided the Company with heads of terms dated 12 June 1998 setting out the key points for the provision of a term loan of a maximum of £3.0 million and an overdraft facility of a maximum of £1.5 million. The availability of these facilities would also be subject to certain conditions precedent relating to matters including, inter alia, the amount of funds raised under the Second Round Fundraising. The aggregate value of such facilities would be the lesser of 60 per cent. of the market value of the Properties or £4.5 million.

The term loan would be to assist with the Fit-out and would be for a term of four years from draw down. The overdraft facility would be for working capital and operating contingency purposes.

Allied Irish Bank would take first legal charges over the Company's leasehold interests and there would be an inter-creditor agreement between Allied Irish Bank and Smedvig Capital.

1.3 Achievements to Date

The seed capital and First Round Fundraising have been completed with funds received or committed of £9.0 million for the Company.

Much progress has been made since the completion of First Round Fundraising. Contractors are now on site and are proceeding with the property refurbishment. Heads of Agreement have been signed with wine producers keen to participate in the tasting halls representing approximately 33 per cent. of the Company's projected income for the first year of operation following its opening to the public. The Company has entered into heads of agreement with Majestic Wine for the operation by Majestic Wine of the winestore and discussions are taking place with potential restaurant operators to operate the four restaurants. Corporate hospitality events, which are projected to be a major source of revenue for the Company, have taken place and further bookings are being taken. Four corporate hospitality event organisers have signed heads of agreement to operate events.

The management team to launch the Vinopolis project is substantially in place and incorporates valuable marketing and business expertise. The team will be supported by an advisory panel of experts from the world of food and wine. Further details of the board and the advisory panel are set in Part I of this Prospectus.

1.4 Investment Liquidity and Exit

The Directors currently intend to seek permission within four years of the date of issue of this Prospectus for the entire issued ordinary share capital of the Company then in issue to be traded on the Alternative Investment Market ("AIM") of the London Stock Exchange or to be admitted to the Official List of the London Stock Exchange ("LSE"). During this four year period the Directors may consider an offer by a trade buyer for the Company.

1.5 Investor Benefits

It is the Directors' intention to incentivise potential Investors and, with this in mind, Investors who are allotted 25,000 or more Offer Shares will be eligible for a discount voucher with a value of 5 per cent. of the amount invested (calculated as the Offer Price times the number of Offer Shares allotted). The discount voucher may then be applied by the relevant Investor to reduce the cost of using the corporate hospitality facilities on designated dates within the first three years of the facilities being available.

All Investors in the Second Round Fundraising will be entitled to free membership of the Founders Club. Founders Club members will be entitled to various privileges including free entry to the Wine Odyssey, early notification of Vinopolis events, discounts on purchases in Vinopolis retail outlets, wine advice from the Wine Advisory Panel and use of the Members Room.

Any Investor validly accepting the Offer and returning his or her completed Application Form so as to arrive at either of the addresses stated thereon within 14 days of the date of this Prospectus (ie by 1 July 1998) will receive commission of 2.5 per cent. of the subscription monies subscribed by such Investor in respect of the number of Offer Shares allotted to such Investor.

1.6 Taxation

The Company expects to obtain confirmation from the Inland Revenue that the Offer Shares are eligible for EIS Relief. In that case, various tax reliefs will be available to qualifying investors in respect of their investment. Qualifying individuals may claim relief from income tax under the EIS for an amount up to 20 per cent. of their subscription for Offer Shares up to a maximum of £150,000 in any tax year. Accordingly, investors are asked to indicate the extent to which they wish to claim this relief on the Application Form.

Further details about the current tax position, including other reliefs, are set out on page 46 of this Prospectus. Potential investors are recommended to consult their financial advisors to confirm their respective taxation positions.

Investors who wish to seek EIS Relief should note that they may not receive full EIS Relief to the extent that the Inland Revenue may deem the investor benefits referred to in paragraph 1.5 above to be benefits in kind and subject to income tax.

1.7 Distribution Policy

The Directors intend to commence the payment of dividends, subject to the terms of any bank funding and Smedvig Capital and English Partnerships funding, once the level of distributable reserves and cash reserves is sufficient.

1.8 Risk Factors

In evaluating an investment in the Company, prospective Investors should carefully consider the risk factors specified in Part VI of this Prospectus.

PART III

Illustrative Financial Projections

Set out below, for the purpose of illustration only, are illustrative financial projections for the five years ending 31 December 2002.

The illustrative financial projections have been prepared after due and careful enquiry by the Directors but are not facts and should not be relied upon as necessarily representative of future events. The estimates and assumptions underlying the illustrative financial projections are inherently uncertain, being based on events that have not taken place, and are subject to significant economic, competitive and other uncertainties and contingencies beyond the Company's control. Consequently, there can be no assurances that the illustrative financial projections can be realised, or that actual results will not be different from those projected. Prospective investors are cautioned not to place undue reliance on these illustrative financial projections in determining whether to subscribe for Offer Shares.

The illustrative financial projections are intended to show a possible outcome based on the stated assumptions and in the absence of any unforeseen circumstances. Because the business has not yet commenced and because of the length of the period covered by the illustrative financial projections, the assumptions are necessarily more subjective than would be appropriate for a profit forecast.

It is emphasised that the illustrative financial projections do not, therefore, constitute a forecast. Attention is drawn to the risk factors set out in Part VI of this Prospectus and the principal assumptions set out below, each of which should be carefully considered with the illustrative financial projections.

	<i><u>Year ending 31 December</u></i>				
	1998 £000's	1999 £000's	2000 £000's	2001 £000's	2002 £000's
<i>Turnover</i>					
Entry to Wine Odyssey		1,764	3,836	4,476	5,183
Sponsorship		567	1,218	1,481	1,694
Corporate hospitality		2,850	4,136	5,306	5,459
Retailing		1,202	2,287	2,563	2,962
Wine clubs and education		871	1,252	1,380	1,481
Restaurants		<u>413</u>	<u>699</u>	<u>735</u>	<u>829</u>
		<u>7667</u>	<u>13,428</u>	<u>15,941</u>	<u>17,608</u>
<i>Gross Profit</i>					
Entry to Wine Odyssey		1,611	3,539	4,175	4,870
Sponsorship		495	1,185	1,448	1,656
Corporate hospitality		730	1,101	1,453	1,560
Retailing		603	1,111	1,231	1,408
Wine clubs and education		777	1,067	1,186	1,278
Restaurants		<u>413</u>	<u>699</u>	<u>735</u>	<u>829</u>
		<u>4,629</u>	<u>8,702</u>	<u>10,228</u>	<u>11,601</u>
Profit/(loss) before interest and tax	(2,614)	(475)	3,294	4,645	5,842
Profit/(loss) before tax	(2,912)	(1,078)	2,670	4,341	6,065
Profit/(loss) after tax	(2,912)	(1,078)	2,670	4,341	4,355

Assumptions

1. The Directors' principal assumptions underlying the illustrative financial projections are that:

General

- a) There will be no major business interruptions through international crises, loss of key personnel, employee disputes, visitor accidents or severe weather conditions;
- b) There will be no uninsured loss from malfunction or claims arising from the use of the Company's facilities;
- c) There will be no significant litigation against the Company;
- d) There will be no changes in legislation relating to taxation;

Specific

- a) The First Round Fundraising, including funding from English Partnerships and Smedvig Capital, raised £7.2 million in March 1998;
- b) The Second Round Fundraising will be successful in raising the aggregate in equity, debt and asset leasing of £10.4 million;
- c) The refurbishment of the Properties began in April 1998, the fit out will begin in August 1998, the corporate hospitality halls will open during late March 1999 and the official opening to the public will be in May 1999;
- d) A lease of not less than 60 years in respect of Riverside Arches will be obtained at an initial rent of no more than £11 per square foot;

The Company will have the following sources of revenue:

- a) Admission fees for entrance to the Wine Odyssey;
- b) Sponsorship fees from representatives of the international wine trade for renting space to promote their wine;
- c) Corporate hospitality and banqueting;
- d) Retail income from sales of wine, glassware, accessories etc. in wine and wine accessories stores;
- e) Four restaurants;
- f) Wine education services;
- g) Subscriptions to three proposed clubs;

2. The assumed number of visitors to Wine Odyssey are:

	<u>Year ending 31 December</u>			
	1999	2000	2001	2002
Visitor numbers (000)	284	507	532	600

- 3. The main source of revenue from sponsorship is projected to be derived from the Grand Tasting Halls which are anticipated to have a capacity for 50 sponsors at £25,000 per annum. This sponsorship income is assumed to commence in June 1999, following the launch of Vinopolis. It is assumed that full occupancy will be achieved in the year ending 31 December 2001. Additional income is projected to be derived from commercial sponsorship from trade tastings.
- 4. Corporate hospitality is assumed to begin in late March 1999 and to generate income through the following:
 - a) Income from the Wine Odyssey rooms is based on a function charge of £1,500 plus a per capita charge of £60 per head for food and beverages and £15 per head for music and flowers. Average attendance is budgeted at 100 persons per function. A gross profit of 15 per cent. is assumed in respect of food and beverages which rises to 18.75 per cent. by 2002 and 10 per cent. in respect of music and flowers. It has been assumed that there will be 68 functions held in 1999, rising to 169 in 2002;
 - b) Income from the West Wing Hall is based on a function charge of £2,500 plus a per capita charge of £60 per head for food and beverages and £15 per head for music and flowers. Average attendance is budgeted at 250 persons per function. A gross profit of 15 per cent. is assumed in respect of food and beverages which rises to 18.75 per cent. by 2002 and 10 per cent. in respect of music and flowers. It has been assumed that there will be 45 functions held in 1999, rising to 90 in 2002; and
 - c) Income from the Grand Tasting Halls is based on a function charge of £5,000 plus a per capita charge of £65 per head for food and beverages and £15 per head for music and flowers. Average attendance is budgeted at 500 persons per function. A gross profit of 17.5 per cent. is assumed in respect of food and beverages which rises to 22 per cent. by 2002 and 10 per cent. in respect of music and flowers. It has been assumed that there will be 28 functions held in 1999, rising to 45 in 2002;

5. Retail income assumptions are as follows:

- a) Projected revenues from Vinopolis Vaults are the product of assumptions regarding levels of spend per head and the penetration of Wine Odyssey visitors who will spend in Vinopolis Vaults. It has been assumed that 30 per cent. of visitors to the Wine Odyssey will purchase wine in Vinopolis Vaults and that their average spend per head will amount to £8.22 rising to £8.30 exclusive of VAT. It is further assumed that 25 per cent. of all retail sales will be derived from non-visitors. Additionally, wine retailing is assumed to benefit from sales of wine in all restaurants and from corporate hospitality;
 - b) Visitor penetration for Bacchanalia is the same as that for Vinopolis Vaults. Average spend per head will amount to £6.98 rising to £7.07, exclusive of VAT. It is further assumed that 25 per cent. of all Bacchanalia's sales will be derived from non-visitors. Bacchanalia's turnover will be derived from such items as books, glassware and similar wine affiliated goods together with gourmet foods. An average gross profit margin of 45 per cent. is projected on non-wine retail sales.
6. The terms and conditions of the Development Agreement with English Partnerships, as described in Part IX of this Prospectus, will be complied with and, in particular, no clawback or repayment of the grant will be triggered.
 7. The terms and conditions of the Subscription Agreement with Smedvig Capital, as described in Part IX of this Prospectus, will be complied with and in particular the Warrant will be exercised at a subscription price of £1.20 per Ordinary Share during the year ending 31 December 2001.
 8. A binding commitment will be entered into with a bank for the provision of a term loan of £3 million and overdraft facilities of up to £1.5 million and the related terms and conditions for the provision of these facilities will be complied with.



**KINGSTON
SMITH**

Chartered Accountants

CORPORATE FINANCE

Devonshire House
60 Goswell Road
London EC1M 7AD

Tel 0171 566 4000

Fax 0171 566 4010

e.mail ks@kingsmith.co.uk

Also at:

Croydon, Surrey
Tel 0181 680 6033

Hayes, Middlesex
Tel 0181 573 8258

St Albans, Herts
Tel 01727 832261

Upminster, Essex
Tel 01708 221872

West End, London
Tel 0171 304 4646

17 June 1998

The Directors
Wineworld London plc
Axe & Bottle Court
First Floor
70 Newcomen Street
London
SE1 1YT

Gentlemen

We have reviewed the accounting policies and calculations for the Illustrative Financial Projections for the period ending 31 December 2002, of Wineworld London plc ("The Company") as set out in Part III of the prospectus to be dated 17 June 1998 ("the Prospectus").

The Illustrative Financial Projections, for which the Directors of the Company are solely responsible, are based upon assumptions made by the Directors which cannot be confirmed and verified in the same way as past results. The principal assumptions and bases are summarised in Part III of the Prospectus.

It should be appreciated that the Illustrative Financial Projections have been prepared for purposes of illustration and do not constitute a forecast. We express no opinion on the validity of the assumptions on which the projections are based nor on how closely the results actually achieved will compare with the projections.

A venture of this nature carries a number of significant risks which could have an adverse effect on the profits and working capital requirements. We draw your attention to the section, "Risk Factors", described in Part VI of the Prospectus.

We confirm that the Illustrative Financial Projections have been properly compiled, so far as the accounting policies and calculations are concerned, on the assumptions and bases referred to on pages 18 and 19 of the Prospectus made by the Directors, and are presented, on the basis of the accounting policies proposed to be adopted by the Company.

We consent to the issue of the Prospectus in respect of the proposed offer for subscription of Ordinary Shares in the Company with the inclusion therein of our accountants' report on the Illustrative Financial Projections of the Company in the form and context in which it is included.

Yours faithfully

KINGSTON SMITH
Chartered Accountants & Registered Auditors



L&R CONSULTING

The Directors
Wineworld London plc
1st Floor
Axe & Bottle Court
70 Newcomen Street
London SE1 1YT

The Directors
Rea Brothers Limited
Alderman's House
Alderman's Walk
London EC2M 3XR

Dear Sirs

Wineworld London plc - Vinopolis, City of Wine

L&R Consulting has been appointed by Wineworld London plc ("Wineworld" or the "Company") to prepare a report on certain market and financial assumptions and projections prepared by the Company for inclusion in the prospectus dated 17 June 1998 relating to Wineworld of which this report forms part of Part III.

We have discussed with the directors of Wineworld the assumptions regarding visitation and income in respect of the proposed development to be known as Vinopolis, City of Wine. In our opinion, the proposal to establish Vinopolis, City of Wine at Southwark, London is a well conceived tourism and leisure industry venture with a powerful and competitive market positioning. It comprises a number of interlinked elements for which, in our judgement, the projections of the directors of Wineworld are achievable.

Given the flexibility of the overall project, it is reasonable to assume that its strategy and market positioning would readily respond to changing market conditions thereby maintaining viable projections under such changing conditions within the projection period.

Yours faithfully

Richard Tibbott
Director
L&R Consulting

L&R LEISURE CONSULTANTS LIMITED a member of L&R Consulting

HOLLY HOUSE, 6 PADDOCKHALL ROAD, HAYWARDS HEATH, WEST SUSSEX RH16 1HH, UK

TEL: +44 (0)1444 459449 FAX: +44 (0)1444 458911 E - Mail: lr@sussex.pavilion.co.uk <http://www.iql.co.uk/l&r>

OFFICES IN SUSSEX, LIVERPOOL, BELFAST, DUBLIN, PARIS & WARSAW

REGISTERED IN ENGLAND NO. 3207578

PART IV
Letters relating to Properties

Matthews

Goodman

CHARTERED SURVEYORS
TOWN PLANNING CONSULTANTS

INCORPORATED IN ENGLAND
Kemsley, Whiteley & Fennell
(London)

AND
Joshua Bury, Earle

46 Bow Lane
Cheapside
London EC4M 9HR

Telephone 0171 248 3200

Facsimile 0171 489 0590

KNA/PG-M/jp

17 June 1998

The Directors
Wineworld London plc
Axe & Bottle Court
70 Newcomen Street
LONDON
SE1 1YT

The Directors
Rea Brothers Limited
Alderman's House
Alderman's Walk
LONDON
EC2M 3XR

Dear Sirs

WINEWORLD LONDON PLC ("the Company")
MAIN SITE & RIVERSIDE ARCHES, CLINK STREET AND STONEY STREET,
SOUTHWARK, LONDON SE1 ("the Property")

Matthews & Goodman have been instructed by the Company to undertake a valuation of the Property for inclusion in the prospectus dated 17 June 1998 relating to the Company of which this letter forms part of Part IV (the "Prospectus").

In accordance with your letter of instruction dated 10 June 1998 we have inspected the above Property and considered your proposals set out in the Prospectus in order to advise you upon our opinion of the Open Market Value of the leasehold interests intended to be granted by Railtrack Plc to the Company. The Property was inspected on 8 June 1998.

The valuation has been made in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual ("the Manual") and the valuation has been undertaken by us as Chartered Surveyors and as External Valuers qualified, for the purpose of the valuation, as Asset Valuers as defined in the Manual. The Open Market Value is as defined in the Manual.

The Property comprises two parts, the Main Site and the Riverside Arches. Details of the Property including its description, current uses, situation, communications, amenities and planning status are set out elsewhere in the Prospectus.

Your proposals and the details of the refurbishment are set out in the Prospectus as are details of the agreement to lease in respect of the Main Site dated 27 March 1998 and made between the Company and Railtrack Plc (the "Agreement to Lease") and the proposed lease of the Riverside Arches.

You have advised us that it is the Company's intention to refurbish the Property initially to "shell and core" to provide a fully serviced property regardless of the intended use. The second stage is the Vinopolis fit out.

The valuation is to provide an indicative view, at today's values, of what the value of the Property may be assuming that the Vinopolis fit out is not undertaken, that only the first stage initial refurbishment has been completed and that the Property is available to let after Railtrack Plc has granted leases in respect of each of the Main Site and the Riverside Arches to the Company.



In practice and in line with the timetable set out in the Prospectus, the lease on the Main Site cannot be guaranteed to be granted until the second anniversary of the Agreement to Lease. We envisage that the period prior to the second anniversary of the Agreement to Lease will be used to market the accommodation and enter into agreements to underlease with prospective occupiers. In our view prospective occupiers and uses would include restaurants, wine bars, cafes, pubs, health clubs, exhibitions, galleries, corporate hospitality and retail. Occupation for under-tenant's fitting out works would then be available at the second anniversary of the Agreement to Lease.

As discussed and agreed with you and your advisers the valuation is on the following bases:

1. The valuation date is 8 June 1998. All values and market conditions are as at the valuation date.
2. The Company has been granted by Railtrack Plc the 60 year lease of the Main Site and the co-terminus lease of the Riverside Arches. The unexpired term being 60 years.
3. G.G.S. Holdings Ltd have relocated from the Riverside Arches to the Park Street Arches.
4. The leasehold interests in both parts of the Property will remain in one ownership.
5. The first stage initial property refurbishment has been completed and the entire Property, excluding the area leased to G.G.S. Holdings Ltd is capable of and available for multiple lettings for alternative appropriate uses other than Vinopolis, subject to planning, Railtrack's consent and the necessary licences.
6. Occupation for under-tenant's fitting out works is available at the valuation date.
7. The statement from WSP Consulting Engineers regarding the structure of the Railway Arches is sufficient for Railtrack Plc to agree that the form of lease will not contain a provision for early determination by a government department on the grounds that possession of the premises is required for urgent repairs within the first 30 years of the term to be granted by the lease.

The valuation is based upon information supplied to us by the Company in respect of tenure, tenancies, floor areas, town planning, specifications, costings and other matters of a relevant nature and assume that the Property has good and marketable title and is free of any undisclosed onerous burdens, outgoing or restrictions. We have assumed that the Property and its value is unaffected by any matters which would be revealed by local searches and replies to the usual enquiries, or by any statutory notice and that neither the condition of the Property nor its uses are or will be unlawful.

We have not carried out a detailed survey of the Property nor have we tested the services and therefore this report does not purport to be a building survey and we are unable to report upon any defects which may exist. We have not inspected those parts of the Property which are covered, unexposed, or inaccessible. We have assumed that no high alumina cement or other deleterious materials have been used in the construction or alteration of the Property.

We have excluded from our valuations all items of plant, machinery and specialist equipment used in production, and have only taken into account those items normally assumed to be landlord's fixtures and fittings, such as heating and lighting plant.

No allowance has been made for expenses of realisation or for any taxation which might arise and the valuation is expressed exclusive of any Value Added Tax that may become chargeable.

We have not been informed 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 contamination or potential for contamination to the Property from these uses or sites, and have therefore assumed that none exists.

However, should it be established subsequently that contamination, seepage or pollution exists at the Property or on any neighbouring land, or that the premises have been or are being put to a

contaminative use or that any of the other bases above prove inappropriate or incorrect then the value now reported may be adversely affected.



We are of the opinion that the Open Market Value of the leasehold interests of the Property, at today's values, assuming that the first stage initial refurbishment has been completed, that Railtrack Plc has granted the leases to the Company and on the other bases set out above is in the order of **£7,250,000 (SEVEN MILLION TWO HUNDRED AND FIFTY THOUSAND POUNDS)**.

This report has been prepared for your use and for the stated purpose only and no responsibility is accepted to any third party, other than in the context of the offer of Ordinary Shares made by the Company pursuant to the Prospectus, for the whole or any part of its contents. If our opinion of value is disclosed to persons other than the addressee of this report the basis of valuation must be stated.

Neither the whole nor any part of this report nor any reference thereto may be included in any other document, circular or statement without our prior written approval of the form and context in which it will appear.

Yours faithfully

Matthews & Goodman

GLEEDS

Construction Consultants
Chartered Quantity Surveyors
Cost Engineers

Trinity House
Church Road
Tunbridge Wells
Kent TN1 1AG

Telephone: 01892 501300
Facsimile: 01892 501329

17 June 1998

The Directors
Wineworld London plc
Devonshire House
60 Goswell Road
London EC1M 7AD

The Directors
Rea Brothers Limited
Alderman's House
Alderman's Walk
London EC2M 3AR

Dear Sirs

WINEWORLD LONDON PLC - VINOPOLIS, CITY OF WINE

We have been appointed by Wineworld London plc (the "Company") to comment on the estimated cost of the refurbishment of the property located between Park Street, Stoney Street and Clink Street in Southwark, London (the "Main Site") and the property located adjacent thereto in Clink Street (the "Riverside Arches") (together "the Properties"). Our comments are given for inclusion in the prospectus dated 17 June relating to the Company of which this letter forms part of Part IV.

We have discussed with the directors of the Company their estimate of £6.8 million (excluding VAT) for the cost of the refurbishment of the Properties. With fees estimated at 13.5%, the total cost of such refurbishment would be approximately £7.7 million (excluding VAT). This figure is based on our May 1998 cost plan taking account of the latest proposals. The assumptions and exclusions as detailed and used in the preparation of our cost plan have been discussed with the Company's property advisors and contractors and are considered by us to be reasonable for the refurbishment as envisaged based upon its current level of design development.

We have not discussed with the directors of the Company any matter other than the refurbishment of the Properties.

As future events frequently do not occur as predicted, we can express no opinion on how closely the actual cost of the refurbishment of the Properties will compare with those projected.

Yours faithfully



GLEEDS

ARCHITECTURE
MUSEUM
INTERIOR
& EXHIBITION
DESIGN
CONSULTANTS

JJA

JASPER JACOB ASSOCIATES

17 June 1998
Wineworld London plc
First Floor
Axe and Bottle Court
The Directors

70 Newcomen Street
London
SE1 1YT

The Directors
Rea Brothers Limited
Alderman's House
Alderman's Walk
London
EC2M 3XR

26 ABBEVILLE MEWS
88 CLAPHAM PARK ROAD
LONDON SW4 7BX

TEL +44 (0)171 622 7277
FAX +44 (0)171 622 7278
e-mail jjaj@jjltd.co.uk

Dear Sirs

WINEWORLD LONDON PLC - VINOPOLIS, CITY OF WINE

Jasper Jacob Associates has been appointed by Wineworld London plc (the "Company") to comment on the estimated cost of the Vinopolis fit out (the "Fit-out") in respect of the property located between Park Street, Stoney Street and Clink Street in Southwark, London (the "Main Site") and the property located adjacent thereto in Clink Street (the "Riverside Arches"). Our comments are given for the purpose of inclusion in the Prospectus relating to the Company of which this letter forms part.

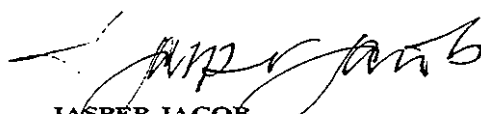
Following the meetings that we have had concerning the costs of the Fit-out, I can confirm that after detailed discussions with Kimpton Walker, the nominated Fit-out contractor, we endorse the sums of money allocated in your business plan.

The capital cost allowance of £7.010 million (excluding VAT) in our experience, and based on similar projects in London, is the correct allocation for the work currently presented to you and agreed.

We not only endorse the capital cost that is estimated for the Fit-out but would like to make the following points that we believe are pertinent:

- The Main Site and Riverside Arches are ideally suited for the Vinopolis project.
- The world's winemakers have a wealth of artefacts that can be used in the exhibition to give added value.
- There are a number of people connected with the wine industry who have great art collections - both historic and modern - and we believe that the loan of some of the artwork will enhance the displays.
- The availability of audio-visual material with subject matter relevant to the project is high.
- The time available for the fitting out will allow us to use the budget in a cost efficient way.

Yours faithfully



JASPER JACOB
Principal
For Jasper Jacob Limited

PART V

Accountants' Report on the Company

Devonshire House
60 Goswell Road
London EC1M 7AD
Tel 0171 566 4000
Fax 0171 566 4010
e.mail ks@kingsmith.co.uk

Also at:
Croydon, Surrey
Tel 0181 680 6033
Hayes, Middlesex
Tel 0181 573 8258
St Albans, Herts
Tel 01727 832261
Upminster, Essex
Tel 01708 221872
West End, London
Tel 0171 304 4646

17 June 1998

The Directors
Wineworld London plc
Axe & Bottle Court
1st Floor
Newcomen Street
London
SE1 1YT

The Partners
Rea Brothers
Alderman's House
Alderman's Walk
London EC2M 3XR

Dear Sirs,

WINEWORLD LONDON PLC

We have examined the audited financial statements of Wineworld London plc ("the Company") for the year ended 30 November 1996 and the 16 month period ended 31 March 1998. We have also examined the financial statements of the Company for the year ended 30 November 1995 which were exempt from an audit.

We acted as auditors of the Company for the year ended 30 November 1996 and for the 16 months ended 31 March 1998. The financial information set out below has been extracted from the financial statements referred to above, to which no adjustments were considered necessary.

The financial statements are the responsibility of the Directors of Wineworld London plc who approved their issue. The Directors of Wineworld London plc are responsible for the contents of the Prospectus dated 17 June 1998 in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that previously obtained by us relating to the audit of the financial statements underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances consistently applied and adequately disclosed.

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

In our opinion, the financial information set out below gives, for the purpose of the Prospectus dated 17 June 1998 relating to the Company (the "Prospectus") of which this report forms part, a true and fair view of the state of affairs of the Company as at 30 November 1995, 30 November 1996 and 31 March 1998 and of its results, total recognised gains and losses and cash flows for each of the periods then ended.

No audited accounts have been prepared for any period subsequent to 31 March 1998.

We consent to the inclusion in the Prospectus of this report and accept responsibility for that report for the purposes of paragraph 45(i)(b)(iii) of Schedule 1 of the Public Offers of Securities Regulations 1995.

Principal Accounting Policies

The financial information contained in this report has been prepared in accordance with accounting standards currently applicable in the United Kingdom. The principal accounting policies which have been applied for the period covered by this report are set out below:

Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Intangible Fixed Assets and Depreciation

The cost of intangible fixed assets represents the actual monies expended by way of professional fees relating to the acquisition of the option in respect of the property located between Park Street, Stoney Street and Clink Street, in Southwark, London, (the "Main Site") together with relevant survey fees and planning fees and the cost of the goodwill of the concept for the business acquired from Theme Museum of Wine Limited.

Depreciation or amortisation has not been provided, nor will it be provided, on these costs until a lease has been signed in respect of the Main Site and Vinopolis has been built and has been opened to the public. Once a lease has been signed the costs which relate to the acquisition of the option to lease and the lease itself will be depreciated over the life of the lease. For the purposes of the financial statements for the 16 months ended 31 March 1998, it was intended that the cost of goodwill was to be amortised over its useful economic life. The Directors of the Company have subsequently decided to write off goodwill to reserves at the time of effective acquisition.

Tangible Fixed Assets and Depreciation

The tangible fixed assets are shown at cost to the company, less accumulated depreciation.

Depreciation has been provided using the following rates and bases to reduce by annual instalments the cost, less estimated residual values, of the tangible assets over their estimated useful lives:

Fixtures and fittings	25% - straight line
Office equipment	25% - 33% straight line
Plant and machinery	25% - straight line

Group Accounts

The Company has not prepared group accounts on the basis that the company's subsidiary, Vinopolis Limited, is dormant and has not traded since incorporation and therefore its inclusion would be immaterial for the purpose of giving a true and fair view under Section 229 of the Companies Act 1985.

Accounts

These financial statements present information about the company only and not about the group of companies comprising the company and its subsidiary.

Wineworld London plc
Profit and Loss Account
For the period ended

		31 March <u>1998</u> £	30 November <u>1996</u> £	30 November <u>1995</u> £
Turnover	Note 1	93,668	-	-
Cost of Sales		<u>82,915</u>	<u>-</u>	<u>-</u>
Gross Profit		10,753	-	-
Administrative expenses		<u>1,387,304</u>	<u>265,029</u>	<u>-</u>
Operating Loss	2	(1,376,551)	(265,029)	-
Interest receivable		79,754	2,824	-
Interest payable	3	<u>(53,594)</u>	<u>-</u>	<u>-</u>
Loss on Ordinary Activities Before Taxation		(1,350,391)	(262,205)	-
Taxation	5	-	-	-
Loss for the period	13	<u><u>(1,350,391)</u></u>	<u><u>(262,205)</u></u>	<u><u>-</u></u>

There are no recognised gains or losses in the period other than the losses for the periods.

Wineworld London plc
Balance Sheet as at

		31 March <u>1998</u>	30 November <u>1996</u>	30 November <u>1995</u>
	<u>Note</u>	<u>£</u>	<u>£</u>	<u>£</u>
Fixed Assets				
Intangible assets	6	1,185,647	382,329	-
Tangible assets	7	7,977	1,662	-
Investment in subsidiary	8	<u>2</u>	<u>2</u>	<u>-</u>
		1,193,626	383,993	-
Current Assets				
Debtors	9	144,560	9,604	100
Cash at bank and in hand		<u>984,315</u>	<u>119,799</u>	<u>-</u>
		1,128,875	129,403	100
Creditors: Amounts falling due within one year	10	<u>507,278</u>	<u>186,751</u>	<u>-</u>
Net Current Assets (Liabilities)		621,597	(57,348)	100
Net Assets		<u>1,815,223</u>	<u>326,645</u>	<u>100</u>
Capital and Reserves				
Called up share capital	11	1,282,398	366,131	100
Share premium account	12	2,145,421	222,719	-
Profit and loss account	13	(1,612,596)	(262,205)	-
Shareholders' Funds		<u>1,815,223</u>	<u>326,645</u>	<u>100</u>

Wineworld London plc
Cash Flow Statement
for the period ended

		31 March <u>1998</u>	30 November <u>1996</u>	30 November <u>1995</u>
	<u>Note</u>	<u>£</u>	<u>£</u>	<u>£</u>
Net Cash outflow from operating activities	1	(1,186,895)	(87,378)	-
Returns on Investments and Servicing of Finance				
Interest received		79,754	2,824	
Interest paid		(53,594)	-	-
Net cash inflow from returns on investments and servicing of finance		<u>26,160</u>	<u>2,824</u>	<u>-</u>
Capital Expenditure and Financial Investment				
Payments to acquire intangible fixed assets		(803,318)	(382,329)	
Purchase of subsidiary undertakings		-	(2)	
Payments to acquire tangible fixed assets		(10,400)	(2,066)	
Net Cash Outflow from capital expenditure and Financial Investment		<u>(813,718)</u>	<u>(384,397)</u>	<u>-</u>
Financing				
Issue of ordinary share capital	3	<u>2,838,969</u>	<u>588,750</u>	
Net Cash Inflow from Financing		<u>2,838,969</u>	<u>588,750</u>	<u>-</u>
Increase in cash and cash equivalents	2	<u><u>864,516</u></u>	<u><u>119,799</u></u>	<u><u>-</u></u>

Wineworld London plc
Notes to the Cash Flow Statement
for the period ended

	31 March 1998 £	30 November 1996 £	30 November 1995 £
1 Reconciliation of operating loss to net cash outflow from operating activities			
Operating loss before interest	(1,376,551)	(265,029)	-
Depreciation charges	4,085	404	-
(Increase) in debtors	(134,956)	(9,504)	-
Increase in creditors	320,527	186,751	-
	<u>(1,186,895)</u>	<u>(87,378)</u>	<u>-</u>
2 Analysis of changes in cash during the period			
Balance at 30 November 1996	119,799	-	-
Net cash inflow	864,516	119,799	-
	<u>984,315</u>	<u>119,799</u>	<u>-</u>
Balance at 31 March 1998			
3 Analysis of changes in financing in the period			
Share capital (including premium)			
At 30 November 1996	588,850	100	100
Cash inflow from share issues net of expenses	2,838,969	588,750	-
	<u>3,427,819</u>	<u>588,850</u>	<u>100</u>
At 31 March 1998			

1. Turnover

Turnover is attributable to the principal activity of the company which arose wholly in the United Kingdom.

2. Operating Loss

	1998	1996	1995
	£	£	£
The operating loss is stated after charging:			
Auditors' remuneration	3,400	2,750	-
Depreciation	4,085	404	-

3. Interest Payable

Interest on share subscription monies and other loans	53,594	-	-
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4. Directors and Employee Costs

	1998	1996	1995
	£	£	£
Directors' Emoluments	66,750	-	-
Wages and salaries	44,979	4,825	-
Recruitment costs	23,330	-	-
Social security costs	10,054	469	-
	<u>145,113</u>	<u>5,294</u>	<u>-</u>
	No	No	

The average number of employees during the period was as follows

4	1	-
---	---	---

During the period ended 31 March 1998 D K T Vaughan-Arbuckle, P J Paice, A Hodges and R N A Wood, as directors, charged the company consultancy fees on normal commercial terms of £42,916, £145,597, £176,666 and £127,499 respectively. Of these fees, £166,000 has been capitalised as Ordinary Shares at the Ordinary Share value prevailing at the date the services, in respect of which the relevant invoices were rendered, were performed.

5. Taxation

No corporation tax liability arises in the period due to the losses incurred.

6. Intangible Fixed Assets

	Goodwill	Legal and Survey Fees	Design Fees	Patents and Trade Marks	Market Research	Total
	£	£	£	£	£	£
Cost						
As at 30 November 1995	-	-	-	-	-	-
Additions	178,805	114,498	74,215	-	14,811	382,329
At 1 December 1996	178,805	114,498	74,215	-	14,811	382,329
Additions	15,000	556,214	221,609	10,495	-	803,318
At 31 March 1998	<u>193,805</u>	<u>670,712</u>	<u>295,824</u>	<u>10,495</u>	<u>14,811</u>	<u>1,185,647</u>

7. Tangible Fixed Assets

	Plant and Machinery	Office Equipment	Fixtures and Fittings	Total
	£	£	£	£
Cost				
At 30 November 1995	-	-	-	-
Additions	1,295	771	-	2,066
At 30 November 1996	1,295	771	-	2,066
Additions	3,955	5,709	782	10,446
Disposals	-	-	(46)	(46)
At 31 March 1998	5,250	6,480	736	12,466
Depreciation				
At 30 November 1995	-	-	-	-
Charge for the year	324	80	-	404
At 30 November 1996	324	80	-	404
Charge for the 16 months	1,365	2,551	169	4,085
At 31 March 1998	1,689	2,631	169	4,489
Net book value				
At 30 November 1995	-	-	-	-
At 30 November 1996	971	691	-	1,662
At 31 March 1998	3,561	3,849	567	7,977

8. Investments

	1998	1996	1995
	£	£	£
Shares in group undertaking	2	2	-

The following details relate to the company's subsidiary undertaking:

Name	Location	Identity of Shares Held	Percentage of shares held	Aggregate capital and reserves	Profit for period
				£	£
Vinopolis Limited	England	Ordinary	100%	2	-

9. Debtors	1998	1996	1995
	£	£	£
Trade Debtors	65,097	-	-
Other Debtors	49,196	4,850	100
Prepayments	30,267	4,754	-
	144,560	9,604	100
10. Creditors : Amounts falling due within one year	1998	1996	1995
	£	£	£
Trade Creditors	275,963	159,246	-
Other Taxes and Social Security	16,710	553	-
Accruals	214,605	26,952	-
	507,278	186,751	-

11. Share Capital	1998	1996	1995
	£	£	£
Authorised			
40,000,000 (1995: 10,000) Ordinary Shares of 25p each (1995: £1)	10,000,000	10,000,000	10,000
Allotted, called up and fully paid			
5,129,593 (1996: 1,149,400; 1995: 100) Ordinary Shares of 25p (1995: £1)	1,282,398	287,350	100
Fully paid applications awaiting allotment			
(1996: 315,125 Ordinary Shares of 25p each)	-	78,781	-
	<u>1,282,398</u>	<u>366,131</u>	<u>100</u>

During the 16 month period ended 31 March 1998 3,980,193 ordinary shares of 25p each were allotted for a total consideration of £3,684,781, which included 315,125 shares issued for a consideration of £251,500, for which applications had been received but had not been allotted at 30 November 1996.

12. Share Premium Account	1998	1996	1995
	£	£	£
Balance brought forward	222,719	-	-
Received in period relating to allotted shares	2,768,514	50,000	-
Received in period relating to applications awaiting allotment	-	172,719	-
Share issue expenses	(845,812)	-	-
	<u>2,145,421</u>	<u>222,719</u>	<u>-</u>
13. Profit and Loss Account	1998	1996	1995
	£	£	£
Deficit at beginning of period	262,205	-	-
Loss for the financial period	1,350,391	262,205	-
Deficit at end of period	<u>1,612,596</u>	<u>262,205</u>	<u>-</u>
14. Reconciliation of movements in shareholders' funds	1998	1996	1995
	£	£	£
Loss for the period	(1,350,391)	(262,205)	-
Shares issued net of expenses	2,838,969	588,750	-
Net increase in shareholders' funds	<u>1,488,578</u>	<u>326,545</u>	<u>-</u>
Opening shareholders' funds	326,645	100	-
Closing shareholders' funds	<u>1,815,223</u>	<u>326,645</u>	<u>-</u>

Yours faithfully

Kingston Smith
Kingston Smith

PART VI

Risk Factors

The nature of the Vinopolis project will give rise to a number of general and specific risks. The following list is not exhaustive, but is intended to draw potential Investors' attention to the particular risks involved and, in evaluating an investment in the Company, these should be considered by potential Investors.

1. General risks

- a) Potential Investors contemplating an investment in Wineworld should recognise that the value of Offer Shares, and income derived from them, may fluctuate. Potential Investors may not get back the full amount initially invested.
- b) The Offer Shares will not be listed and no application has been made to any stock exchange for such a listing. Therefore the Offer Shares at this stage are an illiquid investment.
- c) There is no guarantee that, should the Directors choose to apply for a dealing facility on OFEX, the Alternative Investment Market or the London Stock Exchange in due course, the Company's application would be accepted.
- d) For Investors wishing to obtain EIS Relief, the Ordinary Shares in the Company eligible for EIS Relief must be retained over a period of at least five years. Accordingly, investment in the Company is not suitable as a short term investment. In addition, changes in tax law, Inland Revenue practice and its interpretation and the rates of taxation and other legislation could adversely, or otherwise, affect the returns of the investment and Investors' tax position.

2. Specific risks

- (a) The Company has a short operating history and there can be no certainty that the Company's strategy will be achieved. Assuming that the Vinopolis development is completed, because of the length of the period covered by the illustrative financial projections set out in Part III of this Prospectus, the assumptions are necessarily more subjective than would be appropriate for a profit forecast. These illustrative financial projections do not, therefore, constitute a forecast. As events and circumstances frequently do not occur as expected, the actual results may differ materially from those projected.
- (b) If any Relevant Event (as defined under the terms of the Subscription Agreement summarised in Part IX of this Prospectus) occurs, Smedvig Capital could exercise their option to take over the Company's obligations under the Development Agreement and take an assignment of the Lease and any lease granted in respect of the Riverside Arches in consideration of the payment of £1. Consequently, the Directors would be unable to realise any value from the Company's interest in the Properties for the benefit of shareholders.
- (c) Although the aggregate subscription price for Ordinary Shares under the Warrant granted to Smedvig Capital is £2,153,027, the subscription price per share is subject to adjustment depending on the Second Round Fundraising and also the turnover and profit figures of the Company in the year ending 31 May 2001. In the event of an under-performance by the Company in the year to 31 May 2001 against profit and turnover thresholds (as described under the terms of the Subscription Agreement set out in Part IX of this Prospectus) Smedvig Capital would be entitled, through the exercise of the Warrant, to subscribe for a greater number of Ordinary Shares at a lower subscription price than £1.20 per share (as assumed for the purposes of the illustrative financial projections set out in Part III of this Prospectus) thereby diluting the then shareholders of the Company. In the event of under-performance by the Company of more than 40 per cent. of the agreed profit and turnover thresholds in the year to 31 May 2001, Smedvig Capital would be entitled, through the exercise of the Warrant, to acquire a controlling interest of 50 per cent. plus one share of the Ordinary Shares then in issue or capable of issue in consideration of the cancellation of the Loan Stock, thereby obtaining control of the Company. A resolution of the Company in general meeting was passed on 28 February 1998 whereby the obligation of Smedvig Capital, in these circumstances, to make an offer to acquire all Ordinary Shares not then owned by Smedvig Capital under Rule 9 of the City Code in Takeovers and Mergers was waived by the Company.
- (d) The Company has yet to, and there is no guarantee that it will, enter into a binding agreement in respect of the bank term loan and overdraft facilities although outline terms have been obtained.

- (e) Although, subject to contract, terms have been agreed with the freeholder and with the leaseholder of the Riverside Arches, there is a risk that the Company will not be able to obtain a lease in respect of that property with a consequential impact on the illustrative financial projections and the value associated with that property.
- (f) Delays and/or cost overruns in the completion of the development of Vinopolis may result in a delay in the launch date and, if certain cost or time thresholds are exceeded, may constitute a Relevant Event referred to in paragraph (b) above.
- (g) In the event of occurrence of a Relevant Event (as defined under the terms of the Subscription Agreement as summarised Part IX of this Prospectus), the Company would be required to increase the rate of interest payable on the Loan Stock from 12 per cent. to 20 per cent. per annum.
- (h) The occurrence of any event of default under the Development Agreement may result in the Company being required to repay the Grant and English Partnerships being entitled to enforce its fixed charge over the lease and floating charge over the undertaking of the Company pursuant to the terms of the Development Agreement as described in Part IX of this Prospectus.

PART VII

Additional Information

1. Responsibility

- a) The Directors, whose full names, functions and addresses are set out on page 6, accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.
- b) Kingston Smith, L&R Consulting, Gleeds, Jasper Jacob Associates and Matthews & Goodman are responsible for their respective reports and letters in Parts III, IV and V of this Prospectus and the references thereto in the form and context in which they appear and accept responsibility for their respective reports and letters accordingly.
- c) The Directors, whose full names are set out on page 6, confirm that the accounts for Wineworld as set out in Part IV of this Prospectus have been prepared in accordance with the law and the Directors accept responsibility for them.

2. Incorporation and principal place of business

- a) The Company was incorporated in England and Wales under the Act as a private limited company on 18 November 1991 under the name Larkings Limited with registered number 2663676. The Company changed its name to Wineworld London Limited by resolution dated 20 March 1992 and was reregistered as a public limited company under its present name on 8 November 1996.
- b) The liability of the members of the Company is limited.

3. Share capital

- a) As at the date of this Prospectus the Company's authorised and issued share capital is as follows:

	<i>Nominal value (£)</i>	<i>Number of Ordinary Shares of 25p each</i>
Authorised	10,000,000	40,000,000
Issued and fully paid	1,282,398	5,129,593

- b) By an ordinary resolution passed at an extraordinary general meeting of the Company held on 4 March 1997 the Directors were generally and unconditionally authorised for the purposes of Section 80 of the Act to exercise all powers of the Company to allot relevant securities (as defined in the said Section) up to an aggregate nominal amount of £9,248,600 provided that the authority was expressed to expire five years from the date of the Resolution but to be capable of previous revocation or variation from time to time by the Company in General Meeting and of renewal from time to time by the Company in General Meeting for a further period not exceeding five years but so that the Company may before the expiry of the authority make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if such authority had not expired.
- c) By a special resolution passed at an extraordinary general meeting of the Company held on 4 March 1997, the Directors were empowered pursuant to Section 95 of the Act to allot securities (as defined in Section 94 (2) of the Act) pursuant to the general authority conferred on them pursuant to the Resolution described at paragraph 3 (b) above, as if Section 89 (1) of the Act did not apply to the allotment of equity securities up to an aggregate nominal amount of £9,248,600 provided always that such power shall expire five years from the date of the Resolution but may be previously revoked or varied by Special Resolution but so that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement up to the maximum amount of £9,248,600 as if the power had not expired.
- d) Details of the terms of the Loan Stock (yet to be issued) and Warrant which is a security entitling the holder to subscribe for Ordinary Shares are set out in Part IX of this Prospectus.

4. Subsidiary

The Company is a holding company. It has a wholly owned subsidiary named Vinopolis Limited, which was incorporated in England and Wales on 30 May 1996 as a private limited company under the Act. The Directors of Vinopolis Limited are A Hodges and R Wood and the Secretary is R Wood.

5. Memorandum of Association

The objects for which the Company was incorporated are set out in full in its Memorandum of Association which provides that the Company's principal objects are:

- i) carrying on business as proprietors of a museum of wine and displaying and demonstrating wine producing techniques and creating and promoting a permanent trade exposition centre for the international wine industry in London;
- ii) carrying on business as a proprietor of wine tasting clubs, wine bars, licensed and unlicensed clubs, public houses, hotels, motels, guest houses, restaurants, cafes, snackbars, coffee bars, shops, ice-cream parlours and tea rooms and undertaking general catering on a bar, self service, waiter or waitress system and also undertaking private catering for parties or gatherings either on or away from the premises operated by the Company;
- iii) acting as importers, exporters, shippers, storers of, distributors, wholesalers, retailers and mail order dealers in alcoholic beverages and entering into contracts with producers and other persons, firms and companies in the UK and abroad in relation to the purchase and supply of alcoholic beverages; setting up, establishing and operating bars; dealing in equipment and appliances for the making of home-made wines and beers and generally conducting all activities associated with the business of the importing, exporting, shipping, storage and sale of alcoholic beverages; and
- iv) carrying on business as a proprietor of off-licences and retailers and dealers in canned, bottled and barrelled alcoholic and non-alcoholic beverages and in all cigarettes, tobacco, smokers' requisites, sweets, chocolates and confectionery, newspapers, magazines, periodicals, books, greeting cards, toys, novelties, souvenirs, fancy goods and stationery.

6. Articles of Association

The Articles of Association of the Company ("the Articles") contain provisions, inter alia, relating to the rights attaching to the Ordinary Shares:

a) *Voting rights*

Subject to any rights or restrictions attached to any shares and to any other provisions of the Articles, at any general meeting on a show of hands every member who is present in person will have one vote and on a poll every member will have one vote for every Ordinary Share of which he is the holder. On a poll, votes may be cast either personally or by proxy and a member may appoint more than one proxy to attend on the same occasion. There are no special restrictions attaching to the Ordinary Shares.

In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and seniority will be determined by the order in which the names of the holders appear in the register of members of the Company.

Unless the Board otherwise determines, no member, or person to whom any of that member's shareholding is transferred other than by a transfer approved under the Articles, may vote at any general meeting or at any separate meeting of holders of any class of shares in the Company either in person or by proxy: (A) in respect of any share in the Company held by him unless all monies presently payable by him in respect of that share have been paid; or (B) in respect of any share comprised in relevant share capital (as defined in Section 198(2) of the Act) held by him if he or any other person appearing to be interested in the share has been given a notice under Section 212 of the Act and has failed to give the Company the information required by the notice within the applicable period and the Company has then given the holder of those shares a further notice ("restriction notice") to the effect that from the service of the restriction notice those shares will be subject to some or all of the relevant restrictions.

b) *Dividends and other distributions*

Subject to the provisions of every statute for the time being in force concerning companies and affecting the Company (the "Statutes"), the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members but not exceeding the amount recommended by the Board. If it appears to the Board that such payments are justified by the financial position of the Company, the Board may pay: (A) interim dividends; or (B) at intervals settled by it any dividend payable at a fixed date.

Except insofar as the rights attaching to any share otherwise provide, all dividends will be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in which the dividend is paid.

Dividends may be satisfied wholly or partly by the distribution of assets and may be declared or paid in any currency. The Board may, if authorised by an ordinary resolution of the Company, offer the holders of Ordinary Shares the right to elect to receive new Ordinary Shares credited as fully paid, instead of cash for all or part of the dividend specified by that ordinary resolution.

The Company may stop sending any cheque, warrant or other financial instrument through the post for any dividend or other monies payable in respect of a share if in respect of at least two consecutive dividends the cheques, warrants or other financial instruments have been returned undelivered or remain uncashed. The Company must resume sending cheques, warrants or other financial instruments if the shareholder or person entitled by transmission claims the arrears.

Any dividend unclaimed for 12 years from the date when it became due for payment will be forfeited and revert to the Company.

Unless the Board determines otherwise, no member holding shares representing 0.25 per cent, or more in nominal value of the issued shares of any class of share capital of the Company will be entitled to receive payment of any dividend or other distribution if he or any person appearing to be interested in such shares has been given a notice under Section 212 of the Act and has failed to give the Company the information required by the notice within the applicable period and the Company has then given the holder of those shares a restriction notice to the effect that from the service of the restriction notice those shares will be subject to such restrictions.

c) *Return of capital*

In a winding up, a liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Statutes, divide among the members the whole or any part of the assets of the Company (whether the assets are of the same kind or not).

d) *Capitalisation of profits*

If the Board so recommends, the Company may pass an ordinary resolution to capitalise all or any part of any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or all or any part of any sum standing to the credit of any reserve or fund (whether or not available for distribution). The Board may appropriate the capitalised sum to those members who would have been entitled to it if it were distributed by way of dividend and in the same proportions and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in the paying up in full unissued shares or debentures of the Company or a nominal amount equal to that sum, and allot the shares or debentures credited as fully paid to those members, or as they may direct, in those proportions, or partly one way and partly in the other; but for the purposes of the Articles the share premium account, the capital redemption reserve, and any reserve or fund representing profits which are not available for distribution may only be applied in paying up in full unissued shares of the Company.

e) *Variation of rights*

Subject to the Statutes, all or any of the rights attached to any class of share may (unless otherwise provided by the terms of issue of the shares of that class) be varied with the written consent of the holders of three-fourths in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class. The provisions of the Statutes and of the Articles relating to general meetings will mutatis mutandis apply to any such separate meeting, except that; (A) the necessary quorum will be a person or persons holding or representing by proxy not less than one-third in nominal amount of the issued shares of that class or, at any adjourned meeting of holders of shares of that class at which such a quorum is not present, will be any such holder who is present in person or by proxy whatever the number of shares held by him; (B) any holder of shares of that class present in person or by proxy may demand a poll; and (C) every holder of shares of that class will, on a poll, have one vote in respect of every share of that class held by him.

f) *Transfer of shares*

Subject to such restrictions of the Articles as may be applicable, a member may transfer all or any of his shares by an instrument of transfer in any usual form or in any other form which the Board may approve. An instrument of transfer will be executed by or on behalf of the transferor and (unless the share is fully paid) by or on behalf of the transferee. Subject to the statutes, the transferor will be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of it.

Subject to the Statutes, the Board may refuse to register the transfer of a share which is not fully paid without giving any reason for so doing.

The Board may also refuse to register the transfer of a share if: (A) it is not lodged, duly stamped (if necessary), at the registered office of the Company or at such other place as the Board may appoint and accompanied by the certificate for the shares to which it relates (where a certificate has been issued in respect of the shares) and/or such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; (B) it is not in respect of one class of share only; (C) it is not in favour of four or less transferees; and (D) it is in favour of a minor, and (E) it is in favour of a bankrupt or person of mental ill health.

If the Board refuses to register a transfer it will, within two months after the date on which the transfer was lodged, send to the transferee a notice of refusal. The registration of transfers may be suspended at such times and for such period (not exceeding 30 days in any calendar year) as the Board may determine.

No fee will be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share. Any instrument of transfer which is registered may be retained by the Company, but any instrument of transfer which the Board refuses to register will be returned to the person lodging it when notice of the refusal is given.

Unless the Board otherwise determines, no member holding shares representing 0.25 per cent. or more in nominal value of the issued shares of any class of relevant share capital (as defined in Section 198(2) of the Act) in the Company will be entitled to transfer any such shares otherwise than pursuant to an arm's length sale (as defined in the Articles), if he or any person appearing to be interested in such shares has been given a notice under Section 212 of the Act and has failed to supply the Company with the information required by the notice within the applicable period and the Company has then given the holder of those shares a restriction notice to the effect that from the service of the restriction notice those shares will be subject to such restrictions.

g) *Alteration of capital*

The Company may by ordinary resolution increase, consolidate, divide and subdivide its share capital and cancel any shares. Subject to the Statutes, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account or other undistributable reserve in any manner.

h) *Purchase of own shares*

Subject to the Statutes, and to any rights conferred on the holder of any class of shares, the Company may purchase all or any of its shares of any class (including any redeemable shares).

7. Directors' and other interests

- a) At the date of this Prospectus and immediately following the completion of the Offer, the interests of the Directors (including persons connected with them within the meaning of Section 346 of the Act) in the share capital of the Company which have been notified under Sections 324 to 328 of the Act and which have been or are required to be entered in the register maintained pursuant to Section 325 of the Act, all of which are or will be beneficial unless otherwise stated, are or will immediately following the completion of the Offer be as follows:

<i>Name</i>	<i>Number of Ordinary Shares</i>
Sir Thomas Macpherson	50,000
A. Hodges	432,933
D. Vaughan-Arbuckle	404,872
R. Wood	146,943
M. Broadbent	5,000

Notes

1. The interests of A Hodges include 243,601 Ordinary Shares held by The Hodges Consultancy Pension Fund, 100,000 Ordinary Shares held by Till House Investments Limited and 83,332 Ordinary Shares held by The Hodges Consultancy Limited, both of which companies are controlled by A Hodges.
2. The interests of D Vaughan-Arbuckle include 4 Ordinary Shares held by his wife. They also include 400,000 Ordinary Shares held by him and his wife jointly and which are held by D. Vaughan-Arbuckle and his wife jointly as nominees of the Theme Museum of Wine Limited.
3. The interests of R Wood include 12,500 Ordinary Shares held by his wife and 67,777 Ordinary Shares held by Leybourne Securities Limited, a company controlled by R Wood.

The following directors hold options to subscribe for Ordinary Shares under the Share Option A Plan:

<i>Director</i>	<i>Number of Ordinary Shares under option</i>	<i>Exercise Price per Ordinary Share (p)</i>	<i>First Exercise Date⁽¹⁾</i>	<i>Expiry Date⁽¹⁾</i>
A. Hodges	333,332	120	18.06.2000	18.06.2004
R. Wood	<u>333,332</u>	120	18.06.2000	18.06.2004
Total	<u>666,664</u>			

Note

1. The options granted to each director are the initial options under the A Plan referred to in paragraph (f) of Section 8 below and vest in equal parts subject to the condition discussed in that paragraph.
- b) Save as disclosed in this Section 7 none of the Directors (or any person connected with them within the meaning of Section 346 of the Act) has any interest, whether beneficial or non-beneficial, in the ordinary share capital of the Company or its subsidiary.
- c) The following shareholders are interested, directly or indirectly, in 3 per cent. or more of the Company's capital in so far as is known by the Company:

Shareholder	Number of Ordinary Shares	Per cent. of capital
Miklo Beheer B.V.	550,000	10.7
Peter Blomqvist	210,000	4.1
- d) Smedvig Capital would be able to exercise control of the Company in the event that it acquired 50 per cent. plus one Ordinary Share in the circumstances described in the summary of the Warrant appearing at page 57 of this Prospectus.
- e) Save as disclosed in Section 7(a), (b), (c), and (d) the Company is not aware of any person who has, at the date of this Prospectus, or will immediately following completion of the Offer have, an interest (within the meaning of Part VI of the Act) which represents three per cent. or more of the issued share capital of the Company or who does or could, directly or indirectly, jointly or severally, exercise control over the Company.
- f) During the 16 month period ended 31 March 1998, Sir Thomas Macpherson, P. Paice, A. Hodges, D. Vaughan-Arbuckle and R. Wood, via companies over which each has a controlling interest, charged the Company consultancy fees on normal commercial terms of £492,678 in aggregate. Of these consultancy fees, £166,000 has been capitalised as Ordinary Shares and allotted at the Ordinary Share value prevailing at the date the services, in respect of which the relevant invoices were rendered, were performed. In addition, during the 16 month period ended 31 March 1998, salaries have been paid by the Company totalling in aggregate £66,750.
- g) It is estimated that the aggregate remuneration payable and the benefits in kind to be granted to the Directors in respect of the current financial year, namely from 1 April 1998 to 31 March 1999, will be £327,300.

8. Employee Share Option Plans

The Wineworld London plc "A and B" share option plans, respectively the "A" Plan and "B" Plan, were approved by the Remuneration Committee of the Board ("the Committee") and adopted by the Board on 18 June 1997. A summary of each Plan is set out below.

The A Plan

a) *General*

The A Plan is governed by rules (which prevail over this summary) and is administered by the Committee. It will last for a period of 10 years from the date of its adoption by the Board. The A Plan is not an Inland Revenue approved scheme.

b) *Eligibility*

Participation in the A Plan is open to all employees (including full-time Directors employed under a service agreement but not including non-executive Directors) of the Company, its subsidiaries or any joint venture company in which the Company is a member whom the Committee may select, provided that they are not within two years of normal retirement age. No eligible employee is entitled as of right to participate in the A Plan. It is, however, intended that the initial participants will be Messrs A Hodges and R Wood only.

c) *Grant of options*

Options will be granted under the A Plan to acquire new shares in the Company and such options may not be transferred or assigned by participants. No payment to the Company is required on the grant of an option.

d) *Rights attaching to shares*

Participants will have no rights in respect of shares under option prior to their allotment upon exercise. Shares allotted on exercise will rank *pari passu* with the Company's existing issued ordinary shares, save that participants will not be entitled to dividends or other rights attaching to shares by reference to a record date preceding the date of allotment. If, on the exercise of an option, the Company's ordinary shares are listed on a stock exchange or dealing system, the Company will apply forthwith for the relevant shares to be admitted for listing.

e) *Acquisition price*

A participant may acquire shares on the exercise of an option at the Option Price. The Option Price per ordinary share will be a price equal to the market value of an ordinary share in the Company (as determined by the Committee, after taking advice from the auditors of the Company) or, if greater, the nominal value of an ordinary share.

f) *Exercise of options*

An option will normally be exercisable between three and seven years following its grant, provided that a performance condition, imposed by the Committee prior to the grant of an option, has been satisfied. The Committee has made initial options granted under the A Plan subject to a performance condition relating to the funding of the Vinopolis project with options vesting in equal parts on success at each stage of the First Round and Second Round Fund raising of the Vinopolis project as described in this Prospectus.

Early exercise is permitted (if the performance condition has been met) in the event of cessation of employment due to ill-health, retirement, redundancy or at the discretion of the Committee and (whether or not the performance condition has been met) in the event of a reconstruction, amalgamation, take-over or winding up of the Company.

g) *Individual participation*

Each individual's participation will be limited so that the total Option Price of options granted to him under the A Plan, when aggregated with the market value, at the relevant dates of grant, of subsisting options held by him under any other discretionary share option schemes adopted by the Company, will not exceed four times his annual remuneration or £100,000, whichever is the greater. Before any options are granted to replace those which have already been exercised, the Committee will be expected to satisfy itself that the grant of such options is justified by a significant improvement in the performance of the Company in the previous three years.

h) *Variation of capital*

In the event of any rights issue and/or any capitalisation, consolidation, or subdivision or reduction of share capital and/or any other variation of share capital, the Directors may, with the approval of the Committee and subject to obtaining where necessary, the approval of the auditors, make such adjustments to the number of shares subject to options, and/or the Option Price as they consider appropriate to counteract the effect of the variation of capital on the value of the option.

i) *Alteration to the A Plan*

The Directors may, at any time, alter or add to the A Plan in any respect, provided that the prior approval of the Company in general meeting is obtained for alterations or additions to the advantage of participants relating to:

- the definition of participants or eligible employees;
- the maximum entitlement for any participant; or
- the basis for determining a participant's entitlement under the A Plan or for adjusting that entitlement if the Company's issued share capital is varied.

The requirement to obtain prior approval of the Company in general meeting will not, however, apply in relation to any alteration or addition which is made to comply with the provisions of any existing or proposed legislation, or to obtain or maintain favourable taxation, exchange control or regulatory treatment for any company in the Group, or any participant or employee or which is minor in nature and is made to benefit the administration of the A Plan.

The B Plan

a) *General*

The B Plan is governed by rules (which prevail over this summary) and will be administered by the Committee. It will last for a period of 10 years from the date of its adoption by the Board. The B Plan is not an Inland Revenue approved scheme.

b) *Eligibility*

Participation in the B Plan open to all employees including Directors employed under a service agreement (whether full or part-time) but not including non-executive Directors of the Company, its subsidiaries or any joint venture company in which the Company is a member whom the Committee may select, provided that they are not within two years of normal retirement age. No eligible employee will be entitled as of right to participate in the B Plan. It is not intended that any participant in the A Plan will be invited to participate.

c) *Grant of options*

Options will be granted under the B Plan to acquire new shares in the Company and such options may not be transferred or assigned by participants. No payment to the Company is required on the grant of an option.

d) *Rights attaching to shares*

Participants will have no rights in respect of shares under option prior to their allotment upon exercise. Shares allotted on exercise will rank *pari passu* with the Company's existing issued ordinary shares, save that participants will not be entitled to dividends or other rights attaching to shares by reference to a record date preceding the date of allotment. If, on the exercise of an option, the Company's ordinary shares are listed on a stock exchange or dealing system, the Company will apply forthwith for the relevant shares to be admitted for listing.

e) *Acquisition price*

A participant may acquire shares on the exercise of an option at the Option Price. The Option Price per ordinary share will be a price equal to the market value of an ordinary share in the Company (as determined by the Committee, after taking advice from the auditors of the Company) or, if greater, the nominal value of an ordinary share.

f) *Exercise of options*

An option will normally be exercisable between three and seven years following its grant. The Committee is empowered to impose performance conditions, prior to the grant of an option, but need not do so.

Early exercise is permitted in the event of cessation of employment due to ill-health, retirement, redundancy or at the discretion of the Committee and in the event of a reconstruction, amalgamation, take-over or winding up of the Company.

g) *Individual participation*

Each individual's participation will be limited so that the total Option Price of options granted to him under the B Plan, when aggregated with the market value, at the relevant dates of grant, of subsisting options held by him under any other discretionary share option schemes adopted by the Company, will not exceed four times his annual remuneration. Before any options are granted to replace those which have already been exercised, the Committee will be expected to satisfy itself that the grant of such options is justified by a significant improvement in the performance of the Company in the previous three years.

h) *Variation of capital*

In the event of any rights issue and/or any capitalisation, consolidation, or subdivision or reduction of share capital and/or any other variation of share capital, the Directors may, with the approval of the Committee and subject to obtaining where necessary, the approval of the auditors, make such adjustments to the number of shares subject to options, and/or the Option Price as they consider appropriate to counteract the effect of the variation of capital on the value of the option.

i) *Alteration to the B Plan*

The Directors may, at any time, alter or add to the B Plan in any respect, provided that the prior approval of the Company in general meeting is obtained for alterations or additions to the advantage of participants relating to:

- the definition of participants or eligible employees;
- the maximum entitlement for any participant; or
- the basis for determining a participant's entitlement under the B Plan or for adjusting that entitlement if the Company's issued share capital is varied.

The requirement to obtain prior approval of the Company in general meeting will not, however, apply in relation to any alteration or addition which is made to comply with the provisions of any existing or proposed legislation, or to obtain or maintain favourable taxation, exchange control or regulatory treatment for any company in the Group, or any participant or employee or which is minor in nature and is made to benefit the administration of the B Plan.

9. Directors' service agreements and emoluments

- a) The executive Directors have entered into service agreements with the Company which commenced on 1 July 1997. The details of the service agreements are as follows:

Director	Basic annual salary	Notice period	Date of contract
A Hodges	£90,000	12 months notice by the Company or 6 months notice by the Director.	23 June 1997
D Vaughan-Arbuckle	£65,000	12 months notice by the Company or 6 months notice by the Director.	23 June 1997
R Wood	£90,000	12 months notice by the Company or 6 months notice by the Director.	23 June 1997

- b) If an executive Director is dismissed within six months of a change in control of the Company or its holding company, the executive Director is entitled to liquidated damages of one year's basic salary (subject to deductions for income tax and national insurance).
- c) The executive Directors are entitled to receive pension contributions of 10 per cent. of aggregate remuneration of salary and bonus, to death-in-service insurance and to participation in the Company's medical or other insurance plans as well as 25 days holiday per annum. A Hodges and R Wood are to receive a £10,000 guaranteed bonus in the first twelve months.
- d) Following termination of employment, the executive Directors are subject to non-competition covenants running for a period of 12 months and a covenant prohibiting the solicitation by them of other managers or Directors of the Company for a period of twelve months.

10. Litigation

- a) The Company is being threatened with legal proceedings by Mr A Law in respect of consultancy services. Mr Law is claiming the sum of £75,000 for consultancy services and an unquantified amount in respect of expenses. The Directors intend to defend vigorously any proceedings which may be commenced.
- b) Save as discussed at paragraph (a) above, neither the Company nor Vinopolis Limited are involved in any legal or arbitration proceedings and, so far as the Directors are aware, there are no legal or arbitration proceedings active, pending or threatened against, or being brought by, the Company or Vinopolis Limited which are having or may have a significant effect on the financial position of the Company.

11. United Kingdom Taxation and Tax Reliefs

- a) No part of this Prospectus should be construed as legal, business or tax advice. The statements below are intended only as a general guide to current United Kingdom ("UK") taxation law and practice and assumes that the Finance Bill 1998 is enacted in the form ordered to be printed on 23 March 1998. Any person who has any doubt as to his tax position, or who is subject to tax in any jurisdiction other than the UK, should consult his professional adviser.
- b) When paying a dividend the Company must remit to the Inland Revenue by way of Advance Corporation Tax ("ACT") an amount currently at the rate of one quarter of the cash amount paid. For individual shareholders resident in the United Kingdom, an amount equal to the ACT paid is available as a credit against their total income tax liability, or, in appropriate cases, (e.g. where the shareholder is not liable to pay income tax) can be claimed in cash. Shareholders not resident in the United Kingdom may be able to claim payment from the Inland Revenue of the tax credit, but the extent to which they are able to do so will depend upon the provisions of any Double Tax Treaty which exists between the United Kingdom and their country of residence. Persons who are not resident in the United Kingdom should consult their own local professional advisers concerning their entitlement to claim and the procedures for claiming payment.
- c) A UK resident corporate shareholder will not be liable to UK corporation tax on any dividend received from the Company and may be able to treat the dividend received and the associated tax credit as franked investment income. As a general rule, a corporate shareholder will be able to use any franked investment income to frank dividends it pays up to the amount of the dividend it receives from the Company and will therefore have no further liability to account for ACT on the dividends it pays.
- d) Approval has been obtained from the Inland Revenue that the Company is a qualifying Company and the Directors believe that the Offer Shares will be qualifying shares for EIS Relief. EIS 3 Certificates, which investors need to claim their EIS Relief, should be available after formal approval has been given to the Company.

There are various further conditions attaching to EIS Relief which individuals must satisfy for a particular relevant period, so it is vital that individuals should take advice from their own professional advisers on the likelihood of their qualifying for EIS Relief.

- e) Income tax relief: a qualifying individual will be able to reduce the amount of his or her income tax liability for the current tax year by an amount up to 20 per cent. of the price paid for Offer Shares. EIS Relief is available on a maximum annual investment of £150,000, and Investors must hold their EIS Shares for at least five years in order to avoid any EIS Relief given being withdrawn.
- f) Capital gains tax liability deferral: in addition to the income tax relief described in paragraph (e) above, qualifying individuals may defer a chargeable gain arising on the disposal of any asset by investing an amount equivalent to the amount of that gain in Offer Shares. This deferment is only available for gains accrued after 28 November 1994 and where at the time of both the disposal and the investment the taxpayer is resident or ordinarily resident for tax purposes in the UK. Investors should note that the chargeable gain is merely deferred by this relief. When the Offer Shares are ultimately sold (or another "chargeable event" occurs, e.g. withdrawal of the EIS Relief), capital gains tax will become payable on the deferred gain.
- g) Loss relief: individuals and certain companies who incur a loss upon the disposal of Offer Shares may offset that loss against capital gains or against taxable income either in the year in which it arises or by way of carry back to the preceding tax year. In either case relief will be obtained at the taxpayer's highest marginal rate of tax.
- h) Capital gains tax exemption: gains arising from the first disposal of Offer Shares in respect of which EIS relief is granted will be exempt from capital gains tax, provided that such disposal takes place at least five years after the date of the issue of the Offer Shares and provided that EIS Relief has not previously been withdrawn. Investors should note that if they cease to be qualifying individuals during the period of five years from the date of issue of the Offer Shares (or if the Company ceases to be a qualifying company for the purposes of EIS Relief within three years from that date), EIS Relief they have obtained may be withdrawn or reduced.
- i) Investor privileges: it is the Directors' intention to incentivise potential Investors. With this in mind, the Directors propose that all Investors will be eligible for free membership of the Founders Club. Founders Club members will be entitled to various privileges including free entry to the Wine Odyssey, early notification of Vinopolis events, discounts on purchases in Vinopolis retail outlets, wine advice from the Wine Advisory Panel and use of the Members Room.

Additionally, Investors who are allotted 25,000 or more Offer Shares will be eligible for a discount voucher with a value of 5 per cent. of the amount invested (based on the number of Offer Shares allotted).

The discount voucher can then be applied by the Investor to reduce the cost of using the corporate hospitality facilities on designated dates within the first three years of the facilities being available. Investors who wish to seek EIS Relief should note that they may not receive full EIS Relief to the extent that the Inland Revenue may deem such incentives to be benefits in kind and subject to income tax.

12. Overseas Investors

Persons outside the United Kingdom into whose possession this Prospectus comes are required by Wineworld and Rea Brothers to inform themselves about and to observe any restriction as to the offer or sale of Ordinary Shares and the distribution of this Prospectus. In particular, the Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended, (the "Securities Act") or with any securities regulatory authority of any state or other political subdivision of the United States and, accordingly, may not, directly or indirectly, be offered, sold or delivered within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S promulgated under the Securities Act), except in transactions which are exempt from the registration requirements of the Securities Act. The relevant clearances have not been, and will not be, obtained from the Securities Commission of any province or territory of Canada and no Prospectus in relation to the Ordinary Shares has been or will be lodged with, or registered by, the Australian Securities Commission, nor is this Prospectus being prepared to comply with laws of Japan or the Republic of Ireland. Accordingly, subject to certain exceptions, the Ordinary Shares may not, directly or indirectly, be offered or sold within Canada, Australia, Japan or the Republic of Ireland or offered or sold to a resident of Canada, Australia, Japan or the Republic of Ireland.

13. Miscellaneous Information

- a) Save as disclosed herein, the Company does not have in issue any securities not representing share capital nor outstanding convertible securities in issue.
- b) Save as disclosed herein, no Director has any interest, direct or indirect, in any assets which have been or will be acquired by or leased to the Company or are proposed to be acquired by or leased to the Company, nor is there any contract or arrangement subsisting at the date of this Prospectus in which any Director is materially interested and which is significant in relation to the business of the Company.
- c) The expenses of or in connection with the Offer, all of which are payable by the Company, are estimated to amount to approximately £530,000 (excluding recoverable value added tax if any). Assuming that all the Offer Shares are subscribed the net proceeds, after deduction of the expenses of the Offer, will be approximately £5.47 million.
- d) The Company has agreed to pay commissions in respect of the Offer as detailed in paragraphs 2.12 to 2.16 inclusive of Part VIII of this Prospectus. In addition, and included in paragraph (c) above, in the event of the Offer being successful the Company has agreed to pay commissions totalling £250,000 in consideration of the underwriting commitments referred to in Part II of this Prospectus. In its capacity as financial adviser to Wineworld, Rea Brothers will receive commission, subject to a minimum equity fundraising of £5.0 million, of 5 per cent. of monies raised by them.
- e) L&R Consulting, Kingston Smith, Gleeds, Jasper Jacob Associates and Matthews & Goodman have each given and not withdrawn their written consents to the inclusion herein of their names and references to their respective reports and letters in the form and context in which they appear.
- f) Rea Brothers has given and not withdrawn its written consent to the inclusion herein of references to its name in the form and context in which they appear.
- g) Rea Brothers is authorised to carry on investment business by The Securities and Futures Authority Limited. The principal place of business of Rea Brothers Limited is Alderman's House, Alderman's Walk, London EC2M 3XR.
- h) The Company and the success of the Vinopolis Project are dependent upon the Principal Agreements which are of fundamental importance to the business of the Company. Save as aforesaid, the Company is not dependent on any patents or other intellectual property rights, licences or particular contracts.
- i) The Company's principal activities have been to progress the development of Vinopolis, City of Wine as described in Part I. Save as disclosed in this Prospectus, there have been no significant trends in the development of the Company's business since 31 March 1998, being the date to which the latest consolidated audited accounts of the Company have been prepared. As discussed at Part II, the Company's prospects for the current financial year will be materially influenced by the success or otherwise of the Offer.

- j) Richard Tibbott, a director of L&R Consulting whose letter is included in Part III of this Prospectus is interested in 6000 Ordinary Shares.
- k) Jasper Jacob, a principal of Jasper Jacob Associates whose letter is included in Part IV of this Prospectus, is interested in 6,250 Ordinary Shares.
- l) William Salomon and Anthony Townsend who are directors of Rea Brothers, the Company's financial advisors, are interested, directly or indirectly in 50,000 Ordinary Shares each.

Dated: 17 June 1998 ✓

PART VIII

Procedures, Terms and Conditions of the Offer

1. Procedures for the application

1.1 Applications for Offer Shares

Applications for the Offer Shares should be made on the accompanying Application Form. The Company will accept only the official Application Form duly completed and in no circumstances will photocopies be accepted. Application Forms duly completed must be received by the Company no later than 3.00 pm on 31 July 1998, or such later date as the Company may determine.

A pre-paid and addressed envelope is enclosed for your convenience. Applications should be forwarded to, or delivered at, Bank of Scotland, New Issues, Apex House, 9 Haddington Place, Edinburgh EH7 4AL or by hand only to Bank of Scotland, New Issues, First Floor, Broad Street House, 55 Old Broad Street, London EC2P 2HL. The Company will not accept responsibility for any delay which may be caused by an Application Form which is completed incorrectly or is illegible or for any delay outside its control.

1.2 Minimum subscription and basis of allocation

The Directors are seeking to raise in aggregate, pursuant to the Second Round Fundraising, a minimum of £8.9 million of which the amount to be raised pursuant to the Offer will not be less than £4.4 million and not more than £6.0 million. If the minimum of £8.9 million has not been raised or committed on or before 31 July 1998, or such later date as the Company may determine (being not later than 30 September 1998), then any funds received by the Company pursuant to any application for Offer Shares will be returned (without interest) to the applicant(s).

The minimum number of Offer Shares for which you may apply is 2,000 and thereafter all applications must be in multiples of 500. Application Forms received in respect of a fewer number of Offer Shares made on the Application Form will be determined by the Board in its absolute discretion. If the Offer is over-subscribed, applicants may receive fewer Offer Shares than they apply for or, in some cases, none at all. If no part of an application for Offer Shares is accepted, all monies paid on application will be returned to the applicant(s) (without interest). If an application for Offer Shares is accepted in part, applicants will receive (without interest) a refund for the balance of the monies paid on application. The right is reserved to reject, in whole or in part, or scale down any or all applications.

If applications are not received and accepted for all the Offer Shares, the Company reserves the right subsequently to issue, from time to time, any unissued Offer Shares. Any such future issue or issues may be made on such terms as to the amount of the premium as the Company may, in its absolute discretion, determine.

1.3 Money Laundering Regulations

It is a term of the Offer that, to ensure compliance with the Money Laundering Regulations 1993 (the "Regulations"), the Company may require, at its absolute discretion, the verification of identity from any person lodging an Application Form (an "applicant") including, without limitation, any person who either (i) tenders payments by way of banker's draft, building society cheque or a cheque drawn on an account in the name of a person or persons other than the applicant or (ii) appears to the Company to be acting on behalf of some other person. In the former case, evidence satisfactory to the Company and Bank of Scotland of the identity of the applicant may be required. In the latter case, evidence satisfactory to the Company and Bank of Scotland of the identity of any person on whose behalf the applicant appears to be acting may be required. If the amount payable on an application for Offer Shares exceeds £10,000 the verification requirements of the Regulations may apply and verification of identity may be required. Failure to provide the necessary evidence of identity may result in applications lapsing or being terminated. If, within a reasonable period following a request for verification of identity, the Company has not received evidence satisfactory to it as aforesaid, the Company may in its absolute discretion determine to treat as invalid the Application Form, in which event the monies payable on application will be returned without interest to the account at the drawee bank from which such monies were originally debited.

The Company shall not be responsible or have any liability for loss or damage arising from the election by the Company to treat an Application Form lodged by any applicant as invalid, as a result of the Company not

having received from the applicant evidence as to identity reasonably satisfactory to it within a reasonable time of a request therefor.

In order to reduce the likelihood of delays or of applications being terminated, applicants making a payment in excess of £11,500 should make payment by means of a cheque drawn by the applicant. If this is not practicable and such an applicant uses a cheque drawn by a third party or a building society or banker's draft the applicant should:

- a) write the name and address and date of birth of the applicant on the back of the cheque, building society cheque or banker's draft;
- b) if a building society cheque or banker's draft is used, ask the building society or bank to endorse on the cheque or banker's draft the name and account number of the person whose building society or bank account is being debited;
- c) if delivering an Application Form by hand, ensure that he has with him evidence of identity bearing his photograph (e.g. a passport).

1.4 Overseas application

This Prospectus does not constitute an offer to sell, nor the solicitation of an offer to buy, Offer Shares in any jurisdiction in which such an offer or solicitation is unlawful. The Offer Shares have not been and will not be registered under the US Securities Act 1933, as amended, or under the applicable securities laws of Canada or Australia. This Prospectus has not been prepared to comply with laws of Japan or the Republic of Ireland. Accordingly, subject as provided below, the Offer Shares may not, directly or indirectly, be offered or sold within the United States, Canada, Australia, Japan or the Republic of Ireland or offered or sold to a resident of any of those countries.

No person receiving a copy of the Prospectus in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use the Application Form enclosed with the Prospectus, unless in the relevant territory such an invitation or offer could lawfully be made to him and the Application Form could lawfully be used without contravention of any regulation or other legal requirement. It is a condition of any application by any person outside the United Kingdom that he has satisfied himself as to the full observance of the laws of any relevant territory, including the obtaining of any governmental or other consents which may be required, and has observed any other formalities needing to be observed in such territory.

The Company reserves the right, but shall not be obliged, to treat as invalid any application which appears to the Company or its agents to have been executed, effected or despatched in a manner which may involve a breach of the laws or regulatory requirements of any jurisdiction. Notwithstanding any other statement in this Prospectus or the Application Form, the Company reserves the right to permit a person outside the United Kingdom to apply for Offer Shares if the Company is satisfied that such action would not result in a contravention of any applicable or legal regulatory requirements.

1.5 Allotment of Offer Shares

Share certificates or, where appropriate, application monies (without interest) in respect of unsuccessful applications received on or before 31 July 1998, or such later date as the Company may determine being not later than 30 September 1998, will be despatched by the Company by post to applicants within 2 weeks following the Offer closing, at the risk of the applicant.

2. Terms and conditions of the application

- 2.1 The contract created by the acceptance of applications as set out herein will be conditional upon the Company raising not less than £8.9 million in aggregate pursuant to the Second Round Fundraising of which the amount raised pursuant to the Offer will be not less than £4.4 million and not more than £6.0 million.
- 2.2 If any Application Form is not accepted or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned (without interest) by returning each relevant applicant's cheque or banker's draft or by crossed cheque in favour of the first-named applicant through the post at the risk of the person(s) entitled thereto. Where Bank of Scotland, New Issues considers that the identity of the applicant(s) has not been independently verified, such monies will be returned by cheque, banker's draft or banker's

payment to the bank or society on which the cheque was drawn at the risk and at the expense of the applicant and any other person on whose account the cheque was drawn. In the meantime, application monies will be retained by Bank of Scotland, New Issues in a separate account.

- 2.3 The Company reserves the right to present all cheques for payment on receipt by Bank of Scotland, New Issues and to retain documents of title and surplus application monies pending clearance of successful applicants' cheques. The right is reserved to reject any application in respect of which the applicant's cheque or banker's draft has not been cleared on first presentation but without prejudice to any right to enforce payment under such cheque or banker's draft. Bank of Scotland, New Issues may, as agent of the Company, require an applicant to pay interest or its other resulting costs (or both) if the cheque accompanying his application is not honoured on first presentation. If an applicant is required to pay interest he will be obliged to pay the amount determined by Bank of Scotland, New Issues to be the interest on the amount of the cheque from the date on which the basis of allocation under the Offer is publicly announced, until the date of receipt of cleared funds. The rate of interest will be the then published bank base rate of a clearing bank selected by Bank of Scotland, New Issues plus 2 per cent. per annum.
- 2.4 The Offer is being made by the Company. Applications must be made on the Application Form attached at the end of the Prospectus or otherwise published by the Company.
- 2.5 By completing and delivering an Application Form, you (as the applicant(s)) and, if you sign the Application Form on behalf of another person or a corporation, that person or corporation:
- a) irrevocably offer to subscribe for the number of Ordinary Shares specified in your Application Form (or such lesser number for which your application is accepted) at the Offer Price on the terms, and subject to the conditions and the information set out in the Prospectus;
 - b) agree that, in consideration of the Company agreeing that it will not, prior to 31 July 1998, or such later date as the Directors may determine, being no later than 30 September 1998, offer any Ordinary Shares for subscription to any person other than as set out in the Prospectus, your application may not be revoked and that this paragraph constitutes a collateral contract between you and the Company which will become binding upon despatch by post to or, in the case of delivery by hand, on receipt by, Bank of Scotland, New Issues of your Application Form;
 - c) warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that, if such remittance is not so honoured, you will not be entitled to receive a share certificate for the Ordinary Shares applied for unless and until you make payment in cleared funds for such Ordinary Shares and such payment is accepted by the Company in its absolute discretion (which acceptance may be on the basis that you indemnify it against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and the Company may at any time prior to unconditional acceptance by the Company of such late payment (without prejudice to any other rights it may have), avoid the agreement to allot such Ordinary Shares and may allot them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund to you at your risk of such late payment);
 - d) undertake to pay interest at the rate described in paragraph 2.3 above if the remittance accompanying your Application Form is not honoured on first presentation;
 - e) agree that, in respect of those Ordinary Shares for which your application has been received and processed and not rejected, acceptance of your application shall be constituted by notification to you of acceptance by or on behalf of the Company;
 - f) agree that any definitive document of title and any monies returnable to you may be retained by Bank of Scotland, New Issues pending clearance of your remittance or pending investigation of any suspected breach of these terms and conditions of application and that such monies will not bear interest;
 - g) authorise Bank of Scotland, New Issues to send definitive certificates in respect of the number of Ordinary Shares for which your application is accepted, and/or a crossed cheque for any monies returnable, by posts to your address (or that of the first-named applicant) as set out in your Application Form;
 - h) warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person or corporation and such person or corporation will also be bound accordingly and will be deemed to have given the confirmations, undertakings and warranties contained in these terms and conditions of application and you undertake to enclose your power or attorney or a copy thereof duly certified by a solicitor or bank;

- i) agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer shall be governed by and construed in accordance with English law and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- j) confirm that in making such application you are not relying on any information or representations in relation to the Company other than those contained in the Prospectus (on the basis of which alone your application is made) and accordingly you agree that none of Rea Brothers Limited or the Company or any person acting on behalf of them or any person responsible solely or jointly for the Prospectus or any part thereof shall have any liability for any such other information or representation;
- k) authorise Bank of Scotland, New Issues or any person authorised by them or the Company, as your agent, to do all things necessary to effect registration of any Ordinary Shares subscribed by you into your name(s) and authorise any representative(s) of Bank of Scotland, New Issues for the Company to execute and or complete any document required therefor;
- l) agree that, having had the opportunity to read the Prospectus you shall be deemed to have had notice of all information and representations contained therein;
- m) confirm that you have read and complied with paragraph 2.6 below;
- n) confirm that you have received the restrictions contained in paragraph 2.7 below and warrant as provided therein;
- o) agree that all documents, cheques and banker's drafts sent by post to you, by or on behalf of the Company, will be sent at your risk and, in the case of documents and returned monies to be sent to you, may be sent to you at your address (or, in the case of joint applicants, the address of the first-named applicant) as set out in the Application Form;
- p) agree that your Application Form is addressed to the Company;
- q) warrant that you are not, or that you are not applying on behalf of a person who is, under the age of 18 on the date of the application;
- r) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, warrant that you have observed and complied with the laws of all such relevant territories, obtained any requisite governmental or other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes in connection with your application in any territory, other than United Kingdom stamp duty or stamp duty reserve tax, and that you have not taken or omitted to take any action which will or may result in the Company or the directors or its agents or any of them infringing any laws of any such territory or jurisdiction directly or indirectly as a result or in consequence of any acceptance of your application;
- s) agree that Rea Brothers Limited is advising the Company in connection with the Offer and no-one else and that Rea Brothers Limited will not treat you as its customer by virtue of such application being accepted or owe you any duties concerning the price of Ordinary Shares, or concerning the suitability of Ordinary Shares for you;
- t) agree that, in order to ensure compliance with the Money Laundering Regulations 1993, Bank of Scotland, New Issues may at its absolute discretion require verification of identity from any person lodging an Application Form (the "applicant") who either (i) tenders payment by way of banker's draft, building society cheque or a cheque drawn on an account in the name of a person or persons other than the applicant or (ii) appears to Bank of Scotland, New Issues to be acting on behalf of some other person. In the former case, verification of the identity of the applicant may be required. In the latter case, verification of the identity of any person on whose behalf the applicant appears to be acting may be required. Pending the provision of evidence satisfactory to Bank of Scotland, New Issues as to identity, definitive certificates in respect of Ordinary Shares may be retained at the absolute discretion of Bank of Scotland, New Issues. If, within a reasonable period of time following a request for verification of identity, Bank of Scotland, New Issues has not received evidence satisfactory to it as aforesaid, the Company may, at its absolute discretion, terminate the agreement to allot Ordinary Shares in which event your remittance will be returned without interest; and
- u) agree with the Company promptly on request to disclose in writing to the Company any information which it requests in connection with your application and authorise it to disclose any information relating to your application as they consider appropriate.

- 2.6 No person receiving a copy of the Prospectus or an Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes requiring to be paid in such territory. The Company reserves the right, but shall not be obliged, to treat as invalid any application which appears to the Company or its agents to have been executed, effected or despatched in a manner which may involve a breach of the laws or regulatory requirements of any jurisdiction. Notwithstanding any other statement in this Prospectus or the Application Form, the Company reserves the right to permit a person outside the United Kingdom to apply for Offer Shares if the Company is satisfied that such action would not result in a contravention of any applicable or legal regulatory requirements.
- 2.7 By completing an Application Form, you warrant that you are not a person in the United States (as defined in Regulation S under the United States Securities Act 1933), Canada or Australia and are not applying on behalf of, or with a view to re-offer, sale, renunciation, transfer or delivery to, or for the benefit of, any such person and that, if the laws of any place outside of the United Kingdom are applicable to your application, you have complied with all such laws and the Company will not infringe any laws outside the United Kingdom as a result of the acceptance of your application or any actions arising from your rights and obligations under these terms and conditions.
- 2.8 The rights and remedies of the Company under these terms and conditions of application are in addition to any rights and remedies which would otherwise be available to either of them, and the exercise or partial exercise of one will not prevent the exercise of others.
- 2.9 Save where the context requires otherwise, terms defined in the Prospectus bear the same meaning when used in these terms and conditions of application and in the Application Form.
- 2.10 In the case of a joint application, references to "you" in these terms and conditions of application are to each of you, and your liability is joint and several.
- 2.11 The dates and times referred to in these terms and conditions of application may be altered by the Company so as to be consistent with the Offer (as the same may be altered from time to time in accordance with its terms).
- 2.12 Commission will only be payable to intermediaries in respect of valid applications on Application Forms which contain the appropriate box for stamping by intermediaries and which have been duly stamped by or completed with the name, address and SIB/SRO number of the relevant intermediary.
- 2.13 In the event that more than one stamp is applied to or name, address and SIB/SRO number is written on an Application Form (whether or not either or both are subsequently deleted, erased or obscured), commission will only be payable to the intermediary whose stamp or name, address and SIB/SRO number, as the case may be, is first applied (in the opinion of the Company) to the Application Form and only if such stamp or name, address and SIB/SRO number, as the case may be, is legible.
- 2.14 The rate of commission payable to the intermediaries will be up to 3 per cent of the Offer Price multiplied by the number of Offer Shares allotted by the Company pursuant to the relevant Application Form.
- 2.15 Any applicant (or joint applicants) who validly accepts the Offer and returns the Application Form so as to arrive at either of the addresses stated thereon for receipt of Application Forms no later than 1 July 1998 shall, in the event of the condition in paragraph 2.1 above being satisfied, receive a commission equal to 2.5 per cent. of the Offer Price multiplied by the number of Offer Shares which are allotted to such applicant (or joint applicants), the payment of which shall be made by cheque posted to the address of the applicant stated on the Application Form (or in the case of joint applications to the first-named applicant on the relevant Application Form), at the risk of the applicant, within 2 weeks of the Offer closing.
- 2.16 The Company will, at its discretion, pay a commission to any applicant who is allotted 250,000 or more Offer Shares, equal to a sum up to 5 per cent. of the Offer Price multiplied by the Offer Shares so allotted.
- 2.17 The basis of allocation of the Offer Shares will be determined by the Company. The right is reserved notwithstanding the basis so determined to reject in whole or in part and/or scale down any application. The right is reserved to treat as valid any application not complying fully with these terms and conditions of application or not in all respects completed or delivered in accordance with these terms and conditions of application and the instructions accompanying the Application Form.

PART IX

Principal Agreements

Property agreements

The agreements entered into by the Company in respect of the Properties are as follows:

a) *Main Site*

The Company has the benefit of the Agreement to Lease over the Main Site. Pursuant to the Agreement to Lease, the Company covenants amongst other things, to carry out the refurbishment and Fit-out required to develop the Main Site for the purposes of the Vinopolis project. A licence fee in the sum of £35,000 per annum is payable during the period of the Agreement to Lease. The Agreement to Lease gives Railtrack the right, inter alia, to approve the details of the refurbishment and Fit-out and to monitor the progress of such works.

The Agreement to Lease provides that the Lease itself is granted to the Company following practical completion of the refurbishment and Fit-out of the Main Site or, at the latest, two years from the date of the Agreement to Lease (subject to extensions in certain circumstances) whether or not the refurbishment and Fit-out works have been completed.

Subject to compliance by the Company with its obligations under the Agreement to Lease, the Company will be granted the Lease for a term of 60 years. The rent payable will be the higher of a basic rent of £160,000 per annum and a turnover rent of the sum of 2 per cent. of direct turnover and 10 percent. of net concession income. The basic rent will be reviewed every five years, to an amount which is equal to 75 percent. of the average aggregate annual rent payable during the previous two years. The Lease will be subject to rights of Railtrack temporarily to occupy the Main Site for essential engineering works. Railtrack may also terminate the Lease if possession of the Main Site is required by a government department.

b) *Riverside Arches*

The Company has agreed with G.G.S. Holdings Limited, subject to contract, terms by way of a countersigned letter dated 18 June 1997 pursuant to which it has been agreed that the Company will use reasonable endeavours to agree terms for the acquisition of a new lease of the Riverside Arches from Railtrack, upon terms (i) that G.G.S. Holdings Limited will surrender its lease of the Riverside Arches and (ii) that the Company will grant to G.G.S. Holdings Limited a new lease of certain arches to the south end of Stoney Street comprising part of the Main Site, so that G.G.S. Holdings Limited would ultimately become the subtenant of the Company once the lease is granted.

The Company has agreed with Railtrack, subject to contract, terms by way of a countersigned letter dated 13 June 1997 pursuant to which Railtrack will grant to the Company a lease in respect of the Riverside Arches for a minimum term of sixty two years and to be capable of becoming co-terminus with the Lease in respect of the Main Site. The rent is intended to be £11 per square foot and will be subject to five yearly upward only rent reviews to the greater of 12.5 per cent. of turnover or open market value of the Riverside Arches finished to an agreed specification.

Funding agreements

Set out below are the terms of the Company's funding agreements:

a) *Development Agreement*

1. General description

The agreement is dated 30 January 1998 and was entered into by the Company and English Partnerships. Under the agreement English Partnerships agrees to provide funding up to a maximum value of £2,541,575, by way of the Grant towards refurbishment costs. This amount assumes that the Company will be granted a lease by Railtrack in respect of the Riverside Arches, for which an agreement for lease has yet to be agreed with Railtrack plc. In the event that by 31 July 1998 or an extended date, such agreement, being in a form acceptable to English Partnerships, has not been entered into, then the maximum value of funds that would be made available would be scaled back to reflect the lower refurbishment costs that would be incurred by the Company. Funding will be paid monthly at the rate of 39.7121 per cent. of each claim for certified refurbishment expenditure.

2. Security

Forthwith upon completion of grant of the Lease the Company shall execute a first fixed charge over the Lease and a floating charge over its undertaking and forthwith upon completion or grant of a lease in respect of the Riverside Arches the Company shall execute a first charge over such lease in favour of English Partnerships.

3. Completion of refurbishment works

The Grant is available on the basis that completion of the refurbishment works takes place by no later than 30 June 1999 with up to three months extension owing to force majeure.

4. Fit-out

The Company further covenants and undertakes with English Partnerships that it shall use all reasonable endeavours to secure by no later than 31 July 1998 the funding necessary to carry out and complete all of the Fit-out. In the event that it does obtain such funding the Company shall commence the carrying out of Fit-out by no later than 1 August 1998 and thereafter diligently and expeditiously carry out Fit-out and complete the same as soon as reasonably possible and in any event by no later than 1 August 1999. However, if the Company fails to secure the funding required for Fit-out by no later than 31 July 1998, subject to an extension of time being granted by English Partnerships, then the Company shall use all reasonable endeavours to complete disposals of the site and each part thereof after practical completion of the works.

5. Disposals

Any disposal of the Properties is subject to English Partnerships' consent which may not be unreasonably withheld and no disposal may be effected prior to completion of the refurbishment works.

6. Clawback

English Partnerships is entitled to clawback payments equivalent to 50 per cent. of any increase in the market value of the Properties:

- a) two years following completion of the refurbishment works; and
- b) five years following completion of the refurbishment works, on the same basis but taking into account any sums already paid as described in a) above.

For the purpose of ascertaining the market value, any disposals during those periods will be included at the disposal values. The assessment of market value will assume a third party sale with vacant possession. If English Partnerships reasonably believes that the proceeds of a disposal or the market value of the Properties is lower than it would otherwise have been then, for the purpose of calculating the uplift in the value of the Properties to calculate the clawback entitlement of English Partnerships, English Partnerships may substitute at its discretion higher amounts for proceeds on disposal or market value.

7. Repayment

The Company is entitled at its own election to repay the Grant (less any clawback payment made, referred to in paragraph 6 above) at any time after completion of the refurbishment works on the Properties. There are a number of events of default, such as liquidation of the Company which, if they occur, may entitle English Partnerships to terminate the arrangements. Repayment of the Grant may thereby be triggered.

If such repayment is made within five years of completion of the refurbishment works the Company shall, in addition to the repayment sums, pay to English Partnerships an amount, if any, calculated as described in paragraph 6 using the repayment date as the date for establishing the market value of the Properties.

8. Events of Default

The Company may be in default under the agreement where material progress in the refurbishment work is not maintained, any of the material terms of the agreement are breached or the Company becomes insolvent.

b) *Subscription Agreement*

Set out below are the terms of agreement.

1. General description

The agreement is dated 30 January 1998 and was entered into by (1) the Company and (2) Smedvig Capital pursuant to which Smedvig Capital has agreed, subject to the draw-down condition referred to at paragraph 2 below, to provide funds to the Company to apply towards the refurbishment costs of the Properties up to the maximum amount of £2,153,027. In consideration of the advance of such funds the Company shall issue Loan Stock and the Warrant to Smedvig Capital. On the occurrence of any Relevant Event Smedvig Capital shall be entitled on payment to the Company of the sum of £1 to exercise an option (the "Property Option") contained within the Subscription Agreement to acquire all interests of the Company in the Properties and to step into and take over the Company's obligations under the Development Agreement. The Relevant Events are described below. The terms of the Loan Stock Instrument are summarised at page 57 of this Prospectus. The terms affecting the subscription price for Ordinary Shares at which the Warrant can be exercised are also described in a summary of the terms of the Warrant on page 57 of this Prospectus.

2. Subscription for Loan Stock

Smedvig Capital is obliged to make funds available to the Company in minimum tranches of £100,000 on a monthly basis, provided that the Company has committed planned expenditure of an equivalent amount. The latest date by which the Company is to have drawn-down the £2,153,027 in full is 31 August 1998 or if the Company has failed to commit the planned expenditure by 31 August 1998, the earlier of 31 December 1998 and the date on which the commitment is made.

3. Property Option

Smedvig Capital is entitled to exercise the Property Option on the occurrence of any of the following Relevant Events:

- a) the refurbishment works not having been completed by 30 June 1999, subject to extension as a result of events of force majeure;
- b) the refurbishment works being subject to cost overruns exceeding £760,000 (being approximately 10 per cent. of the expected costs of the refurbishment works) - with cost overruns up to £380,000 relating to the enlarging of the area of lettable accommodation not to be taken into account for the purpose of calculating such cost overruns. This is subject to such higher amounts as agreed with Smedvig Capital;
- c) the Company not raising further funding totalling an aggregate of £8.9 million in the Second Round Fundraising (to comprise a minimum of £4.9 million equity and/or loan stock and a minimum of £4.0 million overdraft and loan facilities) by 31 July 1998 with provision for at least £500,000 to be funded by means of asset lease finance as part of either or both the equity and/or loan stock or bank facilities. This is subject to such higher or lower amounts as Smedvig Capital may in its absolute discretion approve;
- d) the Company not entering into binding commitments by 30 June 1998 for a minimum of £242,400 per annum of pre-letting and franchise income where such commitments are for a minimum period of one year from the date of opening of the Vinopolis project;
- e) subject to rights of remedy, any event of default under the Development Agreement or the Loan Stock; and
- f) a material breach of the Subscription Agreement which has not been remedied by the Company.

4. Miscellaneous provisions

- a) Smedvig Capital is entitled to the appointment of a Director to the Board of Directors of the Company who shall be entitled to receive a fee of £15,000. In addition, the Company grants Smedvig Capital certain common investor protections, being rights of consent over decisions relating to various strategic and corporate structure matters.
- b) The Company may not borrow (excluding lease finance and loan stock) from banks more than the lower of £4,500,000 and 60 per cent. of the market value of the Properties without Smedvig Capital's agreement. Smedvig Capital shall be entitled to provide security, to the Company's lenders in respect of such sums, as an alternative to the Company granting charges over its assets to the lenders.

- c) Certain representations and warranties are given by the Company to Smedvig Capital, including its capacity to fulfil the contractual terms of the Subscription Agreement and as to the accuracy of information provided to Smedvig Capital in connection with the Vinopolis project.

c) *Loan Stock Instrument*

The Loan Stock Instrument is dated 30 March 1998. Interest is payable on the principal outstanding under the Loan Stock by the Company at the rate of 12 per cent. per annum. However, such rate of interest increases to 20 per cent. upon the occurrence of a Relevant Event occurring. On the occurrence of an Event of Default under the Loan Stock, such events of default to include the insolvency of the Company and an anticipatory breach of interest payments due on the principal outstanding of the Loan Stock, monies owing under the Loan Stock become immediately repayable by the Company in full. The Loan Stock is redeemable on the fifth anniversary of its issue but in the event that the turnover and profits of the Company for the year ending 31 May 2001 exceed £16,575,543 and £4,214,146 respectively the Company shall be entitled on 90 days notice to redeem the whole, but not part, of the outstanding Loan Stock including interest due but not paid. The Warrant remains exercisable regardless of any early redemption of the Loan Stock.

c) *Warrant*

The Company has issued to Smedvig Capital the Warrant which is dated 17 April 1998 and which entitles the Warrant holder to subscribe for Ordinary Shares. The consideration for the subscription of such Ordinary Shares is a fixed sum, £2,153,027 to be satisfied (to the extent of Loan Stock in issue) by the cancellation of the outstanding amount due (including interest) under the Loan Stock.

The Warrant is exercisable from the earlier of (a) the date of publication of financial statements of the Company for the year ending 31 May 2001 (the "Financial Year 2001") and (b) any take-over of the Company or any listing on a recognised stock exchange of the Ordinary Shares with the exception of the provision of a dealing facility on OFEX.

Exercise after Financial Year 2001

The aggregate subscription price shall be £2,153,027 in all circumstances. However, where the exercise is following the publication of the audited financial statements of the Company for the Financial Year 2001, the subscription price per share and, hence, the number of Ordinary Shares for which the Warrant entitles the Warrant holder to subscribe, shall be determined by two factors referred to below.

1. One factor is the amount of funds raised by the Company by way of the First Round Fundraising and the Second Round Fundraising and the number and subscription price per share of Ordinary Shares issued by way of the Second Round Fundraising. The Warrant assumes an initial base subscription price of £1.20 per share (the "Initial Base Subscription Price"), based on further assumptions that the Second Round Fundraising raises £5.0 million for the Company by way of an issue of Ordinary Shares at £2.00 per share (the "Warrant Exercise Assumptions"). The Warrant provides, in the event that the actual price per share on issue differs from £2.00 per share in the Warrant Exercise Assumptions, for an upwards or downwards adjustment, as appropriate, to the Initial Base Subscription Price to neutralise any enhancement or dilution respectively of the potential equity interest in the Company. Further, the Warrant provides, in the event that the actual equity raised by way of the Second Round Fundraising differs from £5.0 million for an upwards or downwards adjustment, as appropriate, to the percentage equity interest in the Company to reflect the lower or higher amount respectively. This process of adjustment is referred to as the Second Round Fundraising Adjustment.
2. The other factor affecting the subscription price per share and the number of Ordinary Shares to be issued is the actual turnover and profit results of the Company for the Financial Year 2001. The Warrant establishes a sliding scale of possible turnover and profit figures for such year, where the relevant turnover threshold is £13,812,953 (the "Turnover Threshold") and the relevant profit threshold is £3,511,788 (the "Profit Threshold").

If the results of the Company for the Financial Year 2001 exceed the Turnover Threshold and the Profit Threshold, the subscription price per share on exercise of the Warrant shall increase and both the number of Ordinary Shares issued to the Warrant holder and their percentage proportion of the Ordinary Shares in issue shall decrease. If the results of the Company for the Financial Year 2001 fall short of one or both of the Turnover Threshold and the Profit Threshold, the subscription price per share on exercise of the Warrant

shall decrease and both the number of Ordinary Shares issued to the Warrant holder and their percentage proportion of the Ordinary Shares in issue shall increase.

Ignoring any effect on the exercise price of the Second Round Fundraising Adjustment the sliding scale is applied as follows:-

- (i) if the actual trading results for the Financial Year 2001 match the Turnover Threshold and the Profit Threshold or are both within 10 per cent. of such thresholds, whether above or below, the subscription price per share on exercise of the Warrant shall be £1.20, resulting in a holding of approximately 18.1 per cent. of the Ordinary Shares in issue;
- (ii) if the actual trading results exceed the Turnover Threshold and the Profit Threshold by more than 40 per cent., the subscription price shall be £1.80, resulting in a holding of approximately 12.8 per cent. of the Ordinary Shares in issue following exercise of the Warrant;
- (iii) if the actual trading results fall short of the Turnover Threshold and the Profit Threshold by more than 30 per cent. but less than 40 per cent., the subscription price shall be £0.75, resulting in a holding of approximately 26.1 per cent. of the Ordinary Shares in issue following exercise of the Warrant;
- (iv) if the actual trading results exceed or fall short of the Turnover Threshold and Profit Threshold by a percentage between those described in paragraphs (ii) and (iii) the subscription price shall vary between the maximum of £1.80 and the minimum of £0.75 and the resulting holding shall be between approximately 12.8 per cent. and 26.1 per cent. of the Ordinary Shares in issue following exercise of the Warrant.

If the actual trading results exceed the Turnover Threshold and Profit Threshold, or there is a shortfall against such thresholds, of differing degrees as between the measures, the measure which results in a lower subscription price per share on exercise of the Warrant will always be applied except where the difference in degree between the two measures as against the thresholds is less than 10 per cent. and relates to shortfalls against the two thresholds. In such a case the measure which results in the higher subscription price per share on exercise of the Warrant will be applied.

In the event that a Second Round Fundraising Adjustment occurs the sliding scale is applied in the same way as described above save that the actual trading results for the Financial Year 2001 shall result in differing exercise prices and/or differing numbers of shares (and therefore, percentage holdings) from those described above for the relevant actual trading results indicated above.

There follows a table which represents the relationship between the sliding scale and the Second Round Fundraising Adjustment:-

Actual results as against profit/turnover thresholds	Above threshold Subscription Price per Share	Below Threshold Subscription Price per Share
within 10%	ABSP	ABSP
more than 10% or within 20%	ABSP + 12.5%	ABSP - 12.5%
more than 20% or within 30%	ABSP + 25%	ABSP - 25%
more than 30% or within 40%	ABSP + 37.5%	ABSP - 37.5%
more than 40%	ABSP + 50%	such price as would result in a subscription of 50 per cent. plus one Ordinary Share of all the Ordinary Shares in issue

Where ABSP is the Adjusted Base Subscription Price, being £1.20 adjusted pursuant to the Second Round Fundraising Adjustment.

If the actual trading results of the Company for the Financial Year 2001 fall short of the Turnover Threshold and/or the Profit Threshold by more than 40 per cent. of such thresholds the sliding scale described above ceases to apply. Instead, the Warrant holder becomes entitled to such number of shares as is necessary, and at such subscription price as is necessary to give the Warrant holder 50 per cent plus one Ordinary Share of all the Ordinary Shares in issue or capable of issue following the exercise of the Warrant.

Takeover or listing prior to Financial Year 2001

In the event that the Warrant is exercised as a result of a takeover (which becomes unconditional) of the Company or a listing of the Ordinary Shares on a recognised stock exchange (with the exception of the provision of a dealing facility on OFEX) prior to 31 May 2001 then the subscription price (which shall be the takeover or listing price per share) and the number of Ordinary Shares issued on exercise shall be that which is sufficient to enable the Warrant holder to realise an internal rate of return of 20 per cent. on an original investment of £2,153,027 from the date of issue of the Loan Stock. The actual subscription price per share, the number of shares issued pursuant to such exercise of the Warrant and the percentage of the Ordinary Shares in issue following exercise represented by such shares will vary depending on the funding structure adopted by way of the Second Round Fundraising, the actual trading performance of the Company and the market conditions in which any such takeover or listing occurs.

If exercise of the Warrant following a takeover or listing prior to 31 May 2001 would result in the Warrant holder acquiring more than 50 per cent. plus one Ordinary Share of all the Ordinary Shares in issue then, in the case of a takeover, the Warrant holder would be paid by the Company a sum equal to the value of the relevant equity interest instead of any issue of Ordinary Shares to the Warrant holder and, in the case of a listing, the Warrant holder would be entitled to elect to receive in addition to 50 per cent. plus one share of all the Ordinary Shares in issue or capable of issue a sum in lieu of the relevant equity interest in excess of 50 per cent. plus one Ordinary Share of all the Ordinary Shares in issue.

Miscellaneous terms

The Warrant is freely transferable, save that in the event that any sums remain to be subscribed under the Loan Stock the Company is entitled to veto a transfer where it is not satisfied as to the financial covenant of the proposed transferee and save that shareholders of the Company would be entitled to match a third party offer for the Warrant.

Smedvig Capital is also granted an option to underwrite up to 20 per cent. of the issued Ordinary Shares on the Second Round Financing which option has not been exercised at the date of this Prospectus.

PART X

Definitions

"Act"	the Companies Act 1985 (as amended)
"Agreement to Lease"	the agreement for lease entered into between Railtrack (1) and the Company (2) on 27 March 1998 and pursuant to which, subject to satisfaction of certain conditions, Railtrack is obliged to grant to the Company the Lease of the Main Site
"Application Form"	the application form which is attached to and forms part of this Prospectus and which is to be used to apply for Offer Shares
"Board" or "Directors"	the Directors of the Company, details of whom are set out on page 6 of this Prospectus
"City Code"	the City Code on Takeovers and Mergers
"Company" or "Wineworld"	Wineworld London plc
"Development Agreement"	an agreement dated 30 January, 1998 between English Partnerships (1) and the Company (2) setting out the terms upon which English Partnerships have made the Grant available for construction and refurbishment works at the Properties
"EIS"	the Enterprise Investment Scheme introduced by the Finance Act 1994, as amended from time to time
"EIS Relief"	income tax relief and/or exemption from tax in respect of chargeable gains which is available in accordance with EIS
"English Partnerships"	a government agency referred to as the Urban Regeneration Agency
"First Round Fundraising"	a first round fundraising completed by the Company in order to raise sufficient funds to complete the refurbishment of the Properties (excluding the Fit-out), comprising a combination of the Grant, the Loan Stock and proceeds of the Revised Offer
"Fit-out"	the Vinopolis specific fitting out of the Properties proposed to be carried out in the period from August 1998 through to March 1999.
"Grant"	a grant of up to £2,541,575 from English Partnerships under the Development Agreement
"Group"	Wineworld and its subsidiary Vinopolis Limited
"Inter-creditor Agreement"	an agreement dated 30 January, 1998 between English Partnerships (1), Smedvig Capital (2) and the Company (3) under which English Partnerships agrees to enter into various restrictions relating to the exercise of its rights under the Development agreement and certain ancillary documents and Smedvig Capital agrees in certain circumstances to take over the rights and obligations of the Company under the Development Agreement
"Investor"	a person subscribing for Offer Shares pursuant to the Offer
"Lease"	the lease, in the form set out in the Agreement to Lease, to be entered into between Railtrack (1) and the Company (2) in accordance with the terms of the Agreement to Lease and pursuant to which the Company will be granted a sixty year lease of the Main Site
"Loan Stock"	unsecured loan stock of the Company of up to £2,153,027 with a 12 per cent. coupon

"Loan Stock Instrument"	the instrument dated 30 January 1998 for issue of the Loan Stock
"Main Site"	a property located between Park Street, Stoney Street and Clink Street in Southwark, London near to the south bank of the River Thames which will comprise around 8,392 square metres of floor space post Fit-out, originally built in the 1860s as railway arches
"Majestic Wine"	Majestic Wine Warehouses Limited
"Offer"	the offer by the Company of the Offer Shares for subscription as described in this Prospectus
"Offer Price"	the price at which the Offer Shares are offered for subscription being £2.00 per share
"Offer Shares"	the 3,000,000 Ordinary Shares to be offered for subscription pursuant to the Offer
"OFEX"	the unregulated, off exchange, screen based trading system operated by J.P. Jenkins Limited, essentially on a matched bargain basis
"Ordinary Shares"	ordinary shares of 25 pence each in the capital of the Company
"Panel"	the Panel on Takeovers and Mergers
"Principal Agreements"	the agreements to which Wineworld is party, the terms of which are set out at Part IX of this Prospectus
"Properties"	the Main Site and the Riverside Arches
"Prospectus"	this document
"Railtrack"	Railtrack Plc
"Reinvestment Relief"	rollover relief on reinvestment for individuals pursuant to Section 164 of Taxation of Chargeable Gains Act 1992 as amended from time to time
"Relevant Event"	as described on page 56 of this Prospectus
"Revised Offer"	the offer by the Company of 2,020,128 Ordinary Shares for subscription as described in the Round 1 Supplementary Prospectus which was completed in March 1998
"Riverside Arches"	a property located in Southwark, London on the south bank of the River Thames and adjacent to the Main Site which will comprise approximately 1,026 square metres of floor space post Fit-out with vaulted arches and riverside frontage
"Round 1 Supplementary Prospectus"	a document dated 6 February 1998 issued by the Company to prospective investors relating to the Revised Offer drawn up in accordance with the Public Offers of Securities Regulations 1995 and being supplemental to a prospectus dated 24 June 1997
"Second Round Fundraising"	the second fundraising by the Company in order to raise funds comprising a combination of equity, debt and asset leasing sufficient to complete the Fit-out and launch of Vinopolis
"Shareholders"	holders of Ordinary Shares
"Smedvig Capital"	Peder Smedvig Capital AS, a company registered in Norway

"Subscription Agreement"	an agreement dated 30 January 1998 between Smedvig Capital (1) and the Company (2) setting out, <i>inter alia</i> , the terms of issue of the Loan Stock and Warrant to Smedvig Capital
"VCT"	venture capital trust for the purposes of Section 842AA of the Income and Corporation Taxes Act 1988
"Vinopolis" or "Vinopolis, City of Wine"	the multifaceted leisure complex dedicated to the world of wine proposed to be located in Bankside, Southwark, London on the south bank of the River Thames as described in this Prospectus
"Vinopolis specific works"	elements of the refurbishment of the Properties that are specific to the Vinopolis concept
"Warrant"	a warrant dated 17 April 1998 issued by the Company to Smedvig Capital entitling the warrant holder to subscribe for Ordinary Shares at an aggregate subscription price fixed at £2,153,027

PART XI

INSTRUCTIONS FOR COMPLETION OF THE APPLICATION FORM

The following notes should be read in conjunction with the Application Form.

1. **Insert in Section 1 your full name and address in BLOCK CAPITALS.** Applications may only be made by persons aged 18 or over. Personal applicants should insert their full name and address in Box 1A. Corporate applicants should insert their company name and address in Box 1B.
2. **Insert in Section 2 (in figures) the number of Ordinary Shares for which you are applying.** Applications must be for a minimum of 2,000 Ordinary Shares, and thereafter in multiples of 500.
3. **Insert in Section 3 (in figures) the number of Ordinary Shares for which you wish to seek EIS Relief.**
4. **Insert in Section 4 (in figures) the amount of your cheque or banker's draft.** The amount of your cheque or banker's draft should be for £2.00 being the Offer Price, multiplied by the number of shares inserted in Section 2.
5. **Sign and date the Application Form in Section 5.** The Application Form may be signed by someone else on your behalf who is duly authorised to do so, but the original power(s) of attorney, or a duly certified copy thereof, must be enclosed for inspection and will be returned in due course. A Corporation should sign under the hand of a duly authorised official whose representative capacity must be stated.
6. **You must pin a single cheque or banker's draft to your completed Application Form at Section 6. Your cheque or banker's draft must be made payable to "Bank of Scotland - A/C Wineworld London plc" for the full amount payable on application as inserted in Section 4 and should be crossed "A/C payee only".**

No receipt will be issued for this payment, which must be solely for this application.

Your cheque or banker's draft must be drawn in sterling on a bank or building society in the United Kingdom which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Company Limited or a member of either of the committees of the Scottish or Belfast Clearing Houses or which has arranged for cheques and banker's drafts to be cleared through the facilities provided for the members of any of those companies or committees and must bear the appropriate sort code number in the top right hand corner.

Applications may be accompanied by a cheque or banker's draft drawn by someone other than the applicant(s) but any monies to be returned following clearance of the cheque or banker's draft submitted will be sent by cheque crossed "A/C payee only" in favour of the applicant(s) or in the case of joint applicants, in the name of the first named applicant. Where verification is required pursuant to the Money Laundering Regulations 1993 and verification is not provided, monies to be returned will be sent by cheque or banker's draft in favour of the drawee to the office of the bank or building society shown in the remittance.

7. **You may apply jointly with other persons.** Section 7 must be signed by or on behalf of each joint applicant (other than the first applicant who should complete Section 1 and sign in Section 5).

You must then arrange for the Application Form to be completed by or on behalf of each joint applicant (up to a maximum of three other persons). Their full names should be inserted in BLOCK CAPITALS in Section 7. Definitive share certificates and a cheque for any monies to be returned in the names of the joint applicants will be sent to the applicant named in Section 1. If anyone is signing on behalf of any joint applicant(s), the original power(s) of attorney or a duly certified copy thereof must be enclosed for inspection and will be returned in due course.

8. **You must send the completed Application Form together with the cheque or banker's draft by post or by hand to, Bank of Scotland, New Issues, Apex House, 9 Haddington Place, Edinburgh, EH7 4AL or deliver it by hand only, to Bank of Scotland, New Issues, First Floor, Broad Street House, 55 Old Broad Street, London, EC2P 2HL so as to be received no later than 3.00 pm on 31 July 1998 unless extended by the Company.** A prepaid and addressed envelope is enclosed for your convenience. Any person signing this Application Form under a power of attorney must enclose the original power of attorney (or a duly certified copy thereof) for inspection. If you post your Application Form you are recommended to use first class post and allow at least two days for delivery.

APPLICATION FORM

Applications and cheques must be received by 3.00 pm on 31 July 1998 unless extended by the Company. Before completing this Application Form you should read the terms and conditions of application and the instructions for completing.

Please send the completed form by post to Bank of Scotland, New Issues, Apex House, 9 Haddington Place, Edinburgh EH7 4AL or by hand only to Bank of Scotland, New Issues, First Floor, Broad Street House, 55 Old Broad Street, London EC2P 2HL. If you have any questions regarding your application, you may telephone Bank of Scotland, New Issues on 0131 243 5368.

(1) A PERSONAL APPLICANT

BLOCK CAPITALS PLEASE

For office use only

Title Mr/Mrs/Miss/Ms/Other	Full Forename(s)
Surname	
Permanent Address	
Post Code	Daytime Telephone

Application Form No

Account No.

No. of shares

(1) B CORPORATE APPLICANT

Company Name	
Address	
Post code	Telephone
Name of Signatory	
Position of Signatory	

(2) I/we offer to subscribe for Ordinary Shares of Wineworld London plc (or any smaller number of Ordinary Shares for which this application is accepted) at the Offer Price of 200p per Ordinary Share payable in full on application, on the terms and conditions of application set out in the Prospectus dated June 17 1998.

(3) I/we seek EIS Relief in respect of up to Ordinary Shares of Wineworld London plc and I/we confirm that I am/we are qualifying individuals for the purposes of EIS Relief.

(4) I/we enclose a cheque or banker's draft made payable to "Bank of Scotland - A/C Wineworld London plc" and crossed "A/C Payee only" for:

£

(5) Signature	Date
	1998

(6) Pin your cheque or banker's draft here.

(7) For joint applications only please complete the following:

Title	Full Forename(s)	Surname	Signature

Authorised Person's Stamp SIB/SRO No.
--

WINEWORLD LONDON PLC
AXE & BOTTLE COURT
70 NEWCOMEN STREET LONDON SE1 1YT
TELEPHONE 0171 645 3700 FAX 0171 403 7093

17 June 1998



Dear Investors

Share Offer

The enclosed prospectus introduces potential investors to the Company and the Vinopolis project and sets out the terms of the Offer under which subscriptions for shares in the Company can be made. It also explains the objectives of the second round fundraising, of which the Offer forms part, and brings existing shareholders up-to-date with developments since the first round fundraising.

The Company has consistently planned to raise funds in two tranches, reflecting the two phases of the Vinopolis project. The Company has successfully completed the first tranche and is now looking, through the second round fundraising, to raise sufficient funds to bring Vinopolis to fruition.

As the Vinopolis project has progressed, opportunities have been developed and achievements made. Vinopolis is under way: the builders are on site; the designs are being finalised; approximately £9 million of funds have been committed and £4.5 million of bank debt offered in principle, subject to contract, including the welcome input of an interest-free grant from the Government's Urban Regeneration Agency, English Partnerships. In aggregate these funds represent approximately 70% of the funds which the Directors anticipate will be required to complete the Vinopolis project. Additionally, and very importantly, we have secured underwriting commitments for subscriptions of shares totalling £2.5 million out of the maximum equity available of £6.0 million in the second round fundraising.

I am greatly encouraged by the progress made to date and I strongly believe that the prospects for the Vinopolis project are excellent.

Do call any of the directors should you require clarification on any matter in the prospectus.

Yours sincerely

Sir Thomas Macpherson
Chairman

This document has been approved for the purposes of section 57 of the Financial Services Act 1986 by Rea Brothers Limited, which is regulated by the Securities and Futures Authority Limited. Rea Brothers Limited is acting only for Wineworld London plc in connection with the proposals described herein and will not be responsible to anyone other than Wineworld London plc for providing the protections afforded to its customers or for providing advice on the proposals.

Please note that this document should be read in conjunction with the attached prospectus (which has been issued by Wineworld London plc and has been drawn up in accordance with the Public Offers of Securities Regulations 1995, (further copies of which are available from the Company's offices at Axe & Bottle Court, 1st Floor, Newcomen Street, London SE1 1YT)) which sets out the terms and conditions of the second round fundraising and is not intended to be distributed or passed on, directly or indirectly, to anyone other than its initial recipient. Recipients of this document who intend to apply for shares in Wineworld London plc are reminded that any such application may be made solely on the basis of the information contained in the attached prospectus. Accordingly, this document should not be distributed, published or reproduced, in whole or in part, or disclosed by the recipient to any other person. When considering what action you should take, you are recommended to take your own independent financial advice from an advisor authorised under the Financial Services Act 1986.

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