



Placing and Admission to trading on AIM

Nominated Adviser and Broker
PANMURE GORDON & CO



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This document which comprises an AIM admission document relating to MartinCo plc ("MartinCo" or the "Company") has been prepared in accordance with the AIM Rules for Companies ("AIM Rules") made by the London Stock Exchange plc ("London Stock Exchange") and has been prepared in connection with, amongst other matters, the Placing and the admission of the Enlarged Share Capital to trading on AIM. This document is not an approved prospectus within the meaning of section 85 of the Financial Services and Markets Act 2000 ("FSMA"), has not been drawn up in accordance with the Prospectus Rules published by the Financial Conduct Authority ("FCA") and a copy of it has not been and will not be reviewed or approved by the FCA, the United Kingdom Listing Authority ("UKLA") or the London Stock Exchange. This document does not constitute an offer to the public of transferable securities within the meaning of section 102B of FSMA or otherwise.

The Company and its Directors (whose name appear on page 5 of this document) accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UKLA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. Neither the UKLA nor the London Stock Exchange have examined or approved the contents of this document. The AIM Rules are less demanding than those of the Official List of the UKLA. It is emphasised that no application has been made or is being made for admission of these securities to the Official List of UKLA or to trading on the London Stock Exchange's market for listed securities.

MartinCo plc

(Incorporated and registered in England and Wales under the Companies Act 2006 with registered number 08721920)

Placing of 10,350,050 Placing Shares at 100 pence per Ordinary Share

Admission to trading on AIM

Nominated Adviser and Broker

PANMURE GORDON & CO

Before Admission			Following Admission	
<i>Number</i>	<i>£</i>	Issued and fully paid ordinary shares	<i>Number</i>	<i>£</i>
18,000,000	180,000		22,000,000	220,000

The whole of this document should be read. An investment in the Company includes a significant degree of risk and the attention of investors is drawn in particular to the Risk Factors set out in Part II of this document.

Application will be made in accordance with the AIM Rules for all of the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission of the Enlarged Share Capital will become effective and that dealings on AIM in the Enlarged Share Capital will commence at 8.00 a.m. on 18 December 2013.

Panmure Gordon (UK) Limited ("Panmure Gordon") is authorised and regulated in the United Kingdom by the FCA, and is acting as nominated adviser and broker to the Company in connection with the matters described herein. Persons receiving this document should note that, in connection with the Placing and Admission of the Enlarged Share Capital of the Company to trading on AIM, Panmure Gordon is acting exclusively for the Company and no one else. It will not be responsible to anyone other than the Company for providing the regulatory and legal protections afforded to customers (as defined by the FCA) of Panmure Gordon nor for advising any other person on the transactions and arrangements described in this document. No representation or warranty, express or implied, is made by Panmure Gordon as to any of the contents of this document for which the Company and the Directors are solely responsible. Apart from the liabilities and responsibilities, if any, which may be imposed on Panmure Gordon by the FSMA or the AIM Rules for Nominated Advisers, Panmure Gordon accepts no responsibility whatsoever for the contents of this document or for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Existing Ordinary Shares, the Placing Shares or Admission. Panmure Gordon accordingly disclaims all and any liability whatsoever whether arising in tort or contract or otherwise (save as referred to above and without limiting the statutory rights of any person to whom this document is issued) which it might otherwise have in respect of this document or any such statement.

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PLACING AND ADMISSION STATISTICS

Number of Existing Ordinary Shares	18,000,000
Placing Price	100 pence
Number of Placing Shares	10,350,050
– New Ordinary Shares	4,000,000
– Sale Shares	6,350,050
Enlarged Share Capital on Admission	22,000,000
Placing Shares as a percentage of the Enlarged Share Capital	47.0 per cent.
Gross proceeds payable to the Company	£4.0 million
ISIN	GB00BHOWFH67

EXPECTED TIMETABLE

Admission becomes effective and dealings in the Enlarged Share Capital expected to commence on AIM	8.00 a.m. on 18 December 2013
Expected date for CREST accounts to be credited (where applicable)	18 December 2013
Despatch of definitive share certificates (where applicable)	31 December 2013

Each of the times and dates in the above timetable is subject to change. All times are London times unless otherwise stated.

EXCHANGE RATES

In this document, references to “pounds sterling” “£”, “pence” and “p” are to the lawful currency of the United Kingdom.

FORWARD LOOKING STATEMENTS

Certain statements contained in this document constitute “forward-looking statements” regarding the belief or current expectations of the Group, the Directors and other members of its senior management about the Group’s businesses and the transactions described in this document. Generally, words such as “may”, “could”, “will”, “should”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “propose”, “seek”, “continue” or, in each case, their negative or other variations or similar or comparable expressions identify forward-looking statements. These forward-looking statements are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Group and are difficult to predict, that may cause actual results to differ materially from any future results or developments expressed or implied from the forward-looking statements. Such risks and uncertainties include the effects of continued or increasing volatility in international financial markets, economic conditions both internationally and in individual markets in which the Group operates, and other factors affecting the level of the Group’s business activities and the costs and availability of future financing for its activities. Investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision. Undue reliance should not be placed on any forward looking statements.

Any forward-looking statement contained in this document based on past or current trends and/or activities of the Group should not be taken as a representation that such trends or activities will continue in the future. No statement in this document is intended to be a profit forecast or to imply that the earnings of the Group for the current year or future years will necessarily match or exceed the historical or published earnings of the Company. These forward-looking statements are subject to the risk factors described in Part II (Risk Factors) of this document. Each forward-looking statement speaks only as of the date of the particular statement. Except as required by the AIM Rules, the London Stock Exchange or otherwise by law, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

DIRECTORS, OFFICERS AND ADVISERS

Directors	Richard Wilson Martin, <i>Non-Executive Chairman</i> Ian Wilson, <i>Chief Executive Officer</i> David Arthur Raggett, <i>Finance Director</i> Paul Martin James Latham, <i>Non-Executive Director</i>
	All of whose business address is: 2 St Stephen's Court St Stephen's Road Bournemouth Dorset BH2 6LA
Website	www.martinco.com
Company Secretary	David Raggett
Registered Office	2 St Stephen's Court St Stephen's Road Bournemouth Dorset BH2 6LA
Nominated Adviser and Broker	Panmure Gordon (UK) Limited One New Change London EC4M 9AF
Reporting Accountants	Baker Tilly Corporate Finance LLP 25 Farringdon Street London EC4A 4AB
Auditors	Baker Tilly UK Audit LLP 25 Farringdon Street London EC4A 4AB
Lawyers to the Company	Field Fisher Waterhouse LLP 35 Vine Street London EC3N 2AA
Lawyers to the Nominated Adviser	Greenberg Traurig Maher LLP 200 Gray's Inn Road London WC1X 8HF
Registrars	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE

DEFINITIONS

“2006 Act”	the Companies Act 2006 (as amended)
“Admission”	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules for Companies
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies and the AIM Rules for Nominated Advisers, as appropriate
“AIM Rules for Companies”	the rules entitled “AIM Rules for Companies” as published and amended from time to time by the London Stock Exchange
“AIM Rules for Nominated Advisers”	the rules entitled “AIM Rules for Nominated Advisers” as published and amended from time to time by the London Stock Exchange
“Articles”	the articles of association of the Company, a summary of which is set out in paragraph 4 of Part IV
“BFA”	British Franchise Association
“certificated form” or “in certificated form”	in relation to a share or other security, a share or other security title to which is recorded in the relevant register of the shares or securities as being held in certificated form (that is, not in CREST)
“Company” or “MartinCo”	MartinCo plc
“Corporate Governance Code”	the UK Corporate Governance Code setting out the principles of good corporate governance and best practice published in September 2012 by the Financial Reporting Council
“Corporate Governance Guidelines”	the corporate governance guidelines for AIM companies published by the Quoted Companies Alliance in September 2010
“CREST”	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear UK & Ireland which facilitates the title to shares to be held and transferred in uncertificated form
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (as amended) (SI 2001/3755)
“Directors” or “Board”	the directors of the Company as at the date of this document, whose names are set out on page 5
“DTR”	the Disclosure Rules and Transparency Rules published by the FCA under Part VI of the FSMA
“EIS”	Enterprise Investment Scheme under the provisions of Part 5 of the Income Tax Act 2007 (as amended)
“Enlarged Share Capital”	the Existing Ordinary Shares and the New Ordinary Shares
“Euroclear UK & Ireland”	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales and the operator of CREST
“European Union” or “EU”	the economic and political union of European nations created on 1 November 1993 by the Treaty of the European Union

“Existing Ordinary Shares”	the 18,000,000 Ordinary Shares in issue immediately prior to Admission
“FCA”	the Financial Conduct Authority
“FSMA”	the Financial Services and Markets Act 2000, as amended together with all regulations promulgated thereunder from time to time
“IFRS”	International Financial Reporting Standards (including International Accounting Standards)
“ISIN”	International Security Identification Number
“London Stock Exchange”	London Stock Exchange plc
“Martin & Co”	Martin & Co (UK) Limited, company number 02999803
“MartinCo Group” or “Group”	the Company and its subsidiary undertakings from time to time (as enlarged by the completion of the Share Exchange Agreement), or any of them as the context may require
“Memorandum”	the memorandum of association of the Company
“MSF” or “Management Services Fee”	the management services fee charged on a franchisee’s monthly variable revenue
“New Ordinary Shares”	the 4,000,000 new Ordinary Shares to be issued pursuant to the Placing
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company
“Panel”	the Panel on Takeovers and Mergers
“Panmure Gordon”	Panmure Gordon (UK) Limited
“Placing”	the conditional placing by Panmure Gordon of the Placing Shares at the Placing Price in accordance with the Placing Agreement
“Placing Agreement”	the conditional agreement dated 17 December 2013 between the Company, the Directors, the Selling Shareholders and Panmure Gordon relating to the Placing, details of which are set out in paragraph 12.3 of Part IV
“Placing Price”	100 pence per Placing Share
“Placing Shares”	the New Ordinary Shares to be issued and the Sale Shares to be sold pursuant to the Placing
“Registrar”	Computershare, the registrar of the Company
“Relationship Agreement”	the agreement between Richard Martin, the Company and Panmure Gordon, further details of which are set out in paragraph 12.21 of Part IV
“Reorganisation”	the Group reorganisation pursuant to which the Company acquired the entire issued share capital of Martin & Co pursuant to the Share Exchange Agreement
“Sale Shares”	6,350,050 Existing Ordinary Shares to be sold pursuant to the Placing

“Selling Shareholders”	Kathryn Martin and Ian Wilson
“Share Exchange Agreement”	the agreement dated 10 December 2013 entered into between the Company and the shareholders of Martin & Co pursuant to which the Company acquired the entire issued share capital of Martin & Co, further details of which are set out in paragraph 12.1 of Part IV
“Share Option Plan”	the scheme rules relating to the enterprise management incentive share option scheme adopted by the Company
“Shareholders”	holders of Ordinary Shares
“Takeover Code”	the City Code on Takeovers and Mergers issued by the Panel on Takeovers and Mergers in the United Kingdom and, from time to time, any successor or replacement body thereof
“Territory”	a postcode delineated area in the UK
“UKLA”	the FCA acting in its capacity as the competent authority for the purposes of Part VII of FSMA
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“uncertificated form” or “in uncertificated form”	a share or shares recorded in the register as being held in uncertificated form in CREST and title to which, by virtue of the Uncertificated Regulations, may be transferred by means of CREST
“VAT”	value added tax
“VCT”	a Venture Capital Trust under the provisions of Part 6 of the Income Tax Act 2007 (as amended)

PART I

INFORMATION ON THE GROUP

1. Overview

MartinCo Group operates one of the UK's largest residential letting businesses. The Group comprises 157 franchise owners trading at 187 offices, with a further two trading offices which are currently Group owned. The Group's franchisees manage approximately 30,000 properties on behalf of private clients and agreed over 25,000 lettings in the year to 31 December 2012. The Group recently added an estate agency service to the franchise and 95 of its franchise owners are now licensed to offer this service.

Martin & Co is a multiple award winning business, including Gold for Best Large Letting Chain at the ESTAS (Estate & Letting Agent Awards) in 2009 and 2012, Franchise of the Year awarded by The Negotiator magazine in 2011, and Lettings Agency of the Year (Silver) awarded by The Sunday Times in 2013.

2. Highlights

Experienced management team

The Directors and senior management have over 100 years of combined residential letting and estate agency experience and the majority of the team have worked together at Martin & Co for six years. The Group's headquarters in Bournemouth provide centralised functions for training, IT, marketing, digital and staff recruitment, in addition to an audit and brand standards team, a franchise sales team, the finance team and a landlord and tenant legal helpline.

Established UK footprint

The current footprint extends across the UK, with a widespread south east presence, including 24 offices and the opportunity for expansion within London, as defined by the M25 motorway. The footprint reached 100 offices in July 2007 and by the end of 2009 had grown to 150 offices. The Directors believe that, at present, approximately 51 per cent. of privately renting households are captured within Martin & Co occupied franchise Territories. The Group intends to increase its office footprint by recruiting new franchisees for unoccupied Territories and assisting its existing franchisees with opening further offices. On a national basis across all UK postcodes, Martin & Co is one of the top three lettings businesses for the number of properties on which it wins instructions.

Proven franchise network

The Group adopted the franchise model in 1995 and since then has had a high level of franchisee retention, with 63 franchise owners having been with Martin & Co for over five years. 83 per cent. of the Group's existing franchisees have not come from a property background, which the Directors believe is largely due to the level of training and support provided to franchisees.

Strong financial performance

The Group is highly cash generative and has generated year-on-year growth in Group fee income and profits before tax. The top seven franchisees achieved annual income exceeding £430k in FY10, FY11 and FY12. The growth is further demonstrated by the fact that annual income of £500k or more was achieved by four franchise owners in FY10 but this income milestone had been achieved by eight franchise owners by FY12.

Growing market

The private rental market has experienced a 38 per cent. increase in the number of households privately renting in the decade to 2011, with forecast growth in the value of rents paid on privately rented homes estimated to grow from £48 billion in 2011 to £70 billion by 2016. In 2011 the Group's franchisees managed 1.4 per cent. of the total private rented stock in all occupied Territories. The Directors therefore believe there is a large and growing potential market to capture.

3. History and background

Martin & Co was founded in 1986 in Yeovil by Richard and Kathryn Martin as a traditional estate agency business. In 1995 the first franchise was launched and in 2002 Martin & Co was admitted to the British Franchise Association (“BFA”) as a full member.

In July 2007, Martin & Co reached 100 offices and in 2009 its network of franchisees first generated £20 million in Group fee income, passing £30 million in 2011. In 2007, the Group’s franchisees exceeded 10,000 managed properties, passing 20,000 by the end of 2010 and reaching 30,000 in 2013.

In March 2012 Martin & Co introduced an estate agency service. This was supported with a training programme for franchisees and the Group went through a re-branding exercise and updated its logo. The Directors expect an increasing revenue stream from this activity in the future, although the lettings business, which provides a reliable income stream, will remain the Group’s core focus.

4. Business Description

Overview

Martin & Co is focused on the residential letting and property management market. The Directors believe it is one of the UK’s largest franchise groups and one of the UK’s largest property networks. The combined Martin & Co franchise network turnover was approximately £35 million in the 12 months to 31 December 2012 and the Directors expect this to exceed £37 million in the 12 months to 31 December 2013.

The Group’s services are marketed through a high visibility website, branded shops in high street locations, branded cars, sign boards and other property portals. All of the Group’s franchisees are required to use prescribed branding and marketing material. The Group’s franchisees also pay a national marketing levy which is used to further promote the brand.

The head office team in Bournemouth consists of 31 staff with a wide range of relevant skills. The Directors believe that this team is sufficiently experienced and resourced to support a further expansion in the number of franchised offices in the Group and a further increase in the local market share of each Martin & Co office within already occupied franchise Territories.

Franchise model

The Group recruits franchisees from a wide variety of backgrounds and provides relevant letting and estate agency training. Typically a new franchisee will launch into branded high street premises with a member of staff and a branded vehicle. A typical business plan envisages that a new franchise will cover operating and borrowing costs on a monthly basis at the end of the first year of trading and will be cumulatively profitable at the start of the third year of trading.

Martin & Co charges an initial franchise fee, and a Management Services Fee (“MSF”) set at 9 per cent. (plus VAT) of turnover, which the Directors believe is in line with charges applied by competing property franchises.

Approximately 25 per cent. of all new Martin & Co franchisees purchase an established Martin & Co business where the incumbent franchisee is seeking to exit or is leaving the network by mutual agreement. The new franchisee typically pays the same initial franchise fee together with a negotiated sum representing the going-concern value of the business. A new franchisee typically improves the fee income of an established Martin & Co office by approximately 30 per cent. within twelve months of the change of ownership.

In all cases, the Martin & Co franchise agreement licenses the franchisee to use the Martin & Co brand and know-how in a postcode delineated territory (“Territory”). The agreement is for a fixed term of five years with an option to renew subject to meeting certain performance criteria. Martin & Co can recover postcodes at the end of each franchise term if the franchisee is not fully exploiting the market potential within the Territory.

A franchisee can only sell its Martin & Co business to a party approved by the Company on the basis that the business will continue to operate under the Martin & Co brand and that the new franchisee will pay the initial franchise fee and undergo Martin & Co’s training programme. The Group charges a commission on the sale of a franchise and has the option to buy back its franchises on the same terms as are being offered by a purchaser.

Each franchise must be controlled by a named principal who has personal liability for adherence to the Martin & Co business system, including compulsory attendance at franchise development meetings. If a franchisee materially breaches the terms of their agreement, the client lists can be recovered by the Group. If at the time of franchise renewal a franchise has achieved less than 75 per cent. of the average of the fee income for all Martin & Co franchises, Martin & Co can refuse to renew the franchise.

Martin & Co has a continuous audit programme to test the financial probity of its franchisees and periodically audits other aspects of the franchise system. The Directors believe that the provisions of the franchise agreement ensure Martin & Co can control its franchisees' activities sufficiently to protect its brand.

Five franchisees' businesses were acquired by negotiated purchase between December 2011 and June 2013, three of which have now been sold on to franchisees.

Estate Agency

In 2012, the Group introduced a residential sales service with a view to further leveraging its established brand name in the UK property market. The rationale was to take advantage of a cyclical up-turn in UK house sale transaction volumes.

The Group offers two options for its estate agency services. The first is a commission based fee payable on completion of the sale and the second is a pay-as-you-go subscription service with a target audience who simply want to advertise their property on a property portal website, and are willing to handle other aspects of the transaction themselves. Although it is still in its infancy the Directors expect this part of the business to show strong growth.

Technology/Software

Martin & Co owns and operates its own branded website www.martinco.com which allows franchisees to display listings of properties to let and for sale.

Martin & Co is currently installing third party "cloud" based specialist lettings and estate agency software in all of its franchise offices with the purpose of increasing operational efficiency and creating a centralised contact database for client relationship management ("CRM") and digital marketing purposes. Since inception of the project in early 2012 the contact database has grown to exceed 400,000 contacts. The project is scheduled for completion in the summer of 2014.

Network Planning

The Directors believe that 51 per cent. of current private rented sector households are contained within Territories occupied by Martin & Co franchisees.

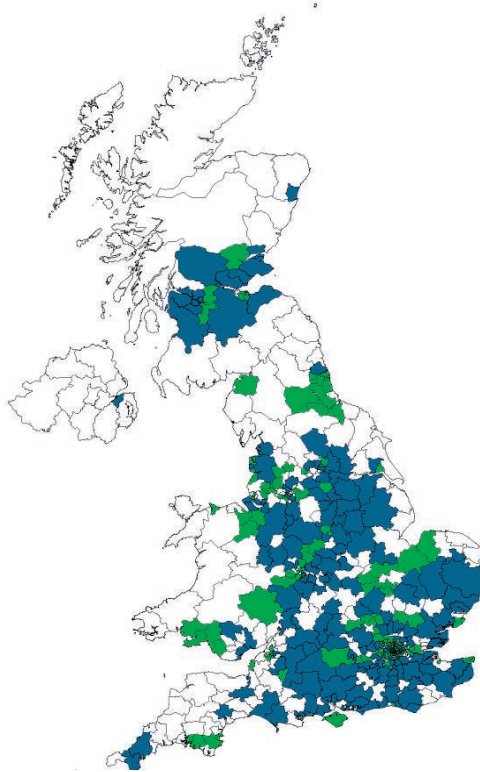


Figure 1: UK territories currently occupied by Martin & Co. Territories in blue indicate a territory currently occupied by Martin & Co and territories in green indicate a high priority territory.

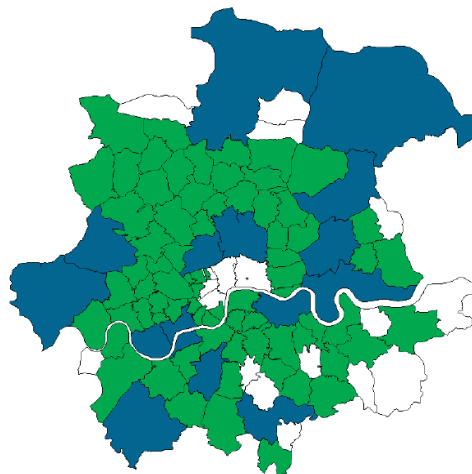


Figure 2: London territories currently occupied by Martin & Co. Territories in blue indicate a territory currently occupied by Martin & Co and territories in green indicate a high priority territory.

The Group uses third party software to create postcode “maps” of potential franchise Territories. Martin & Co staff follow a research approach which, in the opinion of the Directors, has identified those Territories suitable for opening further Martin & Co offices.

5. The market

The Directors believe that the UK lettings market is in a steady growth phase with a significantly larger private rental sector expected by the end of this decade.

Martin & Co has a strong track record of Territory selection. Every Territory currently occupied by Martin & Co franchisees experienced an increase in the number of private rental households in the decade to 2011. The increases ranged from 18 per cent. in Cirencester to 384 per cent. in Manchester city centre with the average increase being 67 per cent. On average, there are 13,207 private rental households per Martin & Co occupied Territory.

5.1 Trends in private renting – tenants’ perspective

The long term trend in the private rented sector had been characterised by decline for much of the 20th century. However in the early 1990s, that trend reversed and from a low of 9 per cent. of the UK’s households living in private rented accommodation, recent estimates suggest the figure is already now closer to 18 per cent.

The shift from “owner-occupier” to renting in the private sector has accelerated since the credit crunch, thanks to constrained mortgage finance and the significant deposit hurdle for would-be home buyers. In the five years to 2011, the number of private rented households in the UK increased from approximately 3.4 million to an estimated 4.8 million and the Directors believe since 2011, the market has continued to grow. Industry experts estimate that by 2016 one in five households in England (5.9 million households) will be renting in the private sector.

5.2 Trends in private renting – landlords’ perspective

In 2008 approximately 43 per cent. of all landlords in the private rented sector were using agents to undertake the letting and management of their properties. The Directors believe that an increasing number of landlords, particularly individuals, will seek to use agents in the future for the following key reasons:

- The increasing dominance of property portal websites such as Rightmove and Zoopla which do not accept private landlord advertisers;
- The wish to be protected against potential fraudulent activity by prospective tenants, with, for example, more sophisticated credit checking being undertaken by an agency than can be done by an individual;
- Increasing government regulation meaning that professional advice is needed on matters such as safety, financial regulation, planning and immigration;
- Convenience and “lack of hassle”, not only during the letting process but also on an ongoing basis in terms of dealing with tenant issues.

Approximately a third of landlords who use agents to let and manage their properties consider membership of a professional body to be a proxy for quality and consider this when choosing an agent.

6. Competition

At the end of June 2013 approximately 14,500 agents were advertising properties to let on UK estate agency portal websites, up from approximately 10,000 at the end of June 2009. As of March 2013, Market Location, a business data company, holds records of 15,186 letting agents.

The UK lettings market is highly fragmented and the Directors believe that the competition is split between the following categories of agents:

- A limited number of large chains where the primary business activity remains estate agency and financial services but where lettings activity has in recent years been the subject of increased attention and investment;
- Smaller estate agencies, most of which comprise single offices where lettings is an add-on activity;
- Specialist letting agents, most of which are small scale and local but with a few more substantial and scalable networks, however only one of comparable size to Martin & Co.

7. Growth strategy

The Directors believe there is a clear opportunity for Martin & Co to further grow its national franchise brand in the UK residential lettings market and to make significant further inroads in its market share. They plan to do this through a combination of organic growth, driven by its franchisees, and an acquisition programme, driven by the Group.

In terms of organic growth, Martin & Co already occupies many Territories where the Directors believe that there is potential to increase market share. It plans to achieve this through its selection process for new franchisees, training programme for its existing franchisees, investing in CRM and by a programme of recovering or improving under-utilised franchise Territories within its network. Martin & Co will also continue

to support the existing franchisee network, investing in staff and marketing to increase the rate of organic growth in MSF and to further promote the sale of further franchises.

In terms of the acquisition programme, the Group plans to purchase lettings portfolios in partnership with its franchisees, either in existing or new Territories. The Directors expect that the terms of these arrangements are likely to be flexible, including terms where the Group acquires a lettings portfolio as principal and pays the franchisee a fee to manage the portfolio.

The Group also intends to take advantage of a cyclical up-turn in UK house sale transaction volumes and leverage its established brand name in the UK property market by continuing to develop its estate agency network. The Directors believe that over time some of the 30,000 properties managed by Martin & Co may be sold, and that by offering an estate agency service Martin & Co will be well positioned to capture fees arising from the sales and offer professional property management services where the purchaser is an investing landlord. The Council of Mortgage Lenders has reported resurgent interest in new “buy-to-let” borrowing in 2013 and Martin & Co research conducted in Spring 2013 suggested that approximately 70 per cent. of those buying property to let will use the letting service of the estate agency who sold them the property.

The Directors believe that Martin & Co is extremely well placed to capitalise on all of these opportunities.

8. Intellectual Property

The Group places significant value on its intellectual property and has taken various steps to protect its rights. The Group is the registered proprietor of three trademarks incorporating the Martin & Co name and the Company has applied for the registration of two further trademarks. The Group is also the registered proprietor of the domain names www.martinco.com, www.martinco.co.uk and www.propertyfranchise.co.uk. Further details of the Group’s intellectual property rights are set out in paragraph 10 of Part IV.

9. Financial Information on Martin & Co, Current Trading and Prospects

Martin & Co has demonstrated strong and consistent growth over the last three years, with revenues from continuing operations up from £2.9 million in 2010 to £3.7 million in 2012, and gross margins of c.94 per cent. and EBITDA margins of c.40 per cent. being maintained. This is mainly due to the growth of the underlying franchisee businesses, and therefore Management Services Fees (“**MSF**”) royalty income, which comprised 83 per cent. of the Martin & Co’s revenue from continuing operations in 2012. Administrative expenses increased from £1.6 million in 2010 to c.£2 million in 2011, reflecting recruitment of additional staff at head office during that year to support growth, and have remained consistent at c.£2 million in 2012. Martin & Co has generated increasing net cash from operating activities and has no debt.

Discontinued operations relate to Martin & Co’s acquisition, between December 2011 and June 2013, of five lettings offices which it originally planned to build into a larger portfolio of owned and managed offices. However, Martin & Co subsequently decided against this strategy and it has now sold three of those five businesses. The activity of owning and managing offices has therefore been disclosed as a discontinued operation, and the related assets and liabilities reclassified as disposal groups held for sale, in Martin & Co’s financial information.

The top performing franchisees in terms of MSF generation are frequently the same year on year, however the Group is not dependent on any single franchisee as the top ten franchisees over the last three years have accounted for around 17 per cent. of annual MSF revenue.

The results for the interim period ending 30 June 2013 have shown steady and consistent growth, with revenues from continuing operations up by 7 per cent. in comparison to the prior interim period. This is largely due to the continued growth in MSF, which accounts for about 84 per cent. of the Group’s revenues, but also reflects the growth in franchise fees, which have seen a particular uplift as a result of sales to franchisees of Jupix IT support services. Gross profit margin remains consistently high at 95 per cent. The Directors are confident that these trends will continue and believe that the Group is well placed to expand in line with its stated growth strategy.

10. Board of Directors, Senior Management and Employees

10.1 Directors

The Board currently consists of four Directors, each with significant experience. Paul Latham is an Independent Director for the purpose of the Corporate Governance Code. The Directors recognise that good corporate governance necessitates the presence of independent directors on the Board. Whilst at Admission there will only be one independent Non-Executive Director on the Board, it is the Directors' intention to appoint an additional suitably experienced Non-Executive Director to the Board as soon as practicable following Admission. Brief biographical details of the Directors are set out below.

Richard Martin, *Chairman (aged 62)*

After leaving Bristol Technical School, Richard became an apprenticed stereotyper for the Bristol Evening Post in 1967. In 1975 he moved to The Western Gazette, another newspaper in the same group based in Yeovil. Ahead of the introduction of computerisation into the industry, in 1981 Richard moved into the commercial side and became trained in advertising design and sales. After a few years he gained promotion to Advertising Manager for the group's free press titles distributed throughout Somerset, Dorset, Devon and Wiltshire.

Following the profitable sale of a retail business in early 1986 which he set up and was managed by wife Kathryn, he left the newspaper business to pursue his interest in property and forge a career in estate agency. They opened Martin & Co for trading at 7 Westminster Street, Yeovil, Somerset on 12 May 1986.

Ian Wilson, *Chief Executive Officer (aged 51)*

Ian has worked in the property industry for almost thirty years. He holds a Degree in Housing awarded by Bristol Polytechnic and his first job after graduation was to manage one of the UK's most deprived housing estates in the north east of England. When the Conservative Government introduced the Housing Act 1988, which set the legal framework for a resurgence of the private rented sector, Ian was working as a Fair Rent Officer, and shortly after applied to Halifax Property Services in Newcastle-upon-Tyne to become its first Area Lettings Manager. Ian moved to General Accident Property Services as a Regional Lettings Manager and subsequently was promoted to National Lettings Manager. Ian moved to Connells as its first Lettings Director and in the course of business met Richard Martin, who invited Ian to join Martin & Co as Managing Director.

David Raggett, *Finance Director (aged 48)*

David holds a Degree in Economics and Accounting from Reading University where he was under the tutorship of Professor Christopher Nobes. Since qualifying with PWC as a Chartered Accountant he has spent his whole working life in franchising as franchisor and franchisee. Initially David held financial responsibility for several Ford franchises before, in the mid 90s, moving to Porsche's UK headquarters. Here he held financial responsibility for its distribution, retail and financial services businesses at various times, as well as being their Company Secretary and, for several years, Head of Legal. In 2007 David took up the role of Finance Director for the Motability Scooter and Powered Wheelchair Scheme to restore its financial stability, to improve its offering and to expand its customer base. After successfully turning the Scheme around and leading it into new ownership, David took some time out before deciding to venture back into franchising. David joined us in February 2013.

Paul Latham, *Non-Executive Director (aged 57)*

Paul Latham is a Chartered Surveyor and sits on the Residential Board for Royal Institution of Chartered Surveyors of which he was Chair until 2011. Paul served as Deputy Group CEO of LSL Property Services plc until 2010 having been part of the management buyout in 2004 which ultimately saw the business successfully list on the London Stock Exchange in 2006. During this period Paul was managing director of a number of the LSL group's subsidiary businesses including e.surv Chartered Surveyors and also sat on a number of external company boards and trade bodies. Subsequently Paul served as a Non-Executive Director of LSL until 2012.

10.2 Senior management

Suzanne Hopson, *Executive Head of Brand Standards*

Sue began her property career with the North Dorset Housing Association. In 2002, Sue was appointed as Lettings Manager of two of branches at the Dorset based estate agents, Goadsby & Harding. In July 2005,

Sue joined Martin & Co as Lettings Manager of its Bournemouth office and in February 2007, Sue was asked to join Martin & Co (UK) Ltd, initially as its first Brand Standards Manager and was later promoted to Executive Head of Brand Standards. Sue was one of the first in the country to be awarded a Diploma in Lettings and Property Management by the Association of Residential Letting Agents – its highest award.

Penny Sanders, *Executive Head of Franchising*

Penny started in lettings as a Lettings Negotiator for Goadsby & Harding. Penny was subsequently promoted to Lettings Manager and later left the company to start up her own independent property business. In June 2005, Penny met Ian Wilson and was invited to join Martin & Co as Franchise Manager, recently appointed to the new role of Executive Head of Franchising.

John Coupe, *Executive Head of Franchise Support*

John joined Halifax Building Society in 1982, and held varied roles across the UK. In 1989, John was seconded to a US Management Consultancy and was trained in consulting skills and project management. Following this, John was appointed as one of the first Area Managers for the building society and consistently took his area to the top of internal sales results leagues. John became a Regional Manager for Halifax Estate Agents in 2000, and increased profit by £2 million in the first full year. In June 2006, John met Ian Wilson and was appointed National Operations Director for Martin & Co, recently appointed to the new role of Executive Head of Franchise Support.

10.3 **Employees**

The Group currently has 42 employees, of which 31 are based at the headquarters in Bournemouth and 11 are based at the two Company owned offices in Portsmouth and Worthing. Of those at the headquarters, 9 are in managerial roles.

11. **Corporate governance**

The Directors recognise the importance of sound corporate governance and intend to comply with the Corporate Governance Guidelines, to the extent appropriate for a company of its nature and size.

The Corporate Governance Guidelines were devised by the Quoted Companies Alliance (“QCA”), in consultation with a number of significant institutional small company investors, as an alternative corporate governance code applicable to AIM companies. An alternative code was proposed because the QCA considers the UK Corporate Governance Code to be inappropriate to many AIM companies. The Corporate Governance Guidelines state that, “The purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term.”

The Board of Directors will meet at least nine times a year to review the Group’s strategy and oversee the Group’s progress towards its goals. On Admission the Board will establish audit and remuneration committees.

Audit Committee

The audit committee will be chaired by Paul Latham and its other member will be David Raggett. The audit committee will meet at least twice a year and will be responsible for ensuring that the financial performance of the Company is properly reported on and monitored, including reviews of the annual and interim accounts, results announcements, internal control systems and procedures and accounting policies.

Remuneration Committee

The remuneration committee is chaired by Paul Latham and its other member is Ian Wilson. The remuneration committee will meet at least twice a year.

The remuneration committee has responsibility for determining, within agreed terms of reference, the Group’s policy on the remuneration of senior executives and specific remuneration packages for Executive Directors, including pension rights and compensation payments. It is also responsible for making recommendations for grants of options under the Share Option Plan.

The remuneration of Non-Executive Directors is a matter for the Board. No Director may be involved in any discussions as to their own remuneration.

12. The Placing

Pursuant to the Placing Agreement, further details of which are set out in paragraph 12.3 of Part IV, Panmure Gordon has agreed to use its reasonable endeavours to place 4,000,000 New Ordinary Shares on behalf of the Company, and 6,350,050 Sale Shares on behalf of the Selling Shareholders at the Placing Price with institutional and other investors. The New Ordinary Shares to be issued by the Company pursuant to the Placing will represent approximately 18.2 per cent. of the Enlarged Share Capital and will raise approximately £4.0 million gross of expenses (approximately £3.0 million net of expenses excluding VAT) for the Company. On Admission, the Company will have a market capitalisation of £22.0 million.

The New Ordinary Shares will be issued credited as fully paid and will, on issue, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions thereafter declared, made or paid on the Enlarged Share Capital.

The Placing, which is not underwritten, is conditional, *inter alia*, upon Admission becoming effective and the Placing Agreement becoming unconditional in all other respects by 18 December 2013 or such later date (being no later than 13 January 2014) as the Company and Panmure Gordon may agree.

13. Reasons for Admission and Use of Proceeds

The Directors believe that Admission will assist the Group in its development by:

- raising its profile and the Martin & Co brand name;
- providing the investment and working capital to fund its planned acquisition programme;
- increasing access to capital should further finance be required to expand the Company's business in the future.

14. Dividend policy

As a profitable business, the Group has historically paid annual dividends and intends to do so following Admission. Following Admission, it is expected that dividends will be declared twice a year at the time of the Company's interim and final results, with any interim dividend representing approximately one-third of the total dividend for the year as a whole and that the first dividend to be paid will, subject to the Group's performance, be an interim dividend in respect of the six months ending 30 June 2014. The Directors intend to pursue a progressive dividend policy providing an attractive yield to Shareholders with the intention that the dividend should be covered approximately twice by underlying earnings.

15. Share Dealing Code

The Company has adopted, with effect from Admission, a share dealing code for the Directors and certain employees, which is appropriate for a company whose shares are admitted to trading on AIM (particularly relating to dealing during close periods in accordance with Rule 21 of the AIM Rules for Companies) and the Company will take all reasonable steps to ensure compliance by the Directors and any relevant employees.

16. Share Incentive Arrangements

The Company has adopted the Share Option Plan and has granted options thereunder as set out in paragraph 6 of Part IV. A summary of the main provisions of the Share Option Plan is set out in paragraph 6 of Part IV.

17. Lock-in and Orderly Market Agreement

Under the terms of the Placing Agreement, each of the Directors and the Selling Shareholders has agreed not to, and will procure that each of his or her associates and persons acting on his or their behalf will not dispose of any interest in any Ordinary Shares prior to the date which is 12 months from the date of Admission, save with the consent of Panmure Gordon. In addition, they have also agreed that for a further 12 month period, any disposal by them (or their associates or persons acting on their behalf) of Ordinary Shares will be effected through the Company's broker at that time in such a way as to maintain an orderly market. Following Admission, the Directors and Selling Shareholders will hold in aggregate 53.06 per cent. of the Enlarged Share Capital.

18. Admission, Settlement and Dealings

Application has been made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in Ordinary Shares will commence on 18 December 2013.

The Articles permit the Company to issue Ordinary Shares in uncertificated form in accordance with the CREST Regulations. CREST is a computerised share transfer and settlement system. The system allows shares and other securities to be held in electronic form rather than paper form, although a shareholder can continue dealing based on share certificates and notarial deeds of transfer. For private investors who do not trade frequently, this latter course is likely to be more cost-effective.

The ISIN number of the Ordinary Shares is GB00BH0WFH67. The TIDM is MCO.

19. Taxation

Information regarding UK taxation is set out in paragraph 11 of Part IV. These details are, however, intended only as a general guide to the current tax position under UK taxation law. Shareholders who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own independent financial adviser immediately.

20. EIS and VCT Status

The Company has applied for and obtained, based on information supplied, advance assurance from HMRC that the Company qualifies as a qualifying company for the purposes of EIS and VCT legislation. HMRC has provisionally assured the Company that the New Ordinary Shares placed with VCTs are expected to constitute a qualifying holding for such VCTs. HMRC has also confirmed that the New Ordinary Shares should satisfy the requirements for tax relief under the EIS. Eligibility is also dependent on a Shareholder's own position and not just that of the Company. Accordingly, investors should take their own independent advice and they are referred in particular to the Risk Factors in Part II and paragraph 11.7 of Part IV. The Company gives no warranties or undertakings that VCT or EIS relief will be available or that, if given, such relief will not be withdrawn.

21. The Takeover Code

Under Rule 9 of the Takeover Code, any person who acquires an interest in shares (as defined in the Takeover Code) which, taken together with an interest in shares already held by him or any interests in shares held or acquired by persons acting in concert with him, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares. Similarly, when any person or persons acting in concert are already interested in shares which in aggregate carry not less than 30 per cent. but does not hold more than 50 per cent. of such voting rights, a general offer will normally be required if any further interest in voting shares is acquired by any such person.

An offer under Rule 9 must be in cash and at the highest price paid for any interest in the shares by the person required to make an offer or any person acting in concert with him during the 12 months prior to the announcement of the offer.

Under the Takeover Code, a concert party arises where persons acting together pursuant to an agreement or understanding (whether formal or informal and whether or not in writing) actively co-operate, through the acquisition by them of an interest in shares in a company, to obtain or consolidate control of the company. Control means holding, or aggregate holdings, of an interest in shares carrying 30 per cent. or more of the voting rights of the company, irrespective of whether the holding or holdings give *de facto* control.

On Admission, Richard and Kathryn Martin will together be interested in 10,999,950 Ordinary Shares representing approximately 49.99 per cent. of the Company's Enlarged Share Capital. As Richard and Kathryn Martin will together hold less than 50 per cent. of the Ordinary Shares but remain interested in over 30 per cent., they will be unable to increase their combined individual shareholding to an extent which increases the percentage of the voting rights in the Company which they may hold without triggering an offer obligation, save with the consent of the Panel. In addition, Richard and Kathryn Martin have entered into a Relationship Agreement with the

Company and Panmure Gordon, further details of which can be found in paragraph 12.21 of Part IV.

Further information on the provisions of the Takeover Code can be found in paragraph 5 of Part IV.

22. Further Information

Your attention is drawn to Parts II to IV which provide additional information on the Group and the markets in which it operates.

PART II

RISK FACTORS

Any investment in the Ordinary Shares is subject to a number of risks. Before making any investment decision, prospective investors should carefully consider the factors and risks attaching to an investment in the Ordinary Shares together with all other information contained in this document including, in particular, the risk factors described below. The information below does not purport to be exhaustive because additional risks and uncertainties not presently known to the Group, or that the Group currently deems immaterial, may also have an adverse effect on its business. In particular, the Group's performance is likely to be affected by changes in market and/or economic conditions and in legal, accounting, regulatory and tax requirements. The risk factors described below are not intended to be presented in any assumed order of priority. If any of the following risks were to materialise, the Group's business, financial condition, results, prospects and/or future operations may be materially adversely affected. In such case, the value of the Ordinary Shares may decline and an investor may lose all or part of their investment. Investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information in this document and their personal circumstances.

General risks

An investment in the Group is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which may result from the investment. A prospective investor should consider with care whether an investment in the Group is suitable for him in the light of his personal circumstances and the financial resources available to him.

Investment in the Group should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Group will occur or that the commercial objectives of the Group will be achieved. Investors may not get back the full amount initially invested.

The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to the future.

Risks relating to the Group's Business

Key Personnel

The Group is dependent on its key management, the loss of whose services could materially and adversely affect the Group and impede the implementation of its strategies and achievement of its objectives. Whilst the Directors believe that key personnel are incentivised to remain with the Group, the Directors cannot give assurances that such personnel will continue to remain with the Group.

Past Performance

This Document includes information about the historical financial performance of the Group. Past performance is not, however, a guarantee as to the future financial performance of the Group, which may be materially different from its past performance and which may be adversely affected by, amongst other things, the risk factors described in this Part II.

Ability to generate revenues and profits

There is no certainty that the Group will be successful in executing its strategy for growth. Failure to do so and slower demand for the Group's services may result in revenues growing more slowly than anticipated. In addition, there is no certainty that existing franchisees will continue to trade or will renew their franchise agreements on expiry, or that tenants' rents will stay at current levels or rise, or that the MSF percentage is sustainable in the long term with new competitive pressures, all of which may lead to a decline in the number of franchisees in the Group's network and therefore a drop in revenue and profits.

Insurance

The Directors seek to adequately insure business liabilities and assets but cannot guarantee that in case of a claim, the insurer will cover all costs and make good all damage.

Litigation

Whilst as at the date of this document and with the exception of those detailed in paragraph 15 of Part IV, the Group is not involved in any litigation or claims, nor is it aware of any material claims which may result in litigation against any member of the Group, there can be no assurance that the Group will not become involved in litigation which could adversely affect its position. Litigation risks include but are not limited to client claims relating to professional negligence, employee claims and claims from former franchisees.

Information Systems

The Group's information systems are essential to a number of critical areas of its business operations. Any system failure that causes an interruption in service or availability of the Group's systems could materially adversely affect operations or delay the collection of revenue. The occurrence of any of these events could result in interruptions, delays, the loss or corruption of data, or cessations in the availability of systems, any of which could have a material adverse effect on the Group's business, financial condition and results of operations. In addition, the Group may be subject to liability as a result of any theft or misuse of personal information stored in the information systems.

In addition, the centralisation of information systems from franchises acquired (or to be acquired) by the Group requires migration of certain data from such existing systems into the Group's central systems. There can be no assurance that the Group will not encounter data migration or other errors, which could result in the loss of important data, interruptions, delays or cessations in the availability of the systems, any of which could have a material adverse effect on the Group's business, financial condition and results of operations.

Future Financing

Whilst the Directors have no current plans to raise additional capital immediately after the Placing, it is possible that the Company may need to raise extra capital in the future, beyond 12 months from Admission, to further develop the Group's business. No assurance can be given that any such additional financing will be available or that, if available, it will be available on terms favourable to the Group or to the Shareholders. Further equity financing may be dilutive to the Shareholders or result in an issuance of securities whose rights, preferences and privileges are senior to the holders of Ordinary Shares. The Directors may seek debt finance to fund all or part of any future development. There can be no assurance that the Company will be able to raise those debt funds, whether on attractive terms (including acceptable covenants) or at all.

The availability of buy-to-let mortgages

Recent limitations in the credit markets have seen interest rates for buy-to-let mortgages rise with there also being an overall decline in availability of buy-to-let mortgages. Although Martin & Co has continued to grow despite the reduction in the availability and more stringent terms of buy-to-let mortgages there can be no guarantee that its growth will not be affected by such restrictions in the future. Additionally given the current indicators of the economy there can be no assurance that buy-to-let mortgages will become more available in the near future which may also restrict Martin & Co's future growth.

Management of growth

The Group's growth plans, both organic and acquisitive, may place a significant strain on the Group's management, operational, financial and personnel resources. Therefore, the Group's future growth and prospects will depend on its ability to manage this growth and to continue to expand and improve operational, financial and management information and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Group's growth could have a material adverse effect on the Group's business, financial condition and results of operations.

Competition Risk

The Group faces ongoing competition from three types of agencies competing for market share. These are estate agents, specialist lettings agents and franchise networks. With the rise of online lettings agencies, the margins on lettings agents' commissions could come under pressure which would result in lower revenues for the Group. There is also the continual competitive threat that landlords will collect rent themselves and attempt the lettings process alone. Changes to legislation may make it increasingly difficult however.

A key element in the Group's plans for growth is its plan to bolster its market share by acquiring lettings portfolios in Territories where no representation exists today or in existing large Territories. There is no guarantee that the Group will be able to make such acquisitions at the rate it intends or at all. Competition from other interested parties may push up prices to levels that the Group cannot or is not willing to pay. This would lead to lower growth rates in the business.

The Housing Market

Lettings business tends to be constrained if the stock of houses available for rent is constrained. This constraint can arise as a result of a lack of available credit to buy residential houses for investment purposes, particularly the availability of buy to let mortgages. The Directors' experience is that changes in the levels of housing stock available for rent have changed very slowly over time, and in the Board's view it is unlikely that lettings will be adversely affected in the short to medium term. The Directors believe that lettings benefits from falling house sales (more people rent) and also from an increasing sales market (more people buy for investment) and that the Group is not directly affected by rental yields (as this impacts the landlord and not agent) although a general reduction in rental yields could cause a reduction in the number of landlords in the long term. A reduction in rental income would translate into lower fees for each franchisee and therefore a drop in MSF income to the Company. When supply of property is constrained, rents and yields tend to rise to compensate.

Reputation

The Group takes extremely seriously the protection of its reputation and its brand. One of the ways it seeks to protect both is the continuous audit programme it operates which tests the financial probity of its franchisees and periodically audits other aspects of the franchise system. However it is possible that a franchisee may from time to time behave in a way that potentially damages the Group, for example, by retaining tenants' deposits outside the government-endorsed tenancy deposit protection scheme. The Directors believe that the provisions of Martin & Co's franchise agreement ensure the Company can control its franchisees' activities sufficiently to protect its brand and to take swift action against such practices but there can be no guarantee that it will always succeed in taking preventative action.

Martin & Co conducts extensive checks on the suitability of its prospective franchisees but it cannot be entirely certain that a franchisee does not have some potentially embarrassing adverse history which may come to light and which risks damaging the reputation of the brand.

The Group operates as a franchise business and as such its success is highly dependent on the service it and its franchisees provide. Failure by either the Group or its franchisees to meet the required levels of service or any diminution in client satisfaction and loyalty may have an adverse impact on the results of operations and financial performance of the Group.

In addition, regulatory breaches or alleged breaches, criticisms of its services or litigation may damage the Group's reputation and may have a material adverse impact on the Group's business and its ability to grow.

Pressure groups, media sentiment and changing policy

From time to time, consumer and other pressure groups start campaigns, which are often backed by the popular media, to reduce or ban what they believe to be unnecessary or extortionate charges to consumers. For example, in June 2013, Shelter launched a campaign to ban letting agents charging fees to tenants in England, calling upon politicians to act. The UK Association of Letting Agents launched a counter-campaign, stating that its members operate under a strict code of conduct that helps ensure communication, transparency and fairness underpins all dealings, financial or otherwise. Martin & Co has supported UKALA's defence of the lettings industry against Shelter. Whilst campaigns such as the one currently being conducted by Shelter may attract some support, and negative publicity, the Group does not expect it to lead to any

changes in regulation in the medium term at least. However, it is possible that there could be some adverse impact on the Group's revenues if any such campaign gained any substantive support and traction. For example, in respect of the Group's offices in Scotland there will be a reduction in income from tenant fees in 2014 as a result of Shelter's campaign which was successful in so far as it persuaded the Scottish Government to pass legislation to clarify the existing law, and effectively ban charging of tenant fees in Scotland.

Partnering with existing franchisees

The Group intends to bolster its market share by partnering with existing franchisees to acquire lettings portfolios in Territories where no representation exists today and also in existing larger Territories. Currently only preliminary discussions have been held with franchisees to gauge levels of interest and no commitments have yet been entered into. If the Group was unable to reach agreements with franchisees to expand in this way on terms satisfactory to the Group or at all then the Group would need to reconsider its strategy in this regard. This would lead to a material adverse impact on the Group's revenues and its growth.

The Group has divested parts of the business and has made acquisitions of franchise businesses which have been operated by the Group or sold onto franchisees

The Group has acquired franchise businesses from franchise owners which have either been operated by the Group or sold on to another franchisee. As a result the Group has acquired certain assets and liabilities, such as leasehold property interests and in some cases employees. In addition to the Group's head office in Bournemouth and its offices in Worthing and Portsmouth, the Group has retained leasehold properties in Peterborough, Birmingham, Coventry and Bournemouth which have been sublet to the Landlord Hub Limited and other franchise owners. The Directors cannot give any assurances that there are no liabilities for the Group arising from subletting these properties. In addition, the Directors cannot give any assurances that there are no liabilities for the Group arising from either the franchise business acquisition agreements or the onward business sale agreements summarised in paragraph 12 of Part IV.

Changes in Government Policy

Current government policy is to increase the available stock of social housing available in the UK Market. Whilst this has not had a negative impact on the Company, a change in future political policy may have a negative impact on lettings agents and therefore this would affect the Group.

Risks relating to the Franchise Model

The franchise model is central to the way that Martin & Co operates and the Group's revenues are dependent on the ongoing success of this model. Investors' attention is drawn to certain risk factors noted below which arise from operating this model.

Availability of suitable new franchisees

The Group intends to undertake the acquisition of additional franchises. There is a risk that appropriate acquisition opportunities may not be available or that the target franchises may not enter into dealings with the Group. There is no guarantee that future potential acquisitions will be available on favourable terms, if at all, or that they will be integrated successfully.

Integration of new franchisees

The Group intends to grow, in part, through the acquisition of new franchisees. There is a risk that integrating new franchisees into the Group may take longer than expected or incur a cost currently unanticipated by the Group, which could impact on the profitability of the Group.

Performance of Franchisees

The financial performance of the Group's Franchisees is central to the Group's revenue. While the Group follows stringent recruitment processes and inductions and provides support and training to new and current franchisees it may fail to identify inappropriate franchisees and/or franchisees may underperform, which could lead to a material adverse impact on the revenues for the Group.

Demand for franchise

The Group's future growth depends on the ability to identify, attract and retain suitable and motivated Franchisees, both in terms of generating fees from the initial franchise fee and from the additional MSF. An inability to do this in the future may have a materially adverse impact on the financial performance of the Group.

Anti-Competitive law

Franchising in the UK is governed by the provisions of the Competition Act 1998 which, for the most part, reflects the antitrust provisions of the EU (except that they are applicable only within the UK). It is the element of control the franchisor has over the franchisee's business that brings a franchising agreement within the scope of competition law. For most restrictions found in franchising agreements, competition concerns only arise if there is insufficient competition at one or more levels of trade. That is, if there is some degree of market power at the level of the franchisor or the franchisee or at both levels, (usually a market share of over 30 per cent.). The UK lettings market is highly fragmented, with Martin having less than 1 per cent. market share. Whilst competition restrictions are therefore unlikely to apply now or at all to the Group or its business, there can be no guarantee that future changes to competition law or franchising law will not affect the Group.

Changes in regulation/legislation

The Group cannot guarantee that existing legislation and regulations that impact the business will not change and that new ones will not come into effect. In particular, the Group could be impacted by changes in landlord or tenant obligations, FCA compliance regulations and registrations, franchising legislation, case law and BFA recommendations, as well as employment law, but many other legislation and regulation areas are relevant.

Tax risks

Any change in the Group's tax status or in taxation legislation in the UK could affect the Group's ability to provide returns to Shareholders.

Statements in this document concerning the taxation of investors in shares are based on current law and practice, which is subject to change. The taxation of an investment in the Group depends on the individual circumstances of investors.

Risks relating to the Ordinary Shares

Trading on AIM

The Ordinary Shares will be traded on AIM. No application is being made for the admission of the Ordinary Shares to the Official List. An investment in companies whose shares are traded on AIM are perceived to involve a higher degree of risk and be less liquid than an investment in companies whose shares are listed on the Official List. AIM is a market designed primarily for emerging or smaller companies. The AIM Rules are less demanding than the Official List. The future success of AIM and liquidity in the market for Ordinary Shares cannot be guaranteed. In particular, the market for Ordinary Shares may become or may be relatively illiquid and therefore, such Ordinary Shares may be or may become difficult to sell.

The market for the Ordinary Shares following Admission may be highly volatile and subject to wide fluctuations in response to a variety of potential factors which could lead to losses for Shareholders. These potential factors include amongst others: any additions or departures of key personnel, litigation and press, newspaper and/or other media reports.

Prospective investors should be aware that the value and/or market price of the Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Group. Investors may, therefore, realise less than or lose all of their investment.

Trading market for the Ordinary Shares

The market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, some specific to the Group and its operations and others to the AIM market in general including, but not limited to, variations in the operating results of the Group, divergence in financial results from analysts'

expectations, changes in earnings estimates by stock market analysts, general economic conditions, the performance of the Group's competitors, future competitors, regulatory changes or legislative changes in the Group's sector. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Ordinary Shares. The trading of the Ordinary Shares on AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares and there is no guarantee that an active market will develop or be sustained after Admission. It may be more difficult for an investor to realise his investment in the Group than in a company whose shares are quoted on the Official List.

No guarantee that the Ordinary Shares will continue to be traded on AIM

The Group cannot assure investors that the Ordinary Shares will always continue to be traded on AIM or on any other exchange. If such trading were to cease, certain investors may decide to sell their Ordinary Shares, which could have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Group decides to obtain a listing on another exchange in addition or as an alternative to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

Existing shareholders may limit other shareholders' ability to influence matters requiring shareholder approval

Upon Admission, Richard and Kathryn Martin will together own just under 50.0 per cent. of the Enlarged Share Capital and the Directors will, in aggregate, beneficially own approximately 41.5 per cent. of the Enlarged Share Capital. In their capacity as shareholders (and subject, in the case of Richard Martin, to the terms of the Relationship Agreement), they are permitted to vote on any matter that requires shareholder approval as they see fit. Hence they may be able to exert influence over all matters requiring shareholder approval, such as electing directors and approving significant corporate transactions. This concentration of ownership may also have the effect of delaying or preventing a change of control, which could result in a lower price for the Ordinary Shares in the event of a takeover offer for the Group.

Substantial future sales or issues of Ordinary Shares could impact the market price of Ordinary Shares

Following the Placing, 22,000,000 Ordinary Shares will be in issue and there will be outstanding awards over up to a further 1,566,000 Ordinary Shares at nominal value. Sales, or the possibility of sales, of substantial numbers of Ordinary Shares in the public or private market by Shareholders following the Placing could have an adverse effect on the market trading prices of the Ordinary Shares. While the Selling Shareholders and Directors have agreed to certain restrictions on the issue or sale of Ordinary Shares for various limited periods of time following Admission without the prior written consent of Panmure Gordon, as described in paragraph 12.3 of Part IV, upon the expiration of these lock-up arrangements a large number of additional Ordinary Shares will be eligible for sale. Furthermore, Panmure Gordon may in its sole discretion, and at any time or from time to time, without notice, release all or any portion of the Ordinary Shares subject to these lock-up arrangements. Approximately 53 per cent. of the Enlarged Share Capital in issue following the Placing will be subject to lock-up arrangements.

The issue of additional Ordinary Shares by the Group may cause the dilution of Shareholders' interests.

There has been no prior public market for the Ordinary Shares and an active public market for the Shares may not develop or be sustained

There has been no public trading market for the Ordinary Shares prior to Admission. The Directors can give no assurance that an active trading market for the Ordinary Shares will develop or, if such a market does develop, that it will be sustained. If an active trading market does not develop or is not maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected and investors may have difficulty selling their Ordinary Shares. If an active trading market does develop, the market price of the Ordinary Shares may drop below the Placing Price.

Limitations on ability to pay dividends

The payment of dividends by the Group is subject to the Group having sufficient distributable reserves for such purposes after the receipt of amounts from its subsidiaries. The ability of the Group to make dividend

payments and the level of any dividend payments will rely on the future underlying profitability achieved in the business.

Further, the declaration, payment and amount of any future dividends of the Company are subject to the discretion of the shareholders of the Company or, in the case of interim dividends, to the discretion of the Directors, and will depend upon, among other things, the Company's earnings, financial position, cash requirements, availability of profits, as well as provisions for relevant laws or generally accepted accounting principles from time to time.

The Ordinary Shares will trade in pounds sterling and any dividends will be paid in pounds sterling. Any Shareholder whose principal currency is not pounds sterling may experience exchange rate fluctuations

The Ordinary Shares will be traded in pounds sterling and any dividends, if declared, will be paid in pounds sterling. An investor in the Ordinary Shares whose principal currency for accounting and/or tax purposes is not pounds sterling will be exposed to fluctuations in the exchange rate between the relevant currency and pounds sterling.

VCT and EIS relief

The Company has received advance assurance from HMRC that it is a qualifying company for the purposes of the EIS and VCT legislation. The qualifying status for VCT and EIS purposes will be contingent upon certain conditions being met by both the Company and the relevant investors. Neither the Company, the Directors nor the Company's advisers give any warranties or undertakings that VCT and EIS qualifying status will be available or that, if initially available, such relief or status will not be withdrawn. Should the law regarding VCT's and/or the EIS change then any reliefs or qualifying status previously obtained may be lost. Circumstances may arise (which may include the sale of the Company) where the Directors believe that the interests of the Company are not best served by acting in a way that preserves VCT or EIS qualifying status and the Company cannot undertake to conduct its activities in a way designed to secure or preserve such qualifying status or relief.

If the Company does not employ the proceeds from VCTs for qualifying purposes within 24 months, the funds invested by the VCTs would be apportioned *pro rata* and its qualifying holding would be equal to the VCT funds that had been employed for qualifying trading purposes within the above time limits. Any remaining element of the VCT investment would comprise part of its non-qualifying holdings. The information in this document is based upon current tax law and practice and other legislation and any changes in the legislation or in the levels and bases of, and reliefs from, taxation may affect the value of an investment in the Company.

In the case of money raised from an EIS issue, the Company must employ the entire proceeds raised from the issue of the shares for the purpose of a qualifying business activity within 24 months of the issue of the shares in order for the shares to continue to qualify for EIS relief.

If the Company ceases to carry on the business outlined in this document or acquires or commences a business, which is not insubstantial to the Company's activities and which is a non-qualifying trade for VCT and EIS relief during the period specified in the legislation (broadly 3 years from the date of investment), this could prejudice the qualifying status of the Company as referred to above. This situation will be monitored by the Directors with a view to preserving the Company's qualifying status but this cannot be guaranteed. Any company receiving aid through any government state aid scheme, that would include VCTs and EIS investment, individually or combined, that amounts to a value above the investment limit currently shown at section 173A of Income Tax Act 2007 for EIS purposes and section 292A(1) of the Income Tax 34 Act 2007 (currently £5 million) is at risk of the European Commission deeming the aid to be illegal, and bears the risk of sanctions imposed by the European Commission to recover that aid.

General Risks

Economic and Political Environment

General economic conditions, including movements in interest and inflation rates in the Group's markets may have an adverse effect on the Group's activities. The Group may be exposed to risks such as unexpected changes in regulatory requirements, longer payment cycles, problems in collecting debts,

fluctuations in currency rates and potentially adverse tax consequences. The Group's operations, business and profitability could be affected by these factors, which are beyond the control of the Group. The Group may also be subject to political uncertainties.

Force majeure events

There is a risk that the residential lettings market in which the Group currently operates could be affected by events such as war, civil war, riot or armed conflict, acts of terrorism, targeted vandalism, floods, explosions or other catastrophes, epidemics or quarantine restrictions, which are outside of the Directors' control and generally not covered by insurance. Such events could have a variety of materially adverse consequences for the Group, including risks and costs related to decline in revenues or reputational damage, and injury or loss of life, as well as litigation related thereto.

Forward-looking statements

Certain statements contained in this document may constitute forward-looking statements. Such statements include, amongst other things, statements regarding the Group's or management's beliefs, expectations, estimations, plans, anticipations and similar statements. Any such forward-looking statements involve risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements speak only as of the date of this document and there can be no assurance that the results and events contemplated by such forward-looking statements will, in fact occur. The Company and the Directors expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein, or to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based, save as required to comply with any legal or regulatory obligations (including the AIM Rules).

PART III
FINANCIAL INFORMATION

**SECTION A: INDEPENDENT REASONABLE ASSURANCE REPORT
ON THE HISTORICAL FINANCIAL INFORMATION**

The following is the full text of a report on Martin & Co (UK) Limited from Baker Tilly Corporate Finance LLP, the Reporting Accountants, to the Directors of MartinCo Plc.



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The Directors
MartinCo Plc
2 St Stephen's Court
St Stephen's Road
Bournemouth
BH2 6LA

17 December 2013

Dear Sirs,

Martin & Co (UK) Limited ("Martin & Co")

We report on the financial information of Martin & Co (the "Historical Financial Information") set out in Section B of this Part III of the Admission Document dated 17 December 2013 ("Admission Document") of MartinCo Plc (the "Company"). This Historical Financial Information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out at Notes 2 and 3 to the Historical Financial Information. This report is required by paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose. We have not audited or reviewed the financial information for the period ended 30 June 2013 set out in Section C of this Part III and accordingly do not express an opinion thereon.

Save for any responsibility arising under paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law, we do not accept or assume responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules, or consenting to its inclusion in the Admission Document.

Responsibilities

The Directors of the Company are responsible for preparing the Historical Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union except, as described at Note 2 to the Historical Financial Information, that certain accounting conventions, commonly used for the preparation of financial information for inclusion in investment circulars, as described in the Annexure to Standards for Investment Reporting 2000 issued by the Auditing Practices Board in the United Kingdom, have been applied.

It is our responsibility to form an opinion on the Historical Financial Information and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Martin & Co as at the dates stated and of its results, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in Note 2 and in accordance with International Financial Reporting Standards as adopted by the European Union as described therein.

Declaration

For the purposes of part (a) of Schedule Two to the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with item 1.2 of Annex I and item 1.2 of Annex III of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules.

Yours faithfully

Baker Tilly Corporate Finance LLP

Regulated by the Institute of Chartered Accountants in England and Wales

Baker Tilly Corporate Finance LLP is a limited liability partnership registered in England and Wales, registered no. OC325347. A list of the names of members is open to inspection at the registered office 25 Farringdon Street, London EC4A 4AB

SECTION B: HISTORICAL FINANCIAL INFORMATION

STATEMENTS OF COMPREHENSIVE INCOME

	<i>Notes</i>	<i>Year Ended</i> 31.12.10 £	<i>Year Ended</i> 31.12.11 £	<i>Year Ended</i> 31.12.12 £
CONTINUING OPERATIONS				
Revenue	6	2,873,692	3,564,228	3,709,443
Cost of sales		<u>(148,577)</u>	<u>(195,603)</u>	<u>(222,279)</u>
GROSS PROFIT		2,725,115	3,368,625	3,487,164
Administrative expenses	7, 8	<u>(1,554,441)</u>	<u>(2,030,237)</u>	<u>(2,084,686)</u>
OPERATING PROFIT		1,170,674	1,338,388	1,402,478
Finance costs		–	(133)	–
Finance income		215	312	228
PROFIT BEFORE INCOME TAX	9	1,170,889	1,338,567	1,402,706
Income tax	10	<u>(323,188)</u>	<u>(341,417)</u>	<u>(341,619)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR FROM CONTINUING OPERATIONS		<u>847,701</u>	<u>997,150</u>	<u>1,061,087</u>
DISCONTINUED OPERATIONS				
Loss and total comprehensive income for the year from discontinued operations	21	<u>–</u>	<u>(41,828)</u>	<u>(6,719)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS		<u><u>847,701</u></u>	<u><u>955,322</u></u>	<u><u>1,054,368</u></u>

STATEMENTS OF FINANCIAL POSITION

		<i>As at</i> 31.12.10 £	<i>As at</i> 31.12.11 £	<i>As at</i> 31.12.12 £
	<i>Notes</i>			
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	12	75,000	75,000	75,000
Property, plant and equipment	13	47,397	45,527	84,486
		<u>122,397</u>	<u>120,527</u>	<u>159,486</u>
CURRENT ASSETS				
Trade and other receivables	14	972,073	359,288	399,168
Cash and cash equivalents		416,297	303,282	638,789
		<u>1,388,370</u>	<u>662,570</u>	<u>1,037,957</u>
Assets of disposal group classified as held for sale	21	–	279,604	636,053
		<u>1,388,370</u>	<u>942,174</u>	<u>1,674,010</u>
TOTAL ASSETS		<u><u>1,510,767</u></u>	<u><u>1,062,701</u></u>	<u><u>1,833,496</u></u>
EQUITY				
SHAREHOLDERS' EQUITY				
Share capital	15	100	100	100
Retained earnings		893,547	323,943	717,810
		<u>893,647</u>	<u>324,043</u>	<u>717,910</u>
TOTAL EQUITY		<u>893,647</u>	<u>324,043</u>	<u>717,910</u>
LIABILITIES				
NON-CURRENT LIABILITIES				
Deferred tax	18	11,535	11,265	10,760
		<u>11,535</u>	<u>11,265</u>	<u>10,760</u>
CURRENT LIABILITIES				
Trade and other payables	16	280,844	340,142	599,445
Tax payable	10	324,741	341,687	342,124
		<u>605,585</u>	<u>681,829</u>	<u>941,569</u>
Liabilities of disposal group classified as held for sale	21	–	45,564	163,257
		<u>605,585</u>	<u>727,393</u>	<u>1,104,826</u>
TOTAL LIABILITIES		<u>617,120</u>	<u>738,658</u>	<u>1,115,586</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,510,767</u></u>	<u><u>1,062,701</u></u>	<u><u>1,833,496</u></u>

STATEMENTS OF CHANGES IN EQUITY

	<i>Note</i>	<i>Share capital £</i>	<i>Retained earnings £</i>	<i>Total equity £</i>
Balance at 1 January 2010		100	214,596	214,696
Profit and total comprehensive income		–	847,701	847,701
Dividends	11	–	(168,750)	(168,750)
		<hr/>	<hr/>	<hr/>
Balance at 31 December 2010		100	893,547	893,647
Profit and total comprehensive income		–	955,322	955,322
Dividends	11	–	(1,524,927)	(1,524,927)
		<hr/>	<hr/>	<hr/>
Balance at 31 December 2011		100	323,942	324,042
Profit and total comprehensive income		–	1,054,368	1,054,368
Dividends	11	–	(660,500)	(660,500)
		<hr/>	<hr/>	<hr/>
Balance as at 31 December 2012		<u>100</u>	<u>717,810</u>	<u>717,910</u>

STATEMENTS OF CASH FLOWS

		<i>Year Ended</i> 31.12.10	<i>Year Ended</i> 31.12.11	<i>Year Ended</i> 31.12.12
	<i>Notes</i>	£	£	£
Cash flows from operating activities				
Operating profit		1,170,675	1,296,427	1,395,759
Depreciation and amortisation charges		8,790	48,596	115,370
Operating cash flow before changes in working capital				
(Increase)/Decrease in trade and other receivables		(16,710)	(55,284)	(73,229)
(Decrease)/Increase in trade and other payables		(99,895)	100,263	381,084
Cash generated from operations				
Tax paid		(247,911)	(324,741)	(341,687)
Net cash from operating activities		814,949	1,065,261	1,477,297
Cash flows from investing activities				
Purchase of intangible assets	20	–	(272,327)	(383,205)
Purchase of property, plant and equipment		(1,695)	(12,796)	(94,995)
Net cash used in investing activities		(1,695)	(285,123)	(478,200)
Cash flows from financing activities				
Amounts introduced by Directors	22	–	631,774	–
Amounts withdrawn by Directors	22	(428,225)	–	(3,090)
Equity dividends paid	11	(168,750)	(1,524,927)	(660,500)
Net cash used in financing activities		(596,975)	(893,153)	(663,590)
Net increase/(decrease) in cash and cash equivalents				
Cash and cash equivalents at beginning of period		216,279	(113,015)	335,507
		200,018	416,297	303,282
Cash and cash equivalents at end of period				
		416,297	303,282	638,789

The Statement of Cash Flows include cash flows from both continuing and discontinued activities.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Martin & Co (UK) Limited (“Martin & Co”) was incorporated on 8 December 1994 under the Companies Act 1985, as a private limited company and is registered in England and Wales. The principal activity of Martin & Co is that of a UK residential property lettings franchise business. The address of its head office and registered office is 2 St Stephen’s Court, St Stephen’s Road, Bournemouth, Dorset, UK.

2. BASIS OF PREPARATION

The historical financial information (“Historical Financial Information”) has been prepared in accordance with applicable International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) and International Financial Reporting Interpretations Committee (IFRIC) interpretations (collectively IFRSs) as adopted for use in the European Union (EU) and as issued by the International Accounting Standards Board (IASB) and in accordance with the provisions of the Companies Act 2006, except as described below.

IFRSs as adopted by the EU do not permit retrospective disclosure of discontinued operations and non-current assets held for sale in relation to decisions made subsequent to the reporting date. The decision to discontinue the activity of owning and managing offices and to reclassify the related assets and disposal groups held for sale was made in April 2013. In preparing the Historical Financial Information, as set out in Note 21, the activity of owning and managing offices has been disclosed as a discontinued operation and the related assets and liabilities reclassified as disposal groups held for sale. This treatment is consistent with accounting conventions used for the preparation of Historical Financial Information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements on historical financial information) issued by the UK Auditing Practices Board. This treatment results in a material departure from IFRSs as adopted by the EU. In other respects IFRSs as adopted by the EU have been applied.

The Historical Financial Information has been prepared under the historical cost convention, unless otherwise stated in the accounting policies. The Historical Financial Information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

Having considered uncertainties under the current economic environment, and after making enquiries, the Directors have a reasonable expectation that Martin & Co has adequate resources to continue in operation for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the Historical Financial Information.

(a) New standards, amendments and interpretations issued but not effective

The following standards and interpretations, that may be relevant to Martin & Co’s operations that have not been applied in the Historical Financial Information, were in issue:

- IFRS 7 (amended) ‘Financial Instruments: Disclosures’ – (effective for annual periods beginning on or after 1 January 2013).
- IFRS 9 ‘Financial Instruments’ (effective for annual periods beginning on or after 1 January 2015, not yet endorsed).
- IFRS 10 ‘Consolidated Financial Statements’ (effective for annual periods beginning on or after 1 January 2014).
- IFRS 11 ‘Joint arrangements’ (effective for annual periods beginning on or after 1 January 2014).
- IFRS 12 ‘Disclosure of interests in other entities’ (effective for annual periods beginning on or after 1 January 2014).
- IFRS 13 ‘Fair Value Measurement’ (effective for annual periods beginning on or after 1 January 2013).
- IAS 19 (revised) Employee Benefits – (effective for annual periods beginning on or after 1 January 2013). Endorsed June 2012.
- IAS 32 Financial Instruments – Presentation – Amendment; Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014).

The Directors anticipate that the early adoption of these standards and interpretations would not have a material impact on the Historical Financial Information of Martin & Co.

(b) Accounting year end

Martin & Co's accounting period ends on 31 December annually.

(c) Presentation of the Historical Financial Information

The Historical Financial Information is presented in accordance with IAS 1 Presentation of Financial Statements (Revised 2007). Martin & Co has elected to present all items of income and expense in a single 'Statement of comprehensive income'.

The presentational and functional currency of Martin & Co is UK pound sterling.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

Revenue represents income, net of VAT, from the sale of franchise agreements, management service fees, levied to franchisees monthly based on their turnover, and the provision of training and ongoing support to franchisees.

Fees from the sale of franchise agreements are recognised upon the earlier of the receipt of funds or the signing of the franchise agreement. These fees are for the use of the brand along with initial training and support and promotion during the opening phase of the new office. Management services fees are recognised on a monthly basis, with other fees recognised when the training and support is provided to the franchisee.

Revenue also includes fees generated by offices operated by Martin & Co (recognised in discontinued operations). These offices invoice landlords on a monthly basis and so recognise the income during the period in which the work is carried out.

(b) Intangible assets – goodwill

Goodwill (being the difference between the fair value of consideration paid and the fair value of the identifiable assets at the date of acquisition) is capitalised. Goodwill is not amortised, but subject to an annual review for impairment (or more frequently if necessary). Any impairment is charged to the profit or loss as it arises.

An impairment loss is recognised for the amount by which the carrying value of goodwill exceeds its recoverable amount, which the Directors assess on a 'value in use' basis. To determine the value in use, management estimates expected future cash flows from trading operations, the business being one cash generating unit, and determines a suitable growth rate in order to calculate the present value of those cash flows. The discount factor reflects management's assessment of the risk profile of the business.

(c) Discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for sale in its immediate condition. Management must be committed to the sale, which should be expected within one year from the date of classification as held for sale.

Immediately before classification as held for sale, the assets are remeasured and recognised at the lower of their carrying amount and their fair value less costs to sell if their carrying amount essentially derives from their sale rather than their continued use. Assets classified as held for sale are not depreciated. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are included in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

Profit after tax from operations qualifying as discontinued operations are presented separately as a single amount on the income statement. The assets held for resale and the liabilities held for resale are shown separately on the balance sheet. Results from operations qualifying as discontinued operations as of the balance sheet date for the latest period presented, that have previously been presented as results from continuing operations, are represented as results from discontinued operations for all periods presented as are their assets and liabilities.

In conditions where the classification of non-current assets as held for sale are no longer met, classification as held for sale ceases. Accordingly, results of operations, previously presented in discontinued operations, are reclassified and included in result from continuing operations for all periods presented. Non-current assets that ceases to be classified as held for sale are remeasured at the lower of their carrying amount before classification as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale, and its recoverable amount at the date of the subsequent decision to sell.

(d) Business combinations

On the acquisition of a business, fair values are attributed to the identifiable assets and liabilities and contingent liabilities unless the fair value cannot be measured reliably in which case the value is subsumed into goodwill. Where the fair values of acquired contingent liabilities cannot be measured reliably, the assumed contingent liability is not recognised but is disclosed in the same manner as other contingent liabilities.

Goodwill is the difference between the fair value of the consideration and the fair value of identifiable assets acquired. Goodwill arising on acquisitions is capitalised and subject to an impairment review, both annually and when there is an indication that the carrying value may not be recoverable.

(e) Intangible assets – customer lists

Intangible assets with a finite life are carried at cost less amortisation and any impairment losses. Intangible assets represent items which meet the recognition criteria of IAS 38, in that it is probable that future economic benefits attributable to the assets will flow to the entity and the cost can be measured reliably.

Amortisation of intangible assets is charged to discontinued operations and is calculated over the following periods:

Customer lists – 7 years straight line

Customer lists are those of the franchise offices that Martin & Co have purchased and run in-house (a discontinued operation, note 21).

(f) Property, plant and equipment

Items of property, plant and equipment are stated at cost of acquisition cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives on the following bases:

Fixtures, fittings and office equipment	15% reducing balance
Motor vehicles	25% reducing balance
Short leasehold improvements	over the lease term

(g) Income taxes

Current tax is the tax currently payable based on the taxable profit for the year.

(h) Deferred tax

Deferred income taxes are calculated using the liability method on temporary differences, at the tax rate that is substantively enacted at the balance sheet date. Deferred tax is generally provided on the difference between the carrying amount of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Tax losses available to be carried forward as well as other income tax credits to Martin & Co are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date. Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit/loss.

(i) Operating lease commitments

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit/loss on a straight line basis over the period of the lease.

(j) Cash and cash equivalents

Cash and cash equivalents are defined as cash balances in hand and in the bank (including short term cash deposits).

(k) Financial assets

Martin & Co only has financial assets classified as loans and receivables. The loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position. Cash and cash equivalents (which exclude any client account monies) include cash in hand and deposits held at call with banks.

(l) Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to franchisees (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that Martin & Co will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

(m) Financial liabilities

Financial liabilities are comprised of trade payables and other short-term monetary liabilities, which are recognised at amortised cost.

Trade payables and other short-term monetary liabilities, are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Directors make certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of goodwill

The Directors are required to test, where indicators of impairment exist, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Key assumptions for the value in use calculation are described in note 12.

(b) Revenue recognition

Initial franchise fees are recognised upon the earlier of receipt of funds or the signing of the contract. The initial fees are for the use of the brand along with initial training and support and promotion of the new office. The Directors therefore believe that the benefits are transferred upon signing the contract and so revenue is recognised at this point. Future benefits from the contract are dealt with in the monthly MSF fee which is spread across the term of the franchise agreement.

(c) Share options

Share options are granted over a discretionary period and have varying vesting conditions (see note 23). The fair value of options is determined using the Black Scholes valuation model and requires a number of estimates and assumptions. The significant inputs to the model are the share price at the date of grant, the exercise price, the expected option life, volatilities and the risk-free rate.

5. SEGMENTAL REPORTING

The Board of Directors, as the chief operating decision-making body, review financial information for and make decisions about Martin & Co's overall franchising business and have identified a single operating segment, that of property lettings franchising.

6. REVENUE

The Directors believe there to be three material income streams which are split as follows:

	31.12.10 £	31.12.11 £	31.12.12 £
Management Services Fee	2,457,041	2,821,255	3,090,652
Franchise sales	304,558	484,961	269,364
Other	112,093	258,012	349,427
	<u>2,873,692</u>	<u>3,564,228</u>	<u>3,709,443</u>

All revenue is earned in the UK and no customer represents greater than 10 per cent. of total revenue in any of the periods reported.

7. ADMINISTRATIVE EXPENSES

Administrative expenses over the period were as follows:

	31.12.10 £	31.12.11 £	31.12.12 £
Continuing operations:			
Employee costs (see note 8)	1,078,751	1,397,643	1,421,672
Property costs	65,333	75,467	64,141
General administrative costs	410,357	557,127	598,873
	<u>1,554,441</u>	<u>2,030,237</u>	<u>2,084,686</u>

8. EMPLOYEES AND DIRECTORS

Average numbers of employees (including Directors), employed during the period:

	31.12.10 No.	31.12.11 No.	31.12.12 No.
Continuing operations:			
Administration	25	29	29
	<u>25</u>	<u>29</u>	<u>29</u>

Employee costs (including Directors) during the period amounted to:

	31.12.10 £	31.12.11 £	31.12.12 £
Continuing operations:			
Wages and salaries	977,887	1,260,989	1,281,844
Social security costs	100,864	136,654	139,828
	<u>1,078,751</u>	<u>1,397,643</u>	<u>1,421,672</u>

Key management personnel are defined as Directors and executives of Martin & Co. Details of the remuneration of the key management personnel are shown below:

	31.12.10 £	31.12.11 £	31.12.12 £
Wages and salaries	308,804	334,023	405,196
Social security costs	41,748	41,281	51,956
Total	<u>350,552</u>	<u>375,304</u>	<u>457,152</u>

9. PROFIT BEFORE INCOME TAX

The profit before income tax from continuing operations is stated after charging:

	31.12.10 £	31.12.11 £	31.12.12 £
Depreciation – owned assets	8,790	8,033	13,679
Auditors' remuneration	7,000	7,000	7,000
Staff costs (note 8)	1,078,751	1,397,643	1,421,672
Operating lease expenditure	24,030	24,030	24,611
	<u>1,118,571</u>	<u>1,536,706</u>	<u>1,576,962</u>

10. INCOME TAX

	31.12.10 £	31.12.11 £	31.12.12 £
Current tax	324,740	341,687	342,124
Deferred tax	(1,552)	(270)	(505)
Total tax charge in statement of comprehensive income	<u>323,188</u>	<u>341,417</u>	<u>341,619</u>

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.10 £	31.12.11 £	31.12.12 £
Profit on ordinary activities before tax on continuing and discontinued activities	1,170,890	1,296,739	1,395,987
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2010: 28% 2011: 26.5%)	327,849	343,636	342,017
Effects of:			
Expenses not deductible for tax purposes	942	986	948
Tax chargeable at different rates	(5,604)	(3,101)	(1,112)
Depreciation in excess of capital allowances	2,602	1,249	1,228
Adjustment in respect of prior periods	–	(89)	(38)
Other	(1,049)	(994)	(919)
Total current tax	324,740	341,687	342,124
Deferred tax	(1,552)	(270)	(505)
Total tax charge in income statement	<u>323,188</u>	<u>341,417</u>	<u>341,619</u>

11. DIVIDENDS

The amounts recognised as distributions to equity holders in the period:

	31.12.10 £	31.12.11 £	31.12.12 £
Final dividend (Ordinary shares of £1 each)	<u>168,750</u>	<u>1,524,927</u>	<u>660,500</u>

12. INTANGIBLE ASSETS

Intangible assets relate to goodwill which arose on the purchase of Martin & Co Management.

	£
COST	
At 31 December 2010, 31 December 2011 and 31 December 2012	75,000
NET BOOK VALUE	
At 31 December 2010	<u>75,000</u>
At 31 December 2011	<u>75,000</u>
At 31 December 2012	<u>75,000</u>

The carrying amount of goodwill relates entirely to one cash generating unit, and reflects the difference between the fair value of consideration transferred and the fair value of assets and liabilities purchased.

Goodwill is assessed for impairment by comparing the carrying value to value in use calculations. Values have been estimated using cash flow projections based on detailed budgets and forecasts over the period to 31 December 2015, with a discount rate of 10 per cent. applied, being the Directors' estimate of Martin & Co's cost of capital. The budgets and forecasts are based on historical data and the past experience of the Directors in this sector as well as the future plans of the business.

The Directors do not consider goodwill to be impaired. The Directors believe that no reasonably possible change in assumptions will cause the value in use to fall below the carrying value and hence impair the goodwill.

13. PROPERTY, PLANT AND EQUIPMENT

	<i>Leased Property Improvements</i>	<i>Office equipment</i>	<i>Fixtures and fittings</i>	<i>Totals</i>
	£	£	£	£
COST				
At 1 January 2010	–	13,057	104,519	117,576
Additions	–	1,695	–	1,695
As at 31 December 2010	–	14,752	104,519	119,271
Additions	–	6,163	–	6,163
As at 31 December 2011	–	20,915	104,519	125,434
Additions	46,189	–	6,449	52,638
As at 31 December 2012	46,189	20,915	110,968	178,072
DEPRECIATION				
At 1 January 2010	–	1,959	61,125	63,084
Charge for year	–	1,919	6,871	8,790
As at 31 December 2010	–	3,878	67,996	71,874
Charge for year	–	2,555	5,478	8,033
As at 31 December 2011	–	6,433	73,474	79,907
Charge for year	5,882	2,172	5,625	13,679
As at 31 December 2012	5,882	8,605	79,099	93,586
NET BOOK VALUE				
At 31 December 2010	–	10,874	36,523	47,397
At 31 December 2011	–	14,482	31,045	45,527
At 31 December 2012	40,307	12,310	31,869	84,486

14. TRADE AND OTHER RECEIVABLES

	31.12.10 £	31.12.11 £	31.12.12 £
Trade receivables	22,416	18,999	22,291
Loans to franchisees	108,640	96,145	1,799
Prepayments and accrued income	213,841	244,144	275,829
Other receivables	–	–	99,249
Directors' current accounts	627,176	–	–
	<u>972,073</u>	<u>359,288</u>	<u>399,168</u>

Trade receivables are stated net of bad debt provisions of £nil (2011 – £nil, 2010 – £nil).

Ageing of trade receivables

The following is an analysis of trade receivables that are past due but not impaired. These relate to a number of customers for whom there is no recent history of defaults. The aging analysis of these trade receivables is as follows:

	31.12.10 £	31.12.11 £	31.12.12 £
Not more than three months	21,347	15,455	21,665
More than three months but not more than six months	1,069	2,614	626
More than six months but not more than one year	–	930	–
More than one year	–	–	–
	<u>22,416</u>	<u>18,999</u>	<u>22,291</u>

No allowance has been made against the overdue receivables based on historic default experience. The Directors consider that the carrying value of trade and other receivables represents their fair value.

Martin & Co does not hold any collateral as security for its trade and other receivables.

15. SHARE CAPITAL

All shares are authorised, issued and fully paid (at par, £1).

	<i>Number of Ordinary shares of £1 each</i>	<i>Ordinary shares £</i>
At 1 January 2010	<u>100</u>	<u>100</u>
At 31 December 2010	<u>100</u>	<u>100</u>
At 31 December 2011	<u>100</u>	<u>100</u>
At 31 December 2012	<u>100</u>	<u>100</u>

On 30 August 2013, the Directors passed a resolution to sub-divide the £100 of ordinary share capital of Martin & Co, structured as 100 £1 shares, to 10,000 shares of £0.01.

Capital management policy

Management considers capital to be the carrying amount of equity. Martin & Co manages its capital to ensure its operations are adequately provided for, while maximising the return to shareholders through the

effective management of its resources. The principal financial risks faced by Martin & Co are liquidity risk and interest rate risk. The Directors review and agree policies for managing each of these risks. These policies remain unchanged from previous years.

Capital risk management: Martin & Co's objectives when managing capital are to safeguard its ability to continue as a going concern and so provide returns for shareholders. Martin & Co meets its objectives by aiming to achieve growth which will generate regular and increasing returns to the shareholders.

Martin & Co manages the capital structure and makes changes in light of changes in economic conditions. In order to maintain or adjust the capital structure, Martin & Co may adjust the amount of dividends paid to shareholders.

16. TRADE AND OTHER PAYABLES

	31.12.10	31.12.11	31.12.12
	£	£	£
Trade payables	34,751	28,789	138,005
Accruals and deferred income	105,357	79,047	128,679
Other taxes and social security	132,911	219,883	316,785
Other payables	7,825	7,825	14,468
Directors' loans	–	4,598	1,509
	<u>280,844</u>	<u>340,142</u>	<u>599,445</u>

The Directors consider that the carrying value of trade and other payables approximates their fair value.

17. LEASING AGREEMENTS

At the balance sheet date, Martin & Co had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<i>Non-cancellable operating leases</i>		
	31.12.10	31.12.11	31.12.12
	£	£	£
Within one year	19,740	19,740	28,405
Between one and five years	21,792	2,052	50,505
More than five years	–	–	–
	<u>41,532</u>	<u>21,792</u>	<u>78,910</u>

The lease arrangements above consist of those relating to land and buildings and office equipment.

18. DEFERRED TAX

	31.12.10	31.12.11	31.12.12
	£	£	£
Balance at beginning of period	13,087	11,535	11,265
Movement during the period	(1,552)	(270)	(505)
Balance at end of period	<u>11,535</u>	<u>11,265</u>	<u>10,760</u>

Deferred taxation has been provided as follows:

	31.12.10 £	31.12.11 £	31.12.12 £
Accelerated capital allowances	11,535	11,265	10,760
	<u>11,535</u>	<u>11,265</u>	<u>10,760</u>

19. FINANCIAL INSTRUMENTS

Financial instruments – Risk Management

Martin & Co is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk
- Interest rate risk

In common with all other businesses, Martin & Co is exposed to risks that arise from its use of financial instruments. This note describes Martin & Co's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout the Historical Financial Information.

There have been no substantive changes in Martin & Co's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by Martin & Co, from which financial instrument risk arises, are as follows:

- Receivables
- Loans to franchisees
- Cash at bank
- Trade and other payables

Financial assets

	31.12.10 £	31.12.11 £	31.12.12 £
Loans and receivables:			
Trade receivables	22,416	18,999	22,291
Loans to franchisees	108,640	96,145	1,799
Accrued income	191,841	219,144	227,829
Other receivables	–	–	99,249
Directors' current accounts	627,176	–	–
Cash and cash equivalents	416,297	303,282	638,789
	<u>1,266,370</u>	<u>637,570</u>	<u>989,957</u>

Financial liabilities

Financial liabilities measured at amortised cost:

	31.12.10	31.12.11	31.12.12
	£	£	£
Other financial liabilities:			
Trade creditors	34,751	28,789	138,005
Other creditors	7,825	7,825	14,467
Directors' loans	–	4,598	1,509
	<u>42,576</u>	<u>41,212</u>	<u>153,981</u>

Maturity analysis of financial liabilities:

	31.12.10	31.12.11	31.12.12
	£	£	£
In less than one year:			
Trade creditors	34,751	28,789	138,005
Other creditors	7,825	12,423	15,976
	<u>42,576</u>	<u>41,212</u>	<u>153,981</u>

All of the financial assets and liabilities above are recorded in the statement of financial position at amortised cost. The above amounts reflect the contractual undiscounted cash flows, including future interest charges, which may differ from carrying values of the liabilities at the reporting date.

General objectives, policies and processes

The Board has overall responsibility for the determination of Martin & Co's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the finance function. The Board receives monthly reports from the finance function through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting Martin & Co's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to Martin & Co if a franchisee or a counterparty to a financial instrument fails to meet its contractual obligations. It is company policy to assess the credit risk of new franchisees before entering contracts.

The highest risk exposure is in relation to loans to franchisees and their ability to service their debt. The Directors have established a credit policy under which each new franchisee is analysed individually for creditworthiness before a franchise is offered. This review includes external ratings, when available, and in some cases bank references. The Directors do not consider that Martin & Co has a significant concentration of credit risk.

Liquidity risk

Liquidity risk arises from the company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that Martin & Co will encounter difficulty in meeting its financial obligations as they fall due.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, Martin & Co monitors forecast cash inflows and outflows on a monthly basis.

Interest rate risk

Martin & Co's exposure to changes in interest rate risk relates primarily to interest earning financial assets and interest bearing financial liabilities. Interest rate risk is managed by Martin & Co on an on-going basis with the primary objective of limiting the effect of an adverse movement in interest rates. The Directors monitor movements in interest rates and have not prepared sensitivity analysis in relation to interest rates as they do not believe that any reasonable variance would have a material impact on Martin & Co.

Fair values of financial instruments

The fair value of financial assets and liabilities is considered the same as the carrying values.

20. ACQUISITIONS

During the period covered by the Historical Financial Information Martin & Co acquired the trade, being the benefit of all the contracts relating to the management of landlords' properties, and certain assets from three companies that operated Martin & Co franchises (in Worthing, Bournemouth and Birmingham Kings Heath) in pursuance of Martin & Co's then strategic objective of running lettings offices itself. Two further acquisitions, of the trade and assets of the Coventry and Portsmouth franchises, were made after 31 December 2012 (note 23). Following the approval of the Directors to discontinue the activity of owning and managing its own offices, these operations have been classified as discontinued and the related assets and liabilities have been presented as held for sale (note 21).

On 23 December 2011, Martin & Co acquired the trade and certain assets of Appledean Limited which held the franchise for Worthing. The total consideration paid was £278,959, of which £40,000 was deferred and subsequently paid out in two instalments in March 2012 and July 2013.

On 13 February 2012, Martin & Co acquired the trade and certain assets of Rebecca Martin (Bournemouth) Limited which held the franchise for Bournemouth. The consideration paid totalled £234,505 of which £10,000 was deferred and subsequently paid in September 2012. The seller was required to fully repay a loan of £64,925 made to it by Martin & Co from the consideration.

On 9 May 2012, Martin & Co acquired the trade and certain assets of Strategic Solutions Org Limited which held the franchise for Birmingham Kings Heath. The consideration paid totalled £148,700, of which £15,000 was deferred and remains unpaid.

The following table summarises the consideration paid for the above mentioned businesses, the fair value of the assets acquired and liabilities assumed:

	2010	2011	2012	2012	2012
	£	Worthing £	Bournemouth £	Birmingham £	Total £
Net consideration	–	278,959	234,505	148,700	383,205
Net assets:					
Plant, property and equipment	–	6,632	–	–	–
Customer lists	–	272,327	234,505	148,700	383,205
Total identifiable assets	–	278,959	234,505	148,700	383,205
		Worthing	Bournemouth	Birmingham	Total
		£	£	£	£
Total intangible assets acquired		272,327	234,505	148,700	655,532
Amortisation to 31 December 2012		78,808	33,501	21,242	133,551
Net book value at 31 December 2012		193,519	201,004	127,458	521,981

21. DISCONTINUED OPERATIONS AND HELD FOR SALE ASSETS AND LIABILITIES

Subsequent to the decision of the Directors to discontinue the activity of owning and managing its own offices, the offices in Birmingham Kings Heath, Bournemouth and Coventry were sold on 9 September, 30 August 2013 and 28 November 2013 respectively. Martin & Co continue to negotiate on the sale of its remaining offices in Portsmouth and Worthing and it is expected that all offices will have been sold by 31 March 2014.

	<i>Year Ended</i> 31.12.10 £	<i>Year Ended</i> 31.12.11 £	<i>Year Ended</i> 31.12.12 £
NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS			
Operating cash flows	–	3,092	182,442
Investing cash flows	–	(278,959)	(425,335)
Financing cash flows	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>
Decrease in cash and cash equivalents	<u>–</u>	<u>(275,867)</u>	<u>(242,893)</u>
ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE			
Intangible assets	–	233,423	521,981
Property, plant and equipment	–	4,975	39,289
Other current assets	–	41,206	74,783
	<u>–</u>	<u>279,604</u>	<u>636,053</u>
LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE			
Trade and other payables	–	45,564	163,257
	<u>–</u>	<u>45,564</u>	<u>163,257</u>
Analysis of the results of discontinued operations is as follows:			
Revenue	–	–	576,025
Expenses	–	(41,828)	(582,744)
	<u>–</u>	<u>(41,828)</u>	<u>(6,719)</u>
Loss before tax of discontinued operations	–	(41,828)	(6,719)
Tax	–	–	–
	<u>–</u>	<u>(41,828)</u>	<u>(6,719)</u>
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS	<u>–</u>	<u>(41,828)</u>	<u>(6,719)</u>

22. RELATED PARTY DISCLOSURES

(a) Transactions with Directors

Dividends

During the period dividends were paid to the Directors and their spouses as follows:-

	<i>31.12.10</i> £	<i>31.12.11</i> £	<i>31.12.12</i> £
Final dividend (Ordinary shares of £1 each)	<u>168,750</u>	<u>1,524,927</u>	<u>660,500</u>

Loans

During the period loans were made to and from Martin & Co to its Directors. The loans by Richard Martin to Martin & Co are shown in Trade and Other Payables (note 16) and are unsecured, undated and interest free. The loans to Richard Martin and Ian Wilson are shown in Trade and Other Receivables (note 14) and were unsecured, undated with interest charged.

	31.12.10 £	31.12.11 £	31.12.12 £
<i>Loans to Martin & Co</i>			
Richard Martin	–	4,598	1,509
<i>Loans by Martin & Co</i>			
Richard Martin	624,544	–	–
Ian Wilson	2,632	–	–
Rebecca Martin (Bournemouth) Limited (see below)	64,925	64,925	–

In 2012 £3,090 was withdrawn by the Directors (2011: £631,744 introduced, 2010: £428,225 withdrawn).

Director emoluments

Included within the remuneration of key management and personnel detailed in note 8, the following amounts were paid to the Directors:

	31.12.10 £	31.12.11 £	31.12.12 £
Wages and salaries	121,845	133,970	199,928
Social security costs	19,312	16,653	26,009
	<u>141,157</u>	<u>150,623</u>	<u>225,937</u>

(b) Transactions with other related parties

Bournemouth franchise acquisition

On 13 February 2012, Martin & Co acquired the trade and certain assets of Rebecca Martin (Bournemouth) Limited which held the franchise for Bournemouth. Rebecca Martin (Bournemouth) Limited and Rebecca Martin are related parties as Rebecca Martin (being the director and shareholder of Rebecca Martin (Bournemouth) Limited) is the daughter of Richard Martin and Kathryn Martin. The consideration paid totalled £234,505. The Directors consider that the terms of the Bournemouth acquisition represent an arm's length transaction for fair value. The seller was required to fully repay a loan of £64,925 made to it by Martin & Co from the consideration.

Transactions with Landlord Hub Limited

On 23 April 2013 Martin & Co entered into a business sale agreement with Landlord Hub Limited for the sale by Martin & Co of its tenant referencing and insurance backed services. The consideration paid by Landlord Hub Limited was the assumption of the liabilities of the business and a payment of £139,381, being what the Directors consider to be an arm's length transaction for fair value. The payment of the consideration is outstanding as a loan, to be repaid in full within ten working days of Admission (note 23), bearing interest at the rate of 5 per cent. per annum.

The Landlord Hub Limited is a related party by virtue of common shareholders as Richard Martin owns 35 per cent., Kathryn Martin owns 35 per cent., Ian Wilson owns 10 per cent., Heidi Shackell owns 10 per cent. and the two daughters of Richard and Kathryn Martin own 5 per cent. each. As at 31 December 2012 the costs incurred in relation to tenant referencing and insurance backed services were presented within trade and other receivables and amounted to £99,249 (2011: £nil, 2010: £nil).

23. POST BALANCE SHEET EVENTS

On 19 April 2013 Martin & Co entered into an agreement with Blackwell Property Services Limited and Nicholas Blackwell for the acquisition of the Coventry franchise; the key terms of the acquisition agreement are set out in paragraph 12.17 of Part IV. On 28 November 2013 Martin & Co entered into an agreement with Coventry Lettings Centre Limited for the sale of the Coventry franchise; the key terms of the sale agreement are set out in paragraph 12.18 of Part IV.

On 23 April 2013 Martin & Co entered into a business sale agreement with The Landlord Hub Limited for the sale by Martin & Co of its tenant referencing and insurance backed services. The consideration paid by Landlord Hub Limited was the assumption of the liabilities of the business and a payment of £139,381. The payment of the consideration was left outstanding as a loan to be repaid in instalments at such times as the Landlord Hub Limited has available funds and bearing interest at the rate of 5 per cent. per annum. On 17 December 2013 Martin & Co entered into an agreement with Landlord Hub Limited confirming the outstanding principal amount and interest of the loan made by Martin & Co to Landlord Hub Limited pursuant to the outstanding balance shall be repaid in full to Martin & Co within 10 working days of the date of Admission.

On 25 June 2013 Martin & Co entered into an agreement with Ashwood Residential Lettings Limited and Andrew Jest for the acquisition of the Portsmouth franchise; the key terms of the acquisition agreement are set out in paragraph 12.15 of Part IV. On 1 November 2013 Martin & Co signed non binding heads of terms with MJB property Management Limited for the sale of the Portsmouth franchise; the key terms of the heads of terms are set out in paragraph 12.16 of Part IV.

On 30 July 2013 Martin & Co entered into an agreement with We Let Limited, Newden Property Services Limited and Alex Lamb for the sale of the Northampton franchise. On 30 July 2013 Martin & Co entered into a loan agreement with Newden Property Services Limited pursuant to which Martin & Co advanced the sum of £54,000 to Newden Property Services Limited for the purpose of enabling Newden Property Services Limited to acquire the Northampton franchise. The key terms of the sale agreement and the loan agreement are set out in paragraphs 12.20 and 12.10 respectively of Part IV.

On 2 August 2013 Martin & Co adopted a share option plan that is intended to qualify as an enterprise management incentive ("EMI"), with options granted under varying vesting conditions. As a result of the Reorganisation, MartinCo Plc is now the ultimate parent company of the Group, and the option holders under the original plan have released their options in full consideration of an equivalent grant to the option holder by MartinCo Plc. A summary of the main provisions of the share option plan is set out in paragraph 6 of Part IV.

On 30 August 2013 Martin & Co entered into an agreement with Loose Properties Limited for the sale of the Bournemouth franchise; the key terms of the sale agreement are set out in paragraph 12.12 of Part IV.

On 30 August 2013, the Directors passed a resolution to sub-divide the £100 of ordinary share capital of Martin & Co, structured as 100 £1 shares, to 10,000 shares of £0.01.

On 10 December 2013 the Company entered into an agreement with the shareholders of Martin & Co pursuant to which the shareholders of Martin & Co agreed to sell their ordinary shares in Martin & Co in consideration for the issue to each of them of an equal number of Ordinary Shares by the Company (the "**Share Exchange Agreement**"). On completion of the Share Exchange Agreement the Company became the legal and beneficial owner of the entire issued share capital of Martin & Co.

On 17 December 2013 Martin & Co entered into an agreement with Richard Martin confirming that conditional upon Admission the full outstanding amounts due from Richard Martin to Martin & Co shall be repaid in full to within 10 working days of the date of Admission.

SECTION C: UNAUDITED INTERIM FINANCIAL INFORMATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2013

		<i>Period 1.1.12 to 30.6.12 (unaudited)</i>	<i>Period 1.1.13 to 30.6.13 (unaudited)</i>
CONTINUING OPERATIONS			
Revenue	5	1,834,516	1,954,235
Cost of sales		<u>(150,525)</u>	<u>(87,239)</u>
GROSS PROFIT		1,683,991	1,866,996
Administrative expenses	6	<u>(941,924)</u>	<u>(1,036,128)</u>
OPERATING PROFIT		742,067	830,868
Finance income		<u>91</u>	<u>2,250</u>
PROFIT BEFORE INCOME TAX	8	742,158	833,188
Income tax	9	<u>(175,593)</u>	<u>(201,453)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD FROM CONTINUING OPERATIONS		<u><u>566,565</u></u>	<u><u>631,665</u></u>
DISCONTINUED OPERATIONS			
Loss and total comprehensive income for the period from discontinued operations	19	<u>(16,546)</u>	<u>(9,572)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS		<u><u>550,019</u></u>	<u><u>622,093</u></u>

**STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

	<i>Notes</i>	<i>As at 30.06.12 £ (unaudited)</i>	<i>As at 31.12.12 £ (audited)</i>	<i>As at 30.06.13 £ (unaudited)</i>
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	11	75,000	75,000	75,000
Property, plant and equipment	12	41,976	84,486	90,096
		<u>116,976</u>	<u>159,486</u>	<u>165,096</u>
CURRENT ASSETS				
Trade and other receivables	13	308,377	399,168	1,272,522
Cash and cash equivalents		371,510	638,789	232,384
		<u>679,887</u>	<u>1,037,957</u>	<u>1,504,906</u>
Assets of disposal group classified as held for sale	19	678,877	636,053	741,136
		<u>1,358,764</u>	<u>1,674,010</u>	<u>2,246,042</u>
TOTAL ASSETS		<u><u>1,475,740</u></u>	<u><u>1,833,496</u></u>	<u><u>2,411,138</u></u>
EQUITY				
SHAREHOLDERS' EQUITY				
Share capital	14	100	100	100
Retained earnings		490,462	717,810	1,129,502
TOTAL EQUITY		<u><u>490,562</u></u>	<u><u>717,910</u></u>	<u><u>1,129,602</u></u>
LIABILITIES				
NON-CURRENT LIABILITIES				
Deferred tax		11,265	10,760	10,760
		<u>11,265</u>	<u>10,760</u>	<u>10,760</u>
CURRENT LIABILITIES				
Trade and other payables	15	328,724	599,445	526,645
Tax payable		517,280	342,124	543,577
		<u>846,004</u>	<u>941,569</u>	<u>1,070,222</u>
Liabilities of disposal group classified as held for sale	19	127,909	163,257	200,554
		<u>973,913</u>	<u>1,104,826</u>	<u>1,270,776</u>
TOTAL LIABILITIES		<u><u>985,178</u></u>	<u><u>1,115,586</u></u>	<u><u>1,281,536</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,475,740</u></u>	<u><u>1,833,496</u></u>	<u><u>2,411,138</u></u>

**STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2013**

	<i>Notes</i>	<i>Share Capital £</i>	<i>Retained Earnings £</i>	<i>Total Equity £</i>
Balance at 1 January 2012		100	323,943	324,043
Profit and total comprehensive income		–	550,019	550,019
Dividends	10	–	(383,500)	(383,500)
		<hr/>	<hr/>	<hr/>
Balance at 30 June 2012 (unaudited)		100	490,462	490,562
		<hr/>	<hr/>	<hr/>
Balance at 1 January 2013		100	717,810	717,910
Profit and total comprehensive income		–	622,092	622,092
Dividends	10	–	(210,400)	(210,400)
		<hr/>	<hr/>	<hr/>
Balance at 30 June 2013 (unaudited)		100	1,129,502	1,129,602
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2013**

		<i>Period</i> <i>1.1.12 to</i> <i>30.6.12</i> <i>(unaudited)</i>	<i>Period</i> <i>1.1.13 to</i> <i>30.6.13</i> <i>(unaudited)</i>
	<i>Notes</i>		
Cash flows from operating activities			
Operating profit		725,521	821,292
Depreciation and amortisation charges		51,757	62,360
		<hr/>	<hr/>
Operating cash flow before changes in working capital		777,278	883,652
(Increase)/Decrease in trade and other receivables		12,472	(291,731)
(Decrease)/Increase in trade and other payables		31,992	(155,736)
		<hr/>	<hr/>
Cash generated from operations		821,742	436,185
Tax paid		–	–
		<hr/>	<hr/>
Net cash from operating activities		821,742	436,185
		<hr/>	<hr/>
Cash flows from investing activities			
Purchase of intangible assets	11,18	(383,205)	(95,135)
Purchase of property, plant and equipment		(26,744)	(31,682)
Sale of property, plant and equipment		–	12,630
		<hr/>	<hr/>
Net cash used in investing activities		(409,949)	(114,187)
		<hr/>	<hr/>
Cash flows from financing activities			
Amounts introduced by Directors		39,935	–
Amounts withdrawn by Directors		–	(520,108)
Equity dividends paid	10	(383,500)	(208,295)
		<hr/>	<hr/>
Net cash used in financing activities		(343,565)	(728,403)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		68,228	(406,405)
Cash and cash equivalents at beginning of period		303,282	638,789
		<hr/>	<hr/>
Cash and cash equivalents at end of period		371,510	232,384
		<hr/> <hr/>	<hr/> <hr/>

The Statements of Cash Flows include cash flows from both continuing and discontinued operations.

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2013

1. GENERAL INFORMATION

Martin & Co (UK) Limited ("Martin & Co") was incorporated on 8 December 1994 under the Companies Act 1985, as a private limited company and is registered in England and Wales. The principal activity of Martin & Co is that of a UK residential property lettings franchise business. The address of its head office and registered office is 2 St Stephen's Court, St Stephen's Road, Bournemouth, Dorset, UK.

2. BASIS OF PREPARATION

The unaudited interim financial information has been prepared in accordance with applicable International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) and International Financial Reporting Interpretations Committee (IFRIC) interpretations (collectively IFRSs) as adopted for use in the European Union (EU) and as issued by the International Accounting Standards Board (IASB) and in accordance with the provisions of the Companies Act 2006, except as described below.

IFRSs as adopted by the EU do not permit retrospective disclosure of discontinued operations and non-current assets held for sale in relation to decisions made subsequent to the reporting date. The decision to discontinue the activity of owning and managing offices and to reclassify the related assets and disposal groups held for sale was made in April 2013. In preparing the interim financial information, the activity of owning and managing offices has been disclosed as a discontinued operation and the related assets and liabilities reclassified as disposal groups held for sale. This treatment is consistent with accounting conventions used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements on historical financial information) issued by the UK Auditing Practices Board. This treatment results in a material departure from IFRSs as adopted by the EU. In other respects IFRSs as adopted by the EU have been applied.

The unaudited interim financial information has been prepared under the historical cost convention, unless otherwise stated in the accounting policies and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

Having considered uncertainties under the current economic environment, and after making enquiries, the Directors have a reasonable expectation that Martin & Co has adequate resources to continue in operation for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the unaudited interim financial information.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

Revenue represents income, net of VAT, from the sale of franchise agreements, management service fees, levied to franchisees monthly based on their turnover, and the provision of training and ongoing support to franchisees.

Fees from the sale of franchise agreements are recognised upon the earlier of the receipt of funds or the signing of the franchise agreement. These fees are for the use of the brand along with initial training and support and promotion during the opening phase of the new office. Management service fees are recognised on a monthly basis, with other fees recognised when the training and support is provided to the franchisee.

Revenue also includes fees generated by offices operated by Martin & Co (recognised in discontinued activities). These offices invoice landlords on a monthly basis and so recognise the income during the period in which the work is carried out.

(b) Intangible assets – goodwill

Goodwill (being the difference between the fair value of consideration paid and the fair value of the identifiable assets at the date of acquisition) is capitalised. Goodwill is not amortised, but subject to an annual review for impairment (or more frequently if necessary). Any impairment is charged to the profit or loss as it arises.

An impairment loss is recognised for the amount by which the carrying value of goodwill exceeds its recoverable amount, which the Directors assess on a 'value in use' basis. To determine the value in use, management estimates expected future cash flows from trading operations, the business being one cash generating unit, and determines a suitable growth rate in order to calculate the present value of those cash flows. The discount factor reflects management's assessment of the risk profile of the business.

(c) Discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for sale in its immediate condition. Management must be committed to the sale, which should be expected within one year from the date of classification as held for sale.

Immediately before classification as held for sale, the assets are remeasured and recognised at the lower of their carrying amount and their fair value less costs to sell if their carrying amount essentially derives from their sale rather than their continued use. Assets classified as held for sale are not depreciated. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are included in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

Profit after tax from operations qualifying as discontinued operations are presented separately as a single amount on the income statement. The assets held for resale and the liabilities held for resale are shown separately on the balance sheet. Results from operations qualifying as discontinued operations as of the balance sheet date for the latest period presented, that have previously been presented as results from continuing operations, are represented as results from discontinued operations for all periods presented as are their assets and liabilities.

In conditions where the classification of non-current assets as held for sale are no longer met, classification as held for sale ceases. Accordingly, results of operations, previously presented in discontinued operations, are reclassified and included in result from continuing operations for all periods presented. Non-current assets that ceases to be classified as held for sale are remeasured at the lower of their carrying amount before classification as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale, and its recoverable amount at the date of the subsequent decision to sell.

(d) Business combinations

On the acquisition of a business, fair values are attributed to the identifiable assets and liabilities and contingent liabilities unless the fair value cannot be measured reliably in which case the value is subsumed into goodwill. Where the fair values of acquired contingent liabilities cannot be measured reliably, the assumed contingent liability is not recognised but is disclosed in the same manner as other contingent liabilities.

Goodwill is the difference between the fair value of the consideration and the fair value of identifiable assets acquired. Goodwill arising on acquisitions is capitalised and subject to an impairment review, both annually and when there is an indication that the carrying value may not be recoverable.

(e) Intangible assets – customer lists

Intangible assets with a finite life are carried at cost less amortisation and any impairment losses. Intangible assets represent items which meet the recognition criteria of IAS 38, in that it is probable that future economic benefits attributable to the assets will flow to the entity and the cost can be measured reliably.

Amortisation of intangible assets is charged to discontinued operations and is calculated over the following periods:

Customer lists – 7 years straight line

Customer lists are those of the franchise offices that Martin & Co have purchased and run in-house (a discontinued operation).

(f) Property, plant and equipment

Items of property, plant and equipment are stated at cost of acquisition cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives on the following bases:

Fixtures, fittings and office equipment	15% reducing balance
Motor vehicles	25% reducing balance
Short leasehold improvements	over the lease term

(g) Income taxes

Current tax is the tax currently payable based on the taxable profit for the period.

(h) Deferred tax

Deferred income taxes are calculated using the liability method on temporary differences, at the tax rate that is substantively enacted at the balance sheet date. Deferred tax is generally provided on the difference between the carrying amount of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Tax losses available to be carried forward as well as other income tax credits to Martin & Co are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date. Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit/loss.

(i) Operating lease commitments

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit/loss on a straight line basis over the period of the lease.

(j) Cash and cash equivalents

Cash and cash equivalents are defined as cash balances in hand and in the bank (including short term cash deposits).

(k) Financial assets

Martin & Co only has financial assets classified as loans and receivables. The loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position. Cash and cash equivalents (which exclude any client account monies) include cash in hand and deposits held at call with banks.

(l) Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to franchisees (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that Martin & Co will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

(m) Financial liabilities

Financial liabilities are comprised of trade payables and other short-term monetary liabilities, which are recognised at amortised cost.

Trade payables and other short-term monetary liabilities, are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

4. SEGMENTAL REPORTING

The Board of Directors, as the chief operating decision-making body, review financial information for and make decisions about Martin & Co's overall franchising business and have identified a single operating segment, that of property lettings franchising.

5. REVENUE

The Directors believe there to be three material income streams which are split as follows:

	30.06.12 £ (<i>unaudited</i>)	30.06.13 £ (<i>unaudited</i>)
Management Service Fee	1,489,709	1,632,959
Franchise sales	149,145	109,576
Other	195,662	211,700
	<u>1,834,516</u>	<u>1,954,235</u>

6. ADMINISTRATIVE EXPENSES

	30.06.12 £ (<i>unaudited</i>)	30.06.13 £ (<i>unaudited</i>)
Continuing operations:		
Employee costs (see note 7)	650,996	659,708
Property costs	20,116	14,805
General administrative costs	270,812	361,615
	<u>941,924</u>	<u>1,036,128</u>

7. EMPLOYEES AND DIRECTORS

Average numbers of employees (including Directors), employed during the period:

	30.06.12 No. (unaudited)	30.06.13 No. (unaudited)
Continuing operations: Administration	27	31
	<u>27</u>	<u>31</u>

Employee costs (including directors) during the period amounted to:

	30.06.12 £ (unaudited)	30.06.13 £ (unaudited)
Continuing operations: Wages and salaries	579,203	591,586
Social security costs	71,793	68,122
	<u>650,996</u>	<u>659,708</u>

Key management personnel are defined as Directors and executives of Martin & Co. Details of the remuneration of the key management personnel are shown below:

	Period 1.1.13 to 30.6.12 (unaudited)	Period 1.1.13 to 30.6.13 (unaudited)
Wages and salaries	233,541	238,832
Social security costs	25,921	29,450
Total	<u>259,462</u>	<u>268,282</u>

8. PROFIT BEFORE INCOME TAX

The profit before income tax from continuing operations is stated after charging:

	30.06.12 £ (unaudited)	30.06.13 £ (unaudited)
Depreciation – owned assets	3,553	6,098
Auditors' remuneration	3,500	3,500
Staff costs	650,996	659,708
Operating lease expenditure	12,015	49,773

9. INCOME TAX

	30.06.12 £ (unaudited)	30.06.13 £ (unaudited)
Current tax	175,593	201,453
Deferred tax	–	–
Total tax charge in income statement	<u>175,593</u>	<u>201,453</u>

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	30.06.12 £ (<i>unaudited</i>)	30.06.13 £ (<i>unaudited</i>)
Profit on ordinary activities before tax on continuing and discontinued activities	725,612	823,545
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.5% (2012: 25%)	181,403	193,533
Effects of:		
Timing differences	(5,810)	7,920
Total current tax	175,593	201,453
Deferred tax	–	–
Total tax charge in income statement	<u>175,593</u>	<u>201,453</u>

10. DIVIDENDS

The amounts recognised as distributions to equity holders in the period:

	30.06.12 £ (<i>unaudited</i>)	30.06.13 £ (<i>unaudited</i>)
Final dividend (Ordinary shares of £1 each)	<u>383,500</u>	<u>210,400</u>
Dividend unpaid at period end	<u>–</u>	<u>2,105</u>

11. INTANGIBLE ASSETS

Intangible assets relate to goodwill which arose on the purchase of Martin & Co Management.

	£
COST	
At 30 June 2012, 31 December 2012 and 30 June 2013	<u>75,000</u>
NET BOOK VALUE	
At 30 June 2012 (<i>unaudited</i>)	<u>75,000</u>
At 31 December 2012 (<i>unaudited</i>)	<u>75,000</u>
At 30 June 2013 (<i>unaudited</i>)	<u>75,000</u>

The carrying amount of goodwill relates entirely to one cash generating unit, and reflects the difference between the fair value of consideration transferred and the fair value of assets and liabilities purchased.

Goodwill is assessed for impairment by comparing the carrying value to value in use calculations. Values have been estimated using cash flow projections based on detailed budgets and forecasts over the period to 31 December 2015, with a discount rate of 10 per cent. applied, being the Directors' estimate of Martin & Co's cost of capital. The budgets and forecasts are based on historical data and the past experience of the Directors in this sector as well as the future plans of the business.

The Directors do not consider goodwill to be impaired. The Directors believe that no reasonably possible change in assumptions will cause the value in use to fall below the carrying value and hence impair the goodwill.

12. PROPERTY, PLANT AND EQUIPMENT

	<i>Leased Property Improvements</i> £	<i>Office Equipment</i> £	<i>Fixtures and Fittings</i> £	<i>Totals</i> £
COST				
At 1 January 2012	–	20,915	104,519	125,434
Additions	–	–	–	–
As at 30 June 2012	–	20,915	104,519	125,434
At 1 January 2012	–	20,915	104,519	125,434
Additions	46,189	–	6,449	52,638
At 31 December 2012	46,189	20,915	110,968	178,072
Additions	3,475	10,692	7,636	21,803
Disposals	(12,630)	–	–	(12,630)
As at 30 June 2013	37,034	31,606	118,604	187,244
DEPRECIATION				
At 1 January 2012	–	6,433	73,474	79,907
Charge for period	–	1,130	2,421	3,551
As at 30 June 2012	–	7,563	75,895	83,458
At 1 January 2012	–	6,433	73,474	79,907
Charge for period	5,882	2,172	5,625	13,679
As at 31 December 2012	5,882	8,605	79,099	93,586
Charge for period	1,851	1,390	2,848	6,089
Disposals	(2,526)	–	–	(2,526)
As at 30 June 2013	5,207	9,995	81,946	97,148
NET BOOK VALUE				
At 30 June 2012 (unaudited)	–	13,352	28,624	41,976
At 31 December 2012 (unaudited)	40,307	12,310	31,869	84,486
At 30 June 2013 (unaudited)	31,827	21,611	36,658	90,096

13. TRADE AND OTHER RECEIVABLES

	30.06.12 £ <i>(unaudited)</i>	31.12.12 £ <i>(audited)</i>	30.06.13 £ <i>(unaudited)</i>
Trade receivables	36,744	22,291	153,602
Loans to franchisees	9,452	1,799	–
Prepayments and accrued income	261,719	275,829	345,231
Other receivables	462	99,249	255,090
Directors' current accounts	–	–	518,599
	<u>308,377</u>	<u>399,168</u>	<u>1,118,920</u>

Trade receivables are stated net of bad debt provisions of £Nil. There is no movement in the provision.

Ageing of trade receivables

The following is an analysis of trade receivables that are past due but not impaired. These relate to a number of customers for whom there is no recent history of defaults. The aging analysis of these trade receivables is as follows:

	30.06.12 £ (unaudited)	31.12.12 £ (audited)	30.06.13 £ (unaudited)
Not more than three months	2,651	22,291	151,746
More than three months but not more than six months	32,143	–	135
More than six months but not more than one year	1,782	–	1,721
More than one year	168	–	–
	<u>36,744</u>	<u>22,291</u>	<u>153,602</u>

No allowance has been made against the overdue receivables based on historic default experience. The Directors consider that the carrying value of trade and other receivables represents their fair value.

Martin & Co does not hold any collateral as security for its trade and other receivables.

14. SHARE CAPITAL

Authorised:

<i>Number:</i>	<i>Class:</i>	<i>Nominal value:</i>	30.06.12 £ (unaudited)	31.12.12 £ (audited)	30.06.13 £ (unaudited)
100	Ordinary shares	£1.00	<u>100</u>	<u>100</u>	<u>100</u>

Allotted, issued and fully paid:

<i>Number:</i>	<i>Class:</i>	<i>Nominal value:</i>	30.06.12 £ (unaudited)	31.12.12 £ (audited)	30.06.13 £ (unaudited)
100	Ordinary shares	£1.00	<u>100</u>	<u>100</u>	<u>100</u>

On 30 August 2013, the Directors passed a resolution to sub-divide the £100 of ordinary share capital of Martin & Co, structured as 100 £1 shares, to 10,000 shares of £0.01.

Capital management policy

Management considers capital to be the carrying amount of equity. Martin & Co manages its capital to ensure its operations are adequately provided for, while maximising the return to shareholders through the effective management of its resources. The principal financial risks faced by Martin & Co are liquidity risk and interest rate risk. The Directors review and agree policies for managing each of these risks. These policies remain unchanged from previous years.

Capital risk management: Martin & Co's objectives when managing capital are to safeguard its ability to continue as a going concern and so provide returns for shareholders. Martin & Co meets its objectives by aiming to achieve growth which will generate regular and increasing returns to the shareholders.

Martin & Co manages the capital structure and makes changes in light of changes in economic conditions. In order to maintain or adjust the capital structure, Martin & Co may adjust the amount of dividends paid to shareholders.

15. TRADE AND OTHER PAYABLES

	30.06.12	31.12.12	30.06.13
	£	£	£
	(unaudited)	(audited)	(unaudited)
Current			
Trade payables	53,596	138,005	140,285
Accruals and deferred income	23,951	128,679	172,427
Other taxes and social security	192,176	316,785	196,178
Other payables	14,467	14,467	17,755
Directors' current accounts	44,534	1,509	–
	<u>328,724</u>	<u>599,445</u>	<u>526,645</u>

The Directors consider that the carrying value of trade and other payables approximates their fair value.

16. LEASING AGREEMENTS

At the balance sheet date, Martin & Co had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<i>Non-cancellable operating leases</i>		
	30.06.12	31.12.12	30.06.13
	£	£	£
	(unaudited)	(audited)	(unaudited)
Within one year	11,922	28,405	26,353
Between one and five years	–	50,505	39,329
More than five years	–	–	–
	<u>11,922</u>	<u>78,910</u>	<u>65,682</u>

The lease arrangements above consist of those relating to land and buildings and office equipment.

17. FINANCIAL INSTRUMENTS

Financial instruments – Risk Management

Martin & Co is exposed through its operations to the following financial risks:

Credit risk
Liquidity risk
Interest rate risk

In common with all other businesses, Martin & Co is exposed to risks that arise from its use of financial instruments. This note describes Martin & Co's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in Martin & Co's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by Martin & Co from which financial instrument risk arises, are as follows:

- receivables
- loans to franchisees
- cash at bank
- trade and other payables

Financial assets

	30.06.12 £ (unaudited)	31.12.12 £ (audited)	30.06.13 £ (unaudited)
Loans and receivables:			
Trade receivables	36,744	22,291	153,602
Loans to franchisees	9,452	1,799	–
Accrued income	256,872	227,829	252,502
Other receivables	462	99,249	255,090
Directors' current accounts	–	–	518,599
Cash and cash equivalents	371,510	638,789	232,384
	<u>371,510</u>	<u>638,789</u>	<u>258,575</u>

Financial liabilities

Financial liabilities measured at amortised cost:

	30.06.12 £ (unaudited)	30.06.12 £ (audited)	30.06.13 £ (unaudited)
Other financial liabilities:			
Trade creditors	53,596	138,005	140,285
Other creditors	14,467	14,467	17,755
Directors' loans	44,534	1,509	–
	<u>112,597</u>	<u>153,981</u>	<u>158,040</u>

Maturity analysis of financial liabilities:

	30.06.12 £ (unaudited)	30.06.12 £ (audited)	30.06.13 £ (unaudited)
In less than one year:			
Trade creditors	53,596	138,005	140,285
Other creditors	59,001	15,976	17,755
	<u>112,597</u>	<u>153,981</u>	<u>158,040</u>

All of the financial assets and liabilities above are recorded in the statement of financial position at amortised cost. The above amounts reflect the contractual undiscounted cash flows, including future interest charges, which may differ from carrying values of the liabilities at the reporting date.

General objectives, policies and processes

The Board has overall responsibility for the determination of Martin & Co's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the

finance function. The Board receives monthly reports from the finance function through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting Martin & Co's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to Martin & Co if a franchisee or a counterparty to a financial instrument fails to meet its contractual obligations. It is Martin & Co's policy to assess the credit risk of new franchisees before entering contracts.

The highest risk exposure is in relation to loans to franchisees and their ability to service their debt. The Directors have established a credit policy under which each new franchisee is analysed individually for creditworthiness before a franchise is offered. This review includes external ratings, when available, and in some cases bank references. The Directors do not consider that Martin & Co has a significant concentration of credit risk.

Liquidity risk

Liquidity risk arises from the company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that Martin & Co will encounter difficulty in meeting its financial obligations as they fall due.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, Martin & Co monitors forecast cash inflows and outflows on a monthly basis.

Interest rate risk

Martin & Co's exposure to changes in interest rate risk relates primarily to interest earning financial assets and interest bearing financial liabilities. Interest rate risk is managed by Martin & Co on an on-going basis with the primary objective of limiting the effect of an adverse movement in interest rates. The Directors monitor movements in interest rates.

Fair values of financial instruments

The fair value of financial assets and liabilities is considered the same as the carrying values.

18. ACQUISITIONS

During the period covered by the unaudited interim financial information, Martin & Co acquired the trade, being the benefit of all the contracts relating to the management of landlords' properties, and certain assets and liabilities from two companies that operated Martin & Co franchises (in Coventry and Portsmouth) in pursuance of Martin & Co's then strategic objective of running lettings offices itself.

Following the approval of the Directors to discontinue the activity of owning and managing its own offices, these operations have been classified as discontinued and the related assets and liabilities have been presented as held for sale.

On 13 February 2012, Martin & Co acquired the trade and certain assets of Rebecca Martin (Bournemouth) Limited which held the franchise for Bournemouth. The consideration paid totalled £234,505. The seller was required to fully repay a loan of £64,925 made to it by Martin & Co from the consideration.

On 9 May 2012, Martin & Co acquired the trade and certain assets of Strategic Solutions Org Limited which held the franchise for Birmingham Kings Heath. The consideration paid totalled £148,700.

On 19 April 2013, Martin & Co acquired the trade and certain assets of Blackwell Property Services Limited which held the franchise for Coventry. The consideration totalled £122,699 of which £82,699 has been paid and £40,000 deferred.

On 25 June 2013, Martin & Co acquired the trade and certain assets of Ashwood Residential Lettings Limited which held the franchise for Portsmouth. The net consideration paid totalled £21,683.

The following table summarises the consideration paid for the above mentioned businesses, the fair value of the assets acquired and liabilities assumed:

	<i>2012</i> <i>Bournemouth</i> £ <i>(unaudited)</i>	<i>2012</i> <i>Birmingham</i> £ <i>(unaudited)</i>	<i>2012</i> <i>Total</i> £ <i>(unaudited)</i>	<i>2013</i> <i>Coventry</i> £ <i>(unaudited)</i>	<i>2013</i> <i>Portsmouth</i> £ <i>(unaudited)</i>	<i>2013</i> <i>Total</i> £ <i>(unaudited)</i>
Net consideration	<u>234,505</u>	<u>148,700</u>	<u>383,205</u>	<u>122,699</u>	<u>21,683</u>	<u>144,337</u>
Net assets:						
Property, plant and equipment	–	–	–	9,202	–	9,202
Customer lists	234,505	148,700	383,205	113,497	101,276	214,773
Trade and other payables	–	–	–	–	(79,638)	(79,638)
Total identifiable assets	<u><u>234,505</u></u>	<u><u>148,700</u></u>	<u><u>383,205</u></u>	<u><u>122,699</u></u>	<u><u>21,638</u></u>	<u><u>144,337</u></u>
	<i>Worthing</i> <i>(unaudited)</i> £	<i>Bournemouth</i> <i>(unaudited)</i> £	<i>Birmingham</i> <i>(unaudited)</i> £	<i>Coventry</i> <i>(unaudited)</i> £	<i>Portsmouth</i> <i>(unaudited)</i> £	<i>Total</i> <i>(unaudited)</i> £
Customer lists	272,327	234,505	148,700	113,497	101,276	870,305
Amortisation to date	<u>98,265</u>	<u>50,256</u>	<u>31,867</u>	<u>8,110</u>	<u>–</u>	<u>188,498</u>
Net book value	<u><u>174,062</u></u>	<u><u>184,249</u></u>	<u><u>116,833</u></u>	<u><u>105,387</u></u>	<u><u>101,276</u></u>	<u><u>681,807</u></u>

19. DISCONTINUED ACTIVITIES

Subsequent to the decision of the Directors to discontinue the activity of owning and managing its own offices, the offices in Birmingham Kings Heath, Bournemouth and Coventry were sold on 9 September 2013, 30 August 2013 and 28 November 2013. Martin & Co continue to negotiate on the sale of its remaining offices in Portsmouth and Worthing and it is expected that all offices will have been sold by 31 March 2014.

	<i>Period 1.1.12 to 30.6.12 £ (unaudited)</i>	<i>Period 1.1.12 to 31.12.12 £ (audited)</i>	<i>Period 1.1.13 to 30.6.13 £ (unaudited)</i>
NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS			
Operating cash flows	75,244	182,442	147,389
Investing cash flows	(408,949)	(425,335)	(224,652)
Financing cash flows	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>
Decrease in cash and cash equivalents	<u>(333,705)</u>	<u>(242,893)</u>	<u>(77,356)</u>
ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE			
Intangible assets	568,804	521,981	681,807
Property, plant and equipment	30,377	39,289	45,317
Other current assets	79,736	74,783	14,012
	<u>678,877</u>	<u>636,053</u>	<u>741,136</u>
LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE			
Trade and other payables	<u>127,909</u>	<u>163,257</u>	<u>200,554</u>
Analysis of the results of discontinued operations is as follows:			
Revenue	234,730	576,025	350,642
Expenses	<u>(251,276)</u>	<u>(582,744)</u>	<u>(360,214)</u>
Loss before tax of discontinued operations	(16,546)	(6,719)	(9,572)
Tax	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>
LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS	<u>(16,546)</u>	<u>(6,719)</u>	<u>(9,572)</u>

20. RELATED PARTY DISCLOSURES

(a) Transactions with Directors

Dividends

During the period dividends were paid to the Directors and their spouses as follows:-

	<i>Period to 30.06.12 £ (unaudited)</i>	<i>Period to 31.12.12 £ (audited)</i>	<i>Period to 30.06.13 £ (unaudited)</i>
Final dividend (Ordinary shares of £1 each)	<u>383,500</u>	<u>660,500</u>	<u>210,400</u>

Loans

During the period loans were made to and from Martin & Co to its Directors. The loans by Richard Martin to Martin & Co are shown in Trade and Other Payables and are unsecured, undated and interest free. The loans to Richard Martin and Ian Wilson are shown in Trade and Other Receivables and were unsecured, undated with interest charged.

	<i>Period to</i> 30.06.12 £ (unaudited)	<i>Period to</i> 31.12.12 £ (audited)	<i>Period to</i> 30.06.13 £ (unaudited)
<i>Loans to Martin & Co</i>			
Richard Martin	44,534	1,509	–
<i>Loans by Martin & Co</i>			
Richard Martin	–	–	518,599

In the period to June 2013 £520,108 was withdrawn by the Directors (2012: £3,090 withdrawn, June 2012: £39,935 introduced).

Director emoluments

Included within the remuneration of key management and personnel detailed in note 7, the following amounts were paid to the Directors:

	<i>Period to</i> 30.06.12 £ (unaudited)	<i>Period to</i> 31.12.12 £ (audited)	<i>Period to</i> 30.06.13 £ (unaudited)
Wages and salaries	125,733	199,928	132,992
Social security costs	15,088	26,009	15,959
	140,821	225,937	148,951

(b) Transactions with other related parties

Bournemouth franchise acquisition

On 13 February 2012, Martin & Co acquired the trade and certain assets of Rebecca Martin (Bournemouth) Limited which held the franchise for Bournemouth. Rebecca Martin (Bournemouth) Limited and Rebecca Martin are related parties as Rebecca Martin (being the director and shareholder of Rebecca Martin (Bournemouth) Limited) is the daughter of Richard Martin and Kathryn Martin. The consideration paid totalled £234,505. The Directors consider that the terms of the Bournemouth acquisition represent an arm's length transaction for fair value. The seller was required to fully repay a loan of £64,925 made to it by Martin & Co from the consideration.

Transactions with Landlord Hub Limited

On 23 April 2013 Martin & Co entered into a business sale agreement with Landlord Hub Limited for the sale by Martin & Co of its tenant referencing and insurance backed services. The consideration paid by Landlord Hub Limited was the assumption of the liabilities of the business and a payment of £139,381, being what the Directors consider to be an arm's length transaction for fair value. The payment of the consideration is outstanding as a loan bearing interest at the rate of 5 per cent. per annum, to be repaid in full within ten working days of Admission (note 21).

The Landlord Hub Limited is a related party by virtue of common shareholders as Richard Martin owns 35 per cent., Kathryn Martin owns 35 per cent. Ian Wilson owns 10 per cent., Heidi Shackell owns 10 per cent. and the two daughters of Richard and Kathryn Martin own 5 per cent. each. As at 31 December 2012 the costs incurred in relation to tenant referencing and insurance backed services were presented within trade and other receivables and amounted to £99,249 (2011: £nil, 2010: £nil).

21. POST BALANCE SHEET EVENTS

On 30 July 2013 Martin & Co entered into an agreement with We Let Limited, Newden Property Services Limited and Alex Lamb for the sale of the Northampton franchise. On 30 July 2013 Martin & Co entered into a loan agreement with Newden Property Services Limited pursuant to which Martin & Co advanced the sum of £54,000 to Newden Property Services Limited for the purpose of enabling Newden Property Services Limited to acquire the Northampton franchise. The key terms of the sale agreement and the loan agreement are set out in paragraphs 12.20 and 12.10 respectively of Part IV.

On 2 August 2013 Martin & Co adopted a share option plan that is intended to qualify as an enterprise management incentive ("EMI"), with options granted under varying vesting conditions. As a result of the Reorganisation, MartinCo Plc is now the ultimate parent company of the Group, and the option holders under the original plan have released their options in full consideration of an equivalent grant to the option holder by MartinCo Plc. A summary of the main provisions of the share option plan is set out in paragraph 6 of Part IV.

On 28 November 2013 Martin & Co entered into an agreement with Coventry Lettings Centre Limited for the sale of the Coventry franchise; the key terms of the sale agreement are set out in paragraph 12.18 of Part IV.

On 30 August 2013 Martin & Co entered into an agreement with Loose Properties Limited for the sale of the Bournemouth franchise; the key terms of the sale agreement are set out in paragraph 12.12 of Part IV.

On 30 August 2013, the Directors passed a resolution to sub-divide the £100 of ordinary share capital of Martin & Co, structured as 100 £1 shares, to 10,000 shares of £0.01.

On 1 November 2013 Martin & Co signed non binding heads of terms with MJB property Management Limited for the sale of the Portsmouth franchise; the key terms of the heads of terms are set out in paragraph 12.16 of Part IV.

On 17 December 2013 Martin & Co entered into an agreement with Landlord Hub Limited confirming the outstanding principal amount and interest of the loan made by Martin & Co to Landlord Hub Limited pursuant to the outstanding balance shall be repaid in full to Martin & Co within 10 working days of the date of Admission.

On 10 December 2013 the Company entered into an agreement with the shareholders of Martin & Co pursuant to which the shareholders of Martin & Co agreed to sell their ordinary shares in Martin & Co in consideration for the issue to each of them of an equal number of Ordinary Shares by the Company (the "**Share Exchange Agreement**"). On completion of the Share Exchange Agreement the Company became the legal and beneficial owner of the entire issued share capital of Martin & Co.

On 17 December 2013 Martin & Co entered into an agreement with Richard Martin confirming that conditional upon Admission the full outstanding amounts due from Richard Martin to Martin & Co shall be repaid in full to within 10 working days of the date of Admission.

PART IV

GENERAL INFORMATION

1. RESPONSIBILITY

The Directors, whose names, functions and addresses appear on page 5, and the Company, accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. THE COMPANY

- 2.1 The Company was incorporated in England and Wales on 7 October 2013 under the 2006 Act as a public limited company with registration number 08721920 and with the name Martin & Co Franchise plc. The Company changed its name on 15 October 2013 to MartinCo plc.
- 2.2 The registered office of the Company is at 2 St Stephen's Court, St Stephen's Road, Bournemouth, Dorset BH2 6LA with telephone number 01202 292829. The Company's website is www.martinco.com. The liability of the members of the Company is limited.
- 2.3 The Company is the holding company for the MartinCo Group. Following completion of the Share Exchange Agreement, further details of which are set out in paragraph 12.1 of Part IV, Martin & Co was the only subsidiary undertaking of the Company. Martin & Co was incorporated in England & Wales on 8 December 1994 under the Companies Act 1985 as a private limited company and is wholly owned by the Company.
- 2.4 Since the date of its incorporation, the Company has not commenced operations and has no material assets or liabilities, and therefore no financial statements have been prepared as at the date of this admission document.

3. SHARE AND LOAN CAPITAL

- 3.1 The share capital of the Company on incorporation on 7 October 2013 was 10,000 Ordinary Shares. Save as detailed in paragraph 3.2 below and save for the New Ordinary Shares to be issued pursuant to the Placing there have been no other changes to the share capital of the Company since incorporation.
- 3.2 The following changes have taken place in the issued share capital of the Company since incorporation:
 - 3.2.1 On incorporation 4,800 Ordinary Shares were fully subscribed at par and issued to Kathryn Martin.
 - 3.2.2 On incorporation 4,700 Ordinary Shares were fully subscribed at par and issued to Richard Martin.
 - 3.2.3 On incorporation 500 Ordinary Shares were fully subscribed at par and issued to Ian Wilson.
 - 3.2.4 On 10 December 2013 the Company issued 17,990,000 Ordinary Shares to the shareholders of Martin & Co in consideration for the transfer of the entire issued share capital of Martin & Co pursuant to the Share Exchange Agreement summarised at paragraph 12.1 of Part IV.
 - 3.2.5 On 10 December 2013 the Company adopted the Share Option Plan and agreed, subject to the resolutions referred to in paragraph 3.4 of Part IV being passed successfully to issue replacement options over 1,566,000 Ordinary Shares to the holders of options with the right to acquire shares in the share capital of MartinCo in exchange for and in consideration of the lapse of the options in Martin & Co. Further details of the Share Option Plan are set out in paragraph 6 of Part IV.

- 3.3 On incorporation of the Company there were 10,000 Ordinary Shares in issue. As at the date of this document the issued fully paid share capital of the Company is and immediately following Admission will be:

<i>Class of Shares</i>	<i>Nominal Value</i>	<i>Number Issued (fully paid)</i>
<i>At the date of this document</i>		
Ordinary Shares	£0.01	18,000,000
<i>Immediately following Admission</i>		
Ordinary Shares	£0.01	22,000,000

- 3.4 By a resolution of the members of the Company passed on 10 December 2013 resolutions in the following terms were passed:

3.4.1 generally and unconditionally to authorise the Directors, until the conclusion of the Company's annual general meeting to be held in 2014, to allot relevant securities in accordance with section 551 of the 2006 Act up to an aggregate nominal amount of £75,000; and

3.4.2 to empower the Directors, until the conclusion of the Company's annual general meeting to be held in 2014, pursuant to section 571 of the Companies Act, to allot equity securities pursuant to the authority referred to in the above sub-paragraph as if section 561 (1) of the Companies Act did not apply to any such allotment, provided that the power is limited to the allotment of equity securities:

- (i) in connection with the Placing;
- (ii) in connection with the grant of options pursuant to the Share Option Plan;
- (iii) in connection with an issue of securities in favour of the holders of Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings of Ordinary Shares; and
- (iv) otherwise for cash up to an aggregate nominal amount of £22,000.

3.4.3 The provisions of section 561 (1) of the 2006 Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are paid up in cash) apply to the unissued share capital of the Company except to the extent disapplied by the resolution referred to in sub-paragraph 3.4.2 above.

- 3.5 The New Ordinary Shares will rank *pari passu* in all respects with the Existing Shares including the right to receive all dividends and other distributions declared, made or paid after Admission.

- 3.6 The Company does not have in issue any securities not representing share capital.

- 3.7 No Ordinary Shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived

- 3.8 Save as disclosed in this paragraph 3, there has been no issue of share or loan capital of the Company for cash or other consideration within the period since incorporation of the Company and the date of this document and no such issue is proposed.

- 3.9 No commissions, discounts, brokerages or other special terms have been granted by the Company or any other member of the Group in connection with the issue or sale of any share or loan capital of the Company or any other member of the Group within the period since incorporation of the Company and the date of this document and no such issue is proposed.

- 3.10 Save as disclosed in this paragraph 3, on Admission no share or loan capital of the Company or any other member of the Group will be under option or has been agreed conditionally or unconditionally to be put under option.

- 3.11 None of the Ordinary Shares have been sold or are available in whole or in part to the public in conjunction with the application for the Ordinary Shares to be admitted to AIM.
- 3.12 The Ordinary Shares are in registered form and may be held in accordance with the Company's Articles in certificated form or in uncertificated form through CREST.
- 3.13 The ISIN for the Ordinary Shares is GB00BH0WFH67.

4. MEMORANDUM AND ARTICLES OF ASSOCIATION

In accordance with Section 31 of the 2006 Act and the Articles the objects of the Company are unrestricted. The following is a summary of the Articles. This summary is qualified in its entirety by the information appearing in the Articles:

4.1 Shares

4.1.1 Share Capital

The Company has a single class of share capital which is divided into ordinary shares of 1p each.

4.1.2 Share rights

Without prejudice to any special rights previously conferred on the holders of any shares or class of shares being used, the Company may issue shares with such rights or restrictions as the Company may by ordinary resolution determine or, subject to and in default of such determination, as the Board shall determine.

4.1.3 Dividends

The Company may, by ordinary resolution, declare dividends to be paid to shareholders, but the amount of such dividends may not exceed the amount recommended by the Directors. If the Directors believe the dividends are justified by the profits of the Company available for distribution, they may pay interim dividends. If the share capital is divided into different classes, the Board may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.

The Board may also pay at intervals settled by it any dividend payable at a fixed rate if it appears to the Board that the profits available for distribution justify the payment. Provided the Directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of interim dividends on any shares having deferred or non-preferred rights. Unless the share rights otherwise provide, all dividends shall be declared and paid pro rata according to the amounts paid on the shares on which the dividend is paid during any portion or portions of the period in respect of which the dividend is paid. Any dividend unclaimed for twelve years from the date on which it became due for payment shall, of the Directors so resolve, be forfeited and shall revert to the Company. The Directors may, if authorised by ordinary resolution, offer to any holders of shares the right to receive, in lieu of dividend, an allotment of new Ordinary Shares credited as fully paid.

4.1.4 Voting rights

At a general meeting of the Company, subject to any special rights or restrictions attached to any class of shares, on a show of hands every member present in person or by proxy has one vote, and on a poll every member present in person or by proxy has one vote for every share held by him. No shareholder will be entitled to vote at a general meeting or any separate meeting of the holders of any class of shares in the Company in respect of any share held by him unless all moneys presently owed to the Company have been paid.

4.1.5 **Liquidation**

If the Company is in liquidation, the liquidator may, with the authority of an special resolution of the Company:

- (a) divide among the members in specie the whole or part of the assets of the Company; or
- (b) vest the whole or any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit.

4.1.6 **Variation of Rights**

Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated, whether or not the Company is being wound up, either with the written consent of the holders of three quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of the class. At every such separate meeting the necessary quorum is two persons holding, or representing by proxy, at least one-third of the issued shares of the class, except that at an adjourned meeting the quorum is any holder of shares of the class present in person or by proxy.

The special rights attached to any class of shares will not, otherwise than by a purchase or redemption by the Company of its own shares and by the allotment of other shares ranking in priority for payment of a dividend or in respect of capital or which confer on the holders voting rights more favourable than those conferred by such first mentioned shares, be otherwise deemed to be varied by:

- (a) the creation or issue of further shares ranking equally with or behind that class of shares; or
- (b) the purchase or redemption by the Company of any of its own shares.

4.1.7 **Alteration of share capital**

The Company may by ordinary resolution increase its share capital, consolidate or divide all or part of its share capital into shares of a larger amount, sub-divide its shares into shares of a smaller nominal amount and cancel any shares which have not been taken or agreed to be taken and reduce its share capital by the amount of the shares so cancelled. The Company may, by special resolution, reduce its share capital or any share premium account or capital redemption reserve.

4.1.8 **Directors' power to allot**

Subject as provided by of the 2006 Act relating to authority, pre-emption rights or otherwise and of any resolution of the Company in general meeting, all unissued shares are at the disposal of the Directors who may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them on such terms and conditions, and at such times as they see fit.

4.1.9 **Transfer of shares**

Subject to the Articles, any member may transfer all or any of his or her certified shares in writing by an instrument of transfer in any usual form or in any other form which the Board may approve. The Board may, in its absolute discretion, decline to register any instrument of transfer of a certified share which is not a fully paid share or on which the Company has a lien. The Board may decline to recognise any instrument of transfer relating to shares in certificated form unless it is in respect of only one class of share, is in favour of not more than four transferees and it is lodged (duly stamped) at the registered office of the Company or at such other place as the Board may appoint accompanied by the relevant share certificate(s) to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer. In the case of a transfer of shares in certificated form by a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange, the lodgement of share certificates will only be necessary if and to the extent that certificates have been issued in respect of the shares

in question. Subject to the Articles and the rules (as defined in the CREST Regulations), and apart from any class of wholly dematerialised security, the Board may permit any class of shares in the Company to be held in uncertificated form and, subject to the Articles, title to uncertificated shares to be transferred by means of a relevant system.

4.1.10 **Restrictions where notice under section 793 of the 2006 Act is not complied with**

Section 793 of the 2006 Act confers on public companies the power to require information from members as to interests in voting shares. If at any time the Board is satisfied that any member, or any other person appearing to be interested in shares held by such member, has been duly served with a notice under Section 793 of the 2006 Act and is in default for a period of 28 days in supplying to the Company the information thereby required, or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, then the Board may, in its absolute discretion at any time thereafter by notice to such member direct that:

- (a) in respect the shares in relation to which the default occurred (the “default shares”) the member shall not be entitled to vote at any shareholders’ meeting either in person or by proxy or exercise and other right conferred by membership in relation to meetings of the Company;
- (b) where the default shares represent 0.25 per cent. or more of the total number of shares of a relevant class less any shares of that class held in treasury by the Company that:
 - (i) except in a liquidation of the Company, no payment shall be made of any sums due from the Company on the default shares, whether in respect of capital or dividend or otherwise, and the Company shall not meet any liability to pay interest on any such payment when it is finally paid to the member;
 - (ii) no other distribution shall be made on the default shares; and
 - (iii) no transfer of any of the shares held by such member shall be registered unless:
 - A. the member is not himself in default as regards supplying the information requested and the transfer when presented for registration is accompanied by a certificate by the member in such form as the Board may in its absolute discretion require to the effect that after due and careful enquiry the member is satisfied that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer; or
 - B. the transfer is an approved transfer.

4.2 **Directors**

4.2.1 **Appointment and replacement of Directors**

Directors shall be no less than two and shall not be subject to any maximum in number. Directors may be appointed by the Company by ordinary resolution or by the Board. A Director appointed by the Board holds office only until the next following AGM and shall not be taken into account in determining the Directors who are to retire by rotation at the meeting. At every AGM one-third of the Directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to, but greater than, one-third shall retire from office; but, if there is only one Director who is subject to retirement by rotation, he shall retire. The Directors to retire by rotation shall be those who have been longest in office since their last appointment or re-appointment, but as between persons who became or were last re-appointed Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. The Board may from time to time appoint one or more Directors to hold employment or executive office for such period (subject to the 2006 Act) and on such terms as they may determine and may revoke or terminate any such employment. The Company may by ordinary resolution of which special notice has been given remove any Director from office and elect another person in place of a Director so removed.

The office of Director shall be vacated if (i) he or she resigns (ii) an order is made by any court claiming that he or she is or may be suffering from a mental disorder, (iii) he or she is absent without permission of the Board from meetings for six months and the Board resolves that

his or her office is vacated, (iv) he or she becomes bankrupt or makes any arrangement or composition with his or her creditors generally or shall apply to the court for an interim order under Section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that act, (v) he or she ceases to be a Director by virtue of any provisions of the 2006 Act or these Articles or he or she is prohibited by law from being a Director, or (vi) he is requested to resign in writing by not less than three quarters of the other Directors.

4.2.2 **Powers of the Directors**

The business of the Company will be managed by the Board who may exercise all the powers of the Company, subject to the provisions of the Company's memorandum of association, the Current Articles, the 2006 Act and any special resolution of the Company.

4.2.3 **Directors' fees**

Remuneration of Directors who do not hold executive office for their services (excluding amounts payable under any other provision of these Articles) are determined by the Directors except that they may not exceed £250,000 per annum in aggregate or such higher amount as may be determined by ordinary resolution of shareholders. Any Director who holds any executive office (including the office of chairman or deputy chairman), or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid extra remuneration by way of salary, commission or otherwise or may receive such other benefits as the Directors may determine.

4.2.4 **Authorisation of Directors' interests**

Subject to the provisions of the Companies Act, and provided that he has disclosed to the Board the nature and extent of any material interest of his, a Director notwithstanding his office:

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
- (b) may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;
- (c) may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; and
- (d) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

4.2.5 **Notification of interests**

For the purposes of this paragraph 4.2.4 above:

- (a) a general notice given to the Board that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified; and
- (b) an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

4.2.6 **Exercise by Company of voting rights**

The Board may exercise the voting power conferred by the shares in any body corporate held or owned by the Company in such manner in all respects as it thinks fit (including the exercise thereof in favour of any resolution appointing its members or any of them Directors

of such body corporate, or voting or providing for the payment of remuneration to the Directors of such body corporate).

4.2.7 **Director's power to vote**

A Director shall not vote at a meeting of the Board or a committee of the Board on any resolution of the Board concerning a matter in which he has an interest which, together with any interest of any person connected with them, is a material interest unless such interest arises as the matter concerned relates to:

- (i) the giving of any guarantee, security or indemnity in respect of money lent or obligations by such Director for the benefit of the Group;
- (ii) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Group for which the Director has assumed responsibility in whole or part;
- (iii) the Director being, or intending to become, a participant in the underwriting or sub-underwriting of any offer of any shares, debentures or other securities by the Company;
- (iv) the Director subscribing or purchasing shares, debentures or other securities of the Company;
- (v) any proposal concerning any other company in which the Director and any persons connected with him do not to the Director's knowledge hold an interest in shares (as that term is defined in Article 89(a) above) representing one per cent. or more of either any class of the equity share capital, or the voting rights, in such company;
- (vi) an arrangement for the benefit of employees of the Group;
- (vii) any proposal concerning the insurance which the Company is empowered to purchase or maintain for the benefit of any Directors of the Company.

4.2.8 **Borrowing powers**

The Directors may exercise all the powers of the Company to borrow money, guarantee, indemnify, mortgage or charge its undertaking, property, assets (present and future) and uncalled capital and issue debenture and other securities.

The Directors must restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries (if any) so as to secure (but as regards subsidiaries, only so far as by the exercise of such rights or powers of control the Board can secure) so that the aggregate amount outstanding in respect of borrowings by the Group shall not, without an ordinary resolution of the Company, exceed a sum equal to three times the aggregate of the amount paid up or credited as or deemed to be paid up on the Company's issued share capital and the total amount standing to the credit of the capital and revenue reserves of the Group as shown in the latest audited balance sheet of the Group (after certain customary adjustments).

4.2.9 **Directors' liabilities**

Subject to companies legislation, every Director and former Director shall be indemnified by the Company against any liability attaching to him in connection with:

- (a) civil or criminal proceedings in relation to the Company or an associated company (other than a liability incurred in defending proceedings brought by the Company or an associated company in which final judgment is given against the Directors);
- (b) criminal proceedings in relation to the Company or an associated company (other than a fine imposed in such proceedings, or a liability incurred in defending proceedings in which the Director is convicted and the conviction is final);
- (c) regulatory action taken by or a regulatory investigation by a regulatory authority in relation to the Company or an associated company (unless a sum is payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising));

- (d) any application for relief;
- (e) under sections 144(3) or (4) of the 1985 Act or 661(3) or (4) of the 2006 Act (power of court to grant relief in case of acquisition of shares by innocent nominee);
- (f) sections 727 of the 1985 Act or 1157 of the 2006 Act (general power of court to grant relief in case of honest and reasonable conduct), unless the court refuses to grant the Director relief, and the refusal of relief is final;
- (g) civil proceedings in relation to an occupational pension scheme of which the Company is a trustee in respect of liability incurred in connection with the Company's activities as a trustee of the scheme (other than a fine imposed in criminal proceedings, a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising) or a liability incurred in defending proceedings in which the Director is convicted and the conviction is final).

4.2.10 **Insurance**

The Directors may purchase and maintain insurance for a person who is, or was at any time, a Director, Officer or employee of the Company, any company within the Group or, any other body in which the Company is or has been interested of the Company against any liability incurred by such persons in respect of any act or omission in the actual or purported execution or discharge of their duties or in the exercise or purported exercise of their powers or otherwise in relation to their duties, powers or offices in relation to the Company or any such other company, subsidiary undertaking or pension fund.

4.3 **General Meetings**

- 4.3.1 The Board may call general meetings whenever it thinks fit and on receipt of a requisition of members pursuant to the 2006 Act.
- 4.3.2 An AGM shall be called by notice of at least 21 clear days. All other general meetings shall be called by at least the minimum number of days' notice permissible under the 2006 Act.
- 4.3.3 A notice of meeting shall be given to each member of the Company (other than any who, under the Articles or the terms of an allotment or issue of shares, is not entitled to receive notice), to the Directors and to the Company's auditors. Notices covering general meetings shall specify the place and time of the meeting, shall specify the general notice of the business to be transacted at the meeting, and if any resolutions are to be proposed as a special resolution, the notice shall contain a statement to that effect.
- 4.3.4 No business shall be transacted at any general meeting unless a quorum is present. Two members present in person or by proxy and entitled to vote shall be a quorum. The absence of a quorum does not prevent appointment of a chairman in accordance with the Articles, which shall not be treated as part of the business of the meeting.
- 4.3.5 Each Director shall be entitled to attend and speak at a general meeting and at a separate meeting of the holders of a class of shares, whether or not he is a member.
- 4.3.6 A resolution put to the vote of a general meeting shall be decided on a show of hands unless, before or on the declaration of the result of a vote on the show of hands or on the withdrawal of any other demand for a poll, a poll is duly demanded. Subject to the provisions of the 2006 Act, a poll may be demanded by the chairman of the meeting; by not less than two members present in person or by proxy entitled to vote at the meeting by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or by any member or members present in person or by proxy holding shares conferring a right to vote at the meeting shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.
- 4.3.7 A member is entitled to appoint another person as his proxy by notice in writing to the Company. A member may appoint more than one proxy to attend on the same occasion and may appoint different proxies to exercise the rights attaching to different shares held by

him. A company which is a member of the Company may, by resolution of its Directors or other governing body or by authority to be given under seal or under the hand of an officer duly authorised by it), authorise such a person as it thinks fit to act as its representative at a meeting of the Company or at any separate meeting of the holders of any class of shares.

4.3.8 **Communications with Members**

If notice of meeting is sent in electronic form the Company must have complied with all applicable regulatory requirements and the person entitled to receive such notice must have agreed that the notice can be sent to him in that way and not revoked that agreement or, in the case of a company, be deemed to have agreed to receive notice in that way by a provision in the 2006 Act. Provided that the Company has complied with all applicable legal requirements the Company may send or supply a notice of meeting by making it available on a website.

5 **MANDATORY TAKEOVER BIDS, SQUEEZE-OUT AND SELL-OUT RULES**

5.1 **Mandatory bid**

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:

- (a) a person acquires an interest in shares in the Company which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
- (b) a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested, the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquirer or its concert parties during the previous 12 months.

5.2 **Compulsory Acquisition – squeeze out**

Under sections 974 to 991 of the 2006 Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the 2006 Act must, in general, be the same as the consideration that was available under the takeover offer.

5.3 **Compulsory Acquisition – sell out**

In addition, pursuant to section 983 of the 2006 Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer. The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises his/ her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

6. **SHARE OPTION PLAN**

The Company has adopted the Share Option Plan, which will be administered by the Board in consultation with the Remuneration Committee. The Share Option Plan is intended to qualify as an enterprise

management incentive or “EMI” arrangement pursuant to Schedule 5 to the Income Tax (Earnings and Pensions) Act 2003 (“Schedule 5”). A summary of the main provisions of the Share Option Plan is set out below.

6.1 **Types of award**

The Company may grant options over Ordinary Shares to eligible employees of the Group. The exercise of options can be satisfied by the issue or transfer of Ordinary Shares (whether from treasury or otherwise). Options are personal to the option holder and may not be transferred, assigned or used as security in any way (save where the Option passes to the Executive’s personal representatives on death).

6.2 **Eligibility**

The Company may grant options to any employees of any member of the Group, provided they meet the qualifying criteria set out in Schedule 5. Eligible employees are those who devote at least 25 hours per week or, if less, 75 per cent. of their working time to the Group and who do not already have an interest in 30 per cent. or more of the Company’s Ordinary Shares.

6.3 **Timing**

The Company may grant options at any time, unless for the purposes of the AIM Rules the Company is in a close period.

6.4 **Limit on grant of options**

The maximum number of Ordinary Shares which may be placed under option after Admission shall not, when aggregated with any other options or awards granted after Admission under any other employee share plan adopted by the Company, exceed ten per cent. of the Ordinary Shares then in issue in any ten year period.

6.5 **Exercise price**

The exercise price of an option will be determined by the Board in consultation with the Remuneration Committee, however, the intention is that the exercise price of an option, in the absence of any specific performance conditions attaching to the vesting of an option, will be not less than the higher of the nominal value and market value of an Ordinary Share at the date of grant. Market value will be based on a closing quoted price for an Ordinary Share on the trading day immediately before the date of grant. No options may be granted under the Share Option Plan if it would cause the total market value of shares over which unexercised options had been granted to exceed £3 million or £250,000 in respect of any one employee or such other limit as may apply from time to time.

6.6 **Vesting conditions**

The Board may grant an option subject to performance or other vesting conditions as the Board or the Remuneration Committee may specify on or before the grant of that option. Once an option vests, it will be capable of exercise at any time, subject to the restrictions summarised in paragraph 6.7 below.

6.7 **Regulatory and tax issues on exercise**

Once vested, an option may not be exercised unless such exercise and subsequent issue or transfer of Ordinary Shares is lawful in all applicable jurisdictions and complies with the AIM Rules, the Company’s own share dealing code and all other relevant rules and regulations. In addition, an option may not be exercised unless or until the option holder has entered into arrangements acceptable to the Board or the Remuneration Committee to satisfy any liability incurred by the relevant member of the Group to PAYE income tax and national insurance contributions (or their equivalent in any applicable jurisdiction), which may include the sale of Ordinary Shares on behalf of the option holder. At the discretion of the Board or the Remuneration Committee, option holders may be obliged to meet the cost of any employer’s national insurance contributions in connection with the exercise of options.

6.8 **Leavers**

If an option holder ceases to be an employee of any company within the Group as a result of injury, disability, redundancy, the transfer of the undertaking or part-undertaking in which the option holder

is employed (so that the option holder becomes employed by a person which is not a Group company), the company by which the option holder is employed ceasing to be under the control of the Company, or any other reason at the discretion of the grantor, options (both vested and unvested) as at the date of termination will be exercisable in accordance with the rules of the Share Option Plan for a period of 90 days, subject to the grantor's discretion to permit to be exercised within such further period as they may specify.

If an option holder ceases to be an employee of any company within the Group for any other reason, unvested options will lapse immediately on termination of employment, whereas any vested options shall be exercisable in accordance with the rules of the Share Option Plan for a period of 90 days before lapsing.

6.9 Corporate events

If, as a result of either:

- (a) a general offer to acquire the whole of the Ordinary Share capital which is made on a condition such that if it is satisfied the person making the offer will have control of the Company; or
- (b) a general offer to acquire all the shares in the Company of the same class as the shares which are the subject of subsisting options;

the Company shall come under the control of another person or persons, all subsisting options which have become capable of exercise shall remain exercisable within the period of 90 days of the date when the person making the offer has obtained control of the Company and any condition subject to which the offer is made has been satisfied or waived and to the extent that the option is not then exercised it shall, upon the expiration of that period, lapse and cease to be exercisable. Subject to rules 3.4 and 10.4, subsisting options held by an optionholder which had not become capable of exercise by the date of the change of control shall lapse at the end of the period of 90 days following the change of control.

6.10 Variations of share capital

If there is a variation of the Company's share capital, the Board may vary the exercise price and the number of Ordinary Shares under option as it considers appropriate.

6.11 Amendments and termination

The Board may amend the terms of the Share Option Plan except that no amendment may be made which materially adversely affects option holders without the consent in writing of those option holders. The Board can suspend or terminate the Share Option Plan at any time but any such termination will not affect the subsisting rights of option holders.

6.12 Awards not pensionable

No options or benefits under the Share Option Plan are pensionable.

7. DIRECTORS' AND OTHER INTERESTS

- 7.1 On Admission, the interests of the Directors and their immediate families (all of which are beneficial) in the share capital of the Company and, so far as is known to the Directors or could with reasonable diligence be ascertained by them, persons connected with them (within the meaning of sections 252 to 255 of the 2006 Act) which, if the connected person were a Director would otherwise be disclosed pursuant to this paragraph are or are expected to be as follows:

<i>Director</i>	<i>As at the date of this document</i>		
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>	<i>Number of Ordinary Shares under option</i>
Richard Martin	8,460,000	47.0	–
Ian Wilson	900,000	5.0	979,200 ¹
David Raggett	–	–	392,400 ²
Paul Latham	–	–	–

<i>Director</i>	<i>On Admission</i>		<i>Number of Ordinary Shares under option</i>
	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>	
Richard Martin	8,460,000	38.45	–
Ian Wilson	650,000	2.95	979,200 ¹
David Raggett	–	–	392,400 ²
Paul Latham	25,000	0.11	–

¹ An option to subscribe for 979,200 Ordinary Shares has been granted to Ian Wilson pursuant to the Share Option Plan. The option can be exercised at any time on or before 30 August 2023 at an exercise price of £0.1764 per Ordinary Share.

² An option to subscribe for 392,400 Ordinary Shares has been granted to David Raggett pursuant to the Share Option Plan. The option can be exercised at any time on or before 30 August 2023 subject to the satisfaction of certain performance conditions at an exercise price of £0.1764 per Ordinary Share.

7.2 On Admission, save for the interests of Directors disclosed in paragraph 6 above, the Company is aware of the following persons who are or will hold, directly or indirectly, voting rights representing 3 per cent. or more of the Enlarged Share Capital of the Company to which voting rights are attached:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
Miton Capital Partners Limited	3,212,000	14.60
Kathryn Martin	2,539,950	11.54
ISIS EP LLP	1,524,550	6.93
Artemis Investment Management Limited	1,277,500	5.81

7.3 Save as disclosed in paragraphs 7.1 and 7.2 above, the Company is not aware of any person who will, immediately following Admission, hold (for the purposes of Part 22 of the 2006 Act) directly or indirectly, voting rights representing 3 per cent. or more of the issued share capital of the Company to which voting rights are attached or could directly or indirectly, jointly or severally, exercise control over the Company.

7.4 The persons including the Directors, referred to in paragraphs 7.1 and 7.2 above, do not have voting rights in respect of the share capital of the Company (issued or to be issued) which differ from any other shareholder of the Company.

7.5 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company. Following Admission, Richard and Kathryn Martin will hold 49.99 per cent. of the Enlarged Share Capital. As a result of which Richard Martin has entered into the Relationship Agreement, further details of which are set out in paragraph 12.21 of Part IV, to regulate the relationship between Richard Martin, Kathryn Martin and the Company.

7.6 Save as disclosed in the Admission Document no Director has any interest in any transactions which are or were unusual in their nature or conditions or which are or were significant to the business of the Group and which were effected by any member of the Group in the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed.

7.7 The Directors currently hold, and have during the five years preceding the date of this document held, the following Directorships or partnerships in addition to that of the Company:

<i>Name</i>	<i>Current Directorships/Partnerships</i>	<i>Previous Directorships/Partnerships</i>
Richard Martin	Martin & Co (UK) Limited The Landlord Hub Limited	Packwood House Residents Management Company Limited
Ian Wilson	Martin & Co (UK) Limited The Landlord Hub Limited	–

<i>Name</i>	<i>Current Directorships/Partnerships</i>	<i>Previous Directorships/Partnerships</i>
David Raggett	Martin & Co (UK) Limited The Landlord Hub Limited	Route2Mobility Limited Agilis Insurance Limited Enham Finance Limited
Paul Latham	SP Investment Partnership	e.Surv Limited Hometrack Data System Limited Lending Solutions Holdings LSL Property Services plc Property-careers.com Limited Reeds Rains Limited Chancellors Associates Limited Barnwoods Limited

7.8 David Raggett was a director of Enham Finance Limited as at 12 April 2010 when the shareholders passed a resolution to voluntarily liquidate Enham Finance Limited. As part of the voluntary members' liquidation all payments due to creditors were met and settled in full. Enham Finance Limited was liquidated on 17 June 2011.

David Raggett resigned as a director of Agilis Insurance Limited on 15 December 2010, within 12 months of the shareholders passing a resolution to voluntarily liquidate Agilis Insurance Limited. As part of the voluntary members' liquidation all payments due to creditors were met and settled in full. Agilis Insurance Limited was liquidated on 19 June 2013.

7.9 None of the Directors has any unspent convictions in relation to indictable offences.

7.10 None of the Directors have been the subject of any public criticism by any statutory or regulatory authority (including a recognised professional body).

7.11 None of the Directors has been a Director of a company at the time of, or within the 12 months preceding the date of, that company being the subject of a receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors.

7.12 None of the Directors has been a partner of a partnership at the time of, or within 12 months preceding the date of, that partnership being placed into compulsory liquidation or administration or being entered into a partnership voluntary arrangement nor in that time have the assets of any such partnership been the subject of a receivership.

7.13 No asset of any Director has at any time been the subject of a receivership.

7.14 None of the Directors is or has been bankrupt nor been the subject of any form of individual voluntary arrangement.

7.15 None of the Directors is or has ever been disqualified by a court from acting as a Director of a company or from acting in the management or conduct of the affairs of any company.

7.16 Save as disclosed in paragraph 7.17 below, there are no outstanding loans or guarantees provided by any member of the Group for the benefit of any of the Directors nor are there any loans or any guarantees provided by any of the Directors for any member of the Group.

7.17 Martin & Co has advanced an aggregate sum of £681,204 to Richard Martin by way of a loan. The loan is not documented but on 17 December 2013 Richard Martin and Martin & Co entered into a letter agreement by way of which it was confirmed that the sums had been advanced by Martin & Co as interest free and unsecured loans repayable on demand. It was noted that the amount outstanding is £681,204. Further details of the letter agreement are set out in paragraph 12.6 below. This loan is being repaid on Admission.

8. DIRECTORS' AND SENIOR MANAGEMENT'S SERVICE AGREEMENTS

The Directors have been appointed to the offices and employments set out against their respective names below. The agreements summarised below are each between the respective Director and the Company.

8.1 **Richard Martin** (*Non-Executive Chairman*)

Richard Martin has agreed to act as a Non-Executive Director and Chairman of the Company conditional upon Admission pursuant to a letter of appointment dated 17 December 2013. Mr Martin will receive a nominal annual fee of £40,000 and all reasonable out-of pocket expenses reasonably and properly incurred. The appointment may be terminated by either party giving three months' written notice. Mr Martin's letter of appointment provides for no benefits upon termination. The agreement is governed by English law.

8.2 **Ian Wilson** (*Chief Executive Officer*)

Ian Wilson has agreed to act as Chief Executive Officer of the Company pursuant to a service agreement dated 17 December 2013 which is conditional upon Admission. Ian Wilson will receive an annual salary of £120,000 and is entitled to a discretionary bonus of an amount equal to 5 per cent. of gross operating profits of the Group calculated and payable quarterly in arrears. The agreement may be terminated by the Company giving 12 months' written notice or by Mr Wilson giving 6 months' notice. Mr Wilson's service agreement provides for no benefits upon termination of his employment. The Company is entitled, provided that the Company continues to pay Mr Wilson's salary to require Mr Wilson not to attend the workplace or to carry out any duties. Following termination, Mr Wilson is restricted for 12 months from, being directly or indirectly employed by any competing business and from soliciting any employee of the Group or person that was a customer, client or supplier of the Group during in the 12 months prior to termination of the agreement. The agreement is governed by English law.

8.3 **David Raggett** (*Chief Financial Officer*)

David Raggett has agreed to act as Chief Financial Officer of the Company pursuant to a service agreement dated 17 December 2013 which is conditional upon Admission. Mr Raggett will receive an annual salary of £100,000 and is entitled to a discretionary bonus of an amount equal to 1.8 per cent. of gross operating profits of the Group calculated and payable quarterly in arrears. The agreement may be terminated by the Company giving 12 months' written notice or by Mr Raggett giving 6 months' notice. Mr Raggett's service agreement provides for no benefits upon termination of his employment. The Company is entitled, provided that the Company continues to pay Mr Raggett's salary to require Mr Raggett not to attend the workplace or to carry out any duties. Following termination, Mr Raggett is restricted for 12 months from being directly or indirectly employed by any competing business and from soliciting any employee of the Group or any person that was a customer, client, supplier or sponsor of the Group during in the 12 months prior to termination of the agreement. The agreement is governed by English law.

8.4 **Paul Latham** (*Non-Executive Director*)

Paul Latham has agreed to act as a Non-Executive Director of the Company conditional upon Admission pursuant to a letter of appointment dated 17 December 2013. Mr Latham will receive an annual fee of £30,000 plus £5,000 per committee on which he sits and all reasonable out-of pocket expenses reasonably and properly incurred. The appointment may be terminated by either party giving three months' written notice. Mr Latham's letter of appointment provides for no benefits upon termination. The agreement is governed by English law.

9. EMPLOYEES

At the date of this document, the Group has 42 employees. The table below shows the geographical breakdown of employees by their main activity.

<i>Location</i>	<i>Total Number of Employees</i>	<i>Director</i>	<i>Executive</i>	<i>Managerial/ Supervisory</i>	<i>Other Staff (Including those in Group shops)</i>
Bournemouth	31	2	3	9	17
Portsmouth	6	0	0	0	6
Worthing	5	0	0	0	5

10. INTELLECTUAL PROPERTY

The Company and/or its subsidiaries have the right to use the following registered intellectual property:

- 10.1 Martin & Co has registered the following domain names: www.martinco.com, www.martinco.co.uk and www.propertyfranchise.co.uk;
- 10.2 Martin & Co has registered trade marks for the word mark Martin & Co and the device marks Martin & Co the UK's No 1 letting agent and Martin & Co plus house logo. The registrations have been made in relation to class 36 (property management, lettings and rentals and estate agency services, provision of finance, insurance and other services in relation to the property related services) The Company has applied for the registration of two further trademarks incorporating the words Martin & Co and a logo in relation class 36 (as summarised above) and class 35 (auctioning of real estate advertising of commercial or residential real estate business assistance in relation to the establishment and operation of franchises, advisory, consultancy and information services).

11. TAXATION – UNITED KINGDOM TAXATION FOR UK INVESTORS

11.1 Introduction

The information in this section is based on the Directors' understanding of current UK tax law and HM Revenue & Customs practice as at the date of this document, both of which are subject to change at any time. It should be regarded as a summary of the tax treatment likely to be afforded UK resident investors holding their Ordinary Shares in the Company as investments. It does not constitute legal or tax advice and potential investors are, therefore, strongly recommended to consult a professional adviser regarding their own tax position and the consequences of making an investment in the Company.

11.2 Tax residence of the Company

The Company is considered to be resident for tax purposes in the UK. Accordingly, the information provided in this section reflects the taxation treatment appropriate to an investment in a UK tax resident company.

11.3 Taxation of dividends

The taxation of dividends paid by the Company and received by an investor resident for tax purposes in the UK is summarised below.

Individuals

A UK resident individual shareholder in receipt of dividends is treated as receiving income of an amount equal to the sum of the dividend and its associated tax credit. The tax credit currently equates to 10 per cent. of the gross dividend, being the combined amount of the dividend and the tax credit (the tax credit therefore representing one-ninth of the net dividend). The gross dividend is subject to income tax as the top slice of the individual's income and is taxed at the individual's marginal rate of income tax. The tax credit is available to set against the resulting liability (if any) to income tax. An individual liable to income tax at the basic rate will be liable to tax on the gross dividend at a rate of 10 per cent. ("the dividend ordinary rate" which is a special rate of tax set for basic rate taxpayers in receipt of dividend income). Accordingly, the tax credit will satisfy the income tax liability of such an individual. Similarly, individuals liable at the starting rate for savers, currently set at 10 per cent., will have no further liability as a result of the available tax credit. An individual liable to income tax at the higher rate will pay tax on the gross dividend at a rate of 32.5 per cent. ("the dividend upper rate" which is a special rate of tax set for higher rate taxpayers in receipt of dividend income). After taking into account the tax credit of 10 per cent. a higher rate taxpayer will be liable to additional income tax of 22.5 per cent. of the gross dividend, which equates to 25 per cent. of the actual or net dividend. An individual liable to income tax at the additional rate will pay tax on the gross dividend at a rate of 37.5 per cent. ("the dividend additional rate" which is a special rate of tax set for additional rate taxpayers in receipt of dividend income). After taking into account the tax credit of 10 per cent., an additional rate taxpayer will be liable to additional income tax of 27.5 per cent. of the gross dividend, which equates to 30.6 per cent. of the actual or net dividend.

Trustees

UK resident trustees of a discretionary trust in receipt of dividends are liable to income tax at a rate of 37.5 per cent. ("the dividend trust rate") of the gross dividend. After giving effect to the tax credit of 10 per cent. the trustees will be liable to additional income tax of 27.5 per cent. of the gross dividend, which equates to 30.6 per cent. of the actual or net dividend.

Companies

Although a UK resident corporate shareholder is potentially liable to corporation tax on its dividend income, it is anticipated that the general exemption for dividends will be available to exempt from corporation tax corporate investors in receipt of dividends from the Company.

11.4 Withholding tax and tax credit in UK

The Company is not required to withhold tax when paying a dividend. Liability to tax on dividends will depend upon the individual circumstances of a Shareholder. Other UK resident Shareholders who are not liable to UK tax on dividends, including pension funds and charities, are not entitled to claim repayment of the tax credit. Shareholders who are resident outside the UK for tax purposes will not generally be able to claim repayment of any part of the tax credit attaching to dividends received from the Company, although this will depend on the existence and terms of any double taxation convention between the UK and the country in which such shareholder is resident. A Shareholder resident outside the UK may also be subject to taxation on dividend income under local law. A Shareholder who is resident outside the UK for tax purposes should consult his own tax adviser concerning his tax position on dividends received from the Company.

11.5 Taxation of Chargeable Gains

A sale or other disposal of the Ordinary Shares may, subject to any available reliefs and exemptions, give rise to a chargeable gain (or allowable loss) for the purposes of UK taxation of chargeable gains.

Individuals and Trustees

Chargeable gains realised on a disposal of Ordinary Shares by an individual or trustee resident and ordinarily resident in the UK will be subject to capital gains tax which is charged at a rate of 28 per cent. for those individuals whose total income and gains exceed the income tax basic rate limit, and at a rate of 18 per cent. where total income and gains fall below the basic rate limit. A flat rate of 28 per cent. applies for trustees and personal representatives.

An individual shareholder who disposes of Ordinary Shares while only temporarily not resident in the UK for tax purposes, may, under anti-avoidance legislation, still be liable to UK tax on his or her return to the UK. A period of non-residence of less than 5 whole tax years prior to the year in which the shareholder returns to the UK will be treated as a temporary period for these purposes.

Companies

UK resident corporate shareholders are subject to corporation tax on their chargeable gains. Gains realised by such companies, as reduced by available indexation relief, are subject to corporation tax at the company's relevant rate. The full rate of corporation tax is currently 23 per cent. which will reduce to 21 per cent. from 1 April 2014 and 20 per cent. from 1 April 2015. Indexation relief is deductible in computing any gain arising on a disposal of, or out of, the holding and is computed by reference to the movement in the Retail Price Index over the period of ownership applied to the cost of the holding, or that part of the holding, disposed.

Non residents

Shareholders who are not resident or ordinarily resident in the UK and who are not affected by the rules relating to temporary non residence will, save in limited circumstances, not be liable to UK taxation on chargeable gains realised on the disposal of their Ordinary Shares. Such shareholders may be subject to foreign taxation on any gain realised under the local law of their country of residence and should consult their own tax adviser concerning their tax liabilities on such gains.

11.6 Inheritance Tax

The Ordinary Shares are considered, potentially, to qualify for business property relief for the purposes of inheritance tax. Shares in an unquoted company (other than an investment company or one which carries on a business consisting wholly or mainly of dealing in securities, stocks, shares, land and buildings) potentially attract full relief (as business property) from inheritance tax where the shares have been held for 2 years prior to the chargeable transfer for inheritance tax purposes.

11.7 Enterprise Investment Scheme and Venture Capital Trust Eligibility

The New Ordinary Shares issued pursuant to the Placing should be eligible for relief under the Enterprise Investment Scheme (the “**Scheme**”) and for investment by VCTs as the Company has obtained advance assurance from HM Revenue & Customs that it is a Qualifying Company for the purposes of the EIS and investment by VCTs. The advance assurance, in accordance with customary HM Revenue & Customs’ practice, relates to the qualifying status of the Company only and is based on the facts supplied to HM Revenue & Customs. Subsequent conditions placed on the Company may affect its qualifying status. Although the Company currently expects to satisfy the relevant conditions for the EIS and VCTs neither the Directors nor the Company gives any warranty or undertaking that relief will be available in respect of any investment in New Ordinary Shares pursuant to this document, nor do they warrant or undertake that the Company will conduct its activities in a way that qualifies for or preserves its status.

11.8 Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

Transfers of Ordinary Shares may give rise to liabilities to stamp duty or SDRT. The paragraphs below summarise the current position and are intended as a general guide only to stamp duty and SDRT. Special rules apply to agreements made by brokers, dealers and market makers in the ordinary course of their business and to certain categories of person (such as depositaries and clearance services) who may be liable to stamp duty or SDRT at a higher rate. No liability to stamp duty or SDRT will generally arise on the allotment and issue of new Ordinary Shares by the Company, or on transactions where the consideration is less than £1,000.

Transfers outside CREST

An instrument (generally a stock transfer form) transferring Ordinary Shares outside CREST will be liable to ad valorem stamp duty broadly at a rate of 0.5 per cent. of the actual consideration paid. Stamp duty is normally paid by the purchaser. An unconditional agreement to transfer such shares, if not completed by a duly stamped stock transfer form, within 2 months of the day on which the agreement is made or becomes unconditional, will be subject to SDRT (payable by the purchaser and generally at a rate of 0.5 per cent. of the consideration paid). If within 6 years of the date of the agreement an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on the instrument any liability to SDRT will be cancelled or repaid.

Transfers within CREST

Paperless transfers of Ordinary Shares within CREST will be charged to SDRT (rather than stamp duty) at a rate of 0.5 per cent. of the consideration paid. SDRT is payable by the purchaser. CREST is obliged to collect SDRT on relevant transactions settled within the system.

12. MATERIAL CONTRACTS

The following are all of the contracts, not being contracts entered into in the ordinary course of business, which: (i) are or may be material to the Group, and have been entered into by and/or a member of the Group within the two years immediately preceding the date of this document; or (ii) (regardless of when entered into) contain provisions under which a member of the Group has an obligation or entitlement which is or may be material to the Group, as at the date of this document:

12.1 Share Exchange Agreement between the Company and the shareholders of Martin & Co

On 10 December 2013 the Company entered into an agreement with the shareholders of Martin & Co pursuant to which the shareholders of Martin & Co agreed to sell their ordinary shares in Martin & Co in consideration for the issue to each of them of a number of Ordinary Shares by the Company in the proportion of 1,799 Ordinary Shares for each ordinary share in Martin & Co. (the “**Share**”

Exchange Agreement”). On completion of the Share Exchange Agreement the Company became the legal and beneficial owner of the entire issued share capital of Martin & Co.

12.2 Deed of Termination of Shareholders’ Agreement between Richard Martin, Kathryn Martin and Ian Wilson (undated) together with addendum dated 11 January 2003 (the “Shareholders’ Agreement”)

On 10 December 2013, Richard Martin, Kathryn Martin and Ian Wilson entered into a deed of termination of the Shareholders Agreement releasing Richard Martin, Kathryn Martin and Ian Wilson from all rights and obligations under the Shareholder’s Agreement.

12.3 Placing agreement with Panmure Gordon

On 17 December 2013 the Company entered into the Placing Agreement with Panmure Gordon, Kathryn Martin and the Directors pursuant to which Panmure Gordon has agreed to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The Placing Agreement is conditional, *inter alia*, on the issued and to be issued Ordinary Shares being admitted to AIM by no later than 18 December 2013 (or such later date being no later than 13 January 2014 as the Company and Panmure Gordon may agree). In consideration of its services in connection with Admission under the Placing, the Company will pay Panmure Gordon a corporate finance fee of £225,000 and a commission of 4 per cent. (plus a further discretionary 0.5 per cent.) on the aggregate Placing Price of the New Ordinary Shares allotted pursuant to the Placing. In addition, the Selling Shareholders have agreed to pay commission on the Sale Shares sold in the Placing. The Placing Agreement contains customary warranties given by the Company and the Directors as to the accuracy of the information contained in this document and other matters relating to the Company and its business and customary warranties are given by the Selling Shareholders relating to title to the Sale Shares. The liability of the Directors under these warranties is limited in time and amount. In addition, the Company has given indemnities to Panmure Gordon in respect of certain matters. Panmure Gordon is entitled to terminate the Placing Agreement prior to Admission in certain circumstances, including in the event of a breach of the Placing Agreement or of any of the warranties contained in it or if an event of force majeure arises. Under the terms of the Placing Agreement, each of the Directors and Selling Shareholders has agreed not to, and to procure that each of his or her associates and persons acting on his or their behalf do not, dispose of any interest in any Ordinary Shares owned by him or them prior to the date which is 12 months from the date of Admission, save with the consent of Panmure Gordon. In addition, they have also agreed that, for a further 12 month period, any disposal by them (or their associates or persons acting on their behalf) of Ordinary Shares will be effected through the Company’s brokers at that time in such a way as to maintain an orderly market.

12.4 Nomad and broker agreement with Panmure Gordon

On 17 December 2013 the Company entered into an agreement with Panmure Gordon pursuant to which the Company appointed Panmure Gordon to act as nominated adviser and broker to the Company from the date of the agreement and thereafter subject to termination on the giving of 30 days’ notice by either party.

12.5 Agreement with Sports Resource Group Limited

On 17 December 2013 Martin & Co entered into an arrangement with Sports Resource Group Limited for the provision of corporate finance advice. Under the terms of this agreement the Group shall pay Sports Resource Group Limited £150,000 plus VAT in the event that the issued share capital of either Martin & Co or any new holding company is admitted to trading on AIM, such fee being payable within 10 working days of the date of admission of the share capital to trading on AIM.

12.6 Richard Martin loan letter agreement (“Letter Agreement”)

On 17 December 2013 Martin & Co entered into a letter agreement with Richard Martin confirming the outstanding principal amount of a loan made by Martin & Co to Richard Martin which had been advanced in a series of tranches over the period March 2013 to August 2013 together with other monthly drawings advanced to Richard Martin during 2013. The Letter Agreement confirmed the sums advanced were unsecured, interest free amounts repayable on demand and that the outstanding balance was a sum of £729,004.17 plus drawings. The Letter Agreement confirmed the agreement of the parties that conditional upon Admission the outstanding balance shall be repaid in full to Martin & Co within ten working days of the date of Admission.

12.7 Business Sale Agreement in relation to the sale of the business of Landlord Hub Limited (“Hub Acquisition Agreement”)

On 23 April 2013 Martin & Co entered into a business sale agreement with Landlord Hub Limited for the sale by Martin & Co of its tenant referencing and insurance backed services. The agreement provided for the sale of the assets and liabilities of the business as a going concern although the lease of the property remained in the name of Martin & Co with Landlord Hub Limited remaining in occupation with the consent of the superior landlord. The consideration to be paid by Landlord Hub Limited was the assumption of the liabilities of the business and a payment of £139,381.52. The payment of the consideration was left outstanding as a loan to be repaid in instalments at such times as the Landlord Hub Limited had available funds, such consideration bearing interest at the rate of 5 per cent. per annum the terms of which are governed by the Hub Loan. Martin & Co provided warranties that it owned the assets and that they included all rights necessary to carry on the business. Liability under the warranties was not limited in time or financial amount. The Landlord Hub Limited is a related party as its directors include Richard Martin, Kathryn Martin, Ian Wilson and David Raggett and the entire issued share capital is owned by David Raggett, Richard Martin, Kathryn Martin, Ian Wilson, Heidi Shackell, Rebecca Martin and Gemma Puzas. The Directors consider that the terms of the Hub Acquisition Agreement and Hub Loan represent an arm’s length transaction for fair value.

12.8 Landlord Hub Limited loan agreement (“Hub Loan”)

On 23 April 2013 Martin & Co entered into a loan agreement with Landlord Hub Limited pursuant to which Martin & Co advanced the sum of £139,381.52 to Landlord Hub Limited for the purpose of enabling Landlord Hub Limited to pay the consideration payable under the Hub Acquisition Agreement to Martin & Co.

12.9 Landlord Hub Limited loan novation (“Hub Loan Novation”)

On 17 December 2013 Martin & Co entered into a deed of novation with Landlord Hub Limited and Richard Martin and Kathryn Martin by which the obligations of Landlord Hub Limited under the Hub Loan were novated to Richard Martin and Kathryn Martin with effect from Admission. The Hub Loan novation confirmed that conditional upon Admission the outstanding balance of £332,322.85 plus interest shall be repaid in full to Martin & Co within 10 working days of the date of Admission.

12.10 Loan Agreement with Newden Property Services Limited (“Newden Loan”)

On 30 July 2013 Martin & Co entered into a loan agreement with Newden Property Services Limited pursuant to which Martin & Co advanced the sum of £54,000 to Newden Property Services Limited for the purpose of enabling Newden Property Services Limited to acquire the Northampton franchise. The loan is repayable by Newden Property Services Limited to Martin & Co in 36 monthly instalments of £1,500 with accrued interest commencing on 2 September 2013 and thereafter on the first business day of each calendar month. Interest shall accrue on the balance outstanding from time to time at the rate of 9 per cent. per annum calculated daily on the outstanding amount such interest to be paid monthly on the payment date.

12.11 Business Acquisition Agreement in relation to the acquisition of the Bournemouth franchise (“Bournemouth Acquisition Agreement”)

On 13 February 2012 Martin & Co entered into an agreement with Rebecca Martin (Bournemouth) Limited, Rebecca Martin and Robert Cooke for the acquisition of the Bournemouth franchise. The agreement provided for the acquisition of the assets and liabilities of the business as a going concern. The consideration paid by Martin & Co was a payment of £230,000. Rebecca Martin (Bournemouth) Limited provided warranties usual for a transaction of this nature and an indemnity in relation to the list of properties under management. Liability under the indemnity was not limited in time or amount. Liability under the warranties was limited to a period of 18 months. Liability under the warranties was limited to an aggregate amount not exceeding the amount of the consideration and claims were limited to those with a value exceeding £500 where the value of all claims exceeded £1,000 in which event any the amount recoverable would be the whole amount of the claim. Each of Rebecca Martin (Bournemouth) Limited and Rebecca Martin entered into restrictive covenants for a period of 24 months after the completion date not to be engaged in a competing business, not to offer employment to or offer to entice away any employee of the business or to solicit or endeavour to solicit any client of the business. Rebecca Martin (Bournemouth) Limited and Rebecca Martin are related parties as Rebecca Martin (being the director and shareholder of Rebecca Martin

(Bournemouth) Limited) is the daughter of Richard Martin and Kathryn Martin. The Directors consider that the terms of the Bournemouth Acquisition Agreement represent an arm's length transaction for fair value.

12.12 Business Sale Agreement in relation to the sale of the Bournemouth franchise (“Bournemouth Sale Agreement”)

On 30 August 2013 Martin & Co entered into an agreement with Loose Properties Limited for the sale of the Bournemouth franchise. The agreement provided for the sale of the assets and liabilities of the business as a going concern. The consideration paid by Loose Properties Limited was a payment of £250,000 of which £25,000 was payable as a non-refundable deposit on 6 June 2013. The remainder of the consideration (£225,000) is to be paid by Loose Properties Limited in monthly instalments over a period of 36 months in amounts of up to £3,000 for the first 12 months and for the following 24 months in equal monthly instalments. Interest shall accrue on the balance of the consideration which remains outstanding from time to time at the rate of 9 per cent. per annum. The Directors have confirmed that as at the date of this document the sum of £225,000 remains outstanding and payable. Martin & Co has the right to demand payment in full of the outstanding deferred consideration in the event that *inter alia* (i) Loose Properties Limited defaults on any payment due; (ii) Loose Properties Limited is unable to pay its debts as they fall due; (iii) there is any material change in the management, ownership or control of Loose Properties Limited; (iv) an order or resolution is passed for the winding up of Loose Properties Limited or it make a voluntary arrangement with creditors; or (v) Loose Properties Limited ceases to carry on its business or a substantial part thereof. On completion Martin & Co provided warranties usual for a transaction of this nature. No indemnities were provided by either party. Liability under the warranties was limited to a period of 12 months (expires on 29 August 2014). Liability under the warranties was limited to an aggregate amount not exceeding the amount of the consideration and claims were limited to those with a value exceeding £3,000 where the value of all claims exceeded £10,000 in which event any the amount recoverable would be the whole amount of the claim.

12.13 Business Acquisition Agreement in relation to the acquisition of the Birmingham franchise (“Birmingham Acquisition Agreement”)

On 9 May 2012 Martin & Co entered into an agreement with Strategic Solutions Org Limited (“SSOL”) and Ian Wright for the acquisition of the Birmingham franchise. The agreement provided for the acquisition of the assets and liabilities of the business as a going concern. The consideration paid by Martin & Co was a payment of £143,000. SSOL provided warranties usual for a transaction of this nature and an indemnity in relation to the list of properties under management. Liability under the indemnity was not limited in time or amount. Liability under the warranties was limited to a period of 12 months (expired 8 May 2013). Liability under the warranties was limited to an aggregate amount not exceeding the amount of the consideration and claims were limited to those with a value exceeding £750 where the value of all claims exceeded £1,500 in which event any the amount recoverable would be the whole amount of the claim. Each of SSOL and Ian Wright entered into restrictive covenants for a period of 24 months after the completion date not to be engaged in a competing business, not to offer employment to or offer to entice away any employee of the business or to solicit or endeavour to solicit any client of the business.

12.14 Business Sale Agreement in relation to the sale of the Birmingham franchise (“Birmingham Sale Agreement”)

On 9 September 2013 Martin & Co entered into an agreement with Indalho Enterprises Limited (“Indalho”) for the sale of the Birmingham franchise. The agreement provided for the sale of the assets and liabilities of the business as a going concern. The consideration paid by Indalho was a payment of £120,000 of which £10,000 was payable as a on refundable deposit on 14 June 2013. The remainder of the consideration (£110,000) was paid at completion. On completion Martin & Co provided warranties usual for a transaction of this nature. No indemnities were provided by either party. Liability under the warranties was limited to a period of 12 months (expires on 8 September 2014). Liability under the warranties was limited to an aggregate amount not exceeding the amount of the consideration and claims were limited to those with a value exceeding £3,000 where the value of all claims exceeded £10,000 in which event any the amount recoverable would be the whole amount of the claim.

12.15 Business Acquisition Agreement in relation to the acquisition of the Portsmouth franchise (“Portsmouth Acquisition Agreement”)

On 25 June 2013 Martin & Co entered into an agreement with Ashwood Residential Lettings Limited (“Ashwood”) and Andrew Jest for the acquisition of the Portsmouth franchise. The agreement provided for the acquisition of the assets and liabilities of the business as a going concern. The consideration paid by Martin & Co was a payment of £110,000 (subject to upward or downward adjustment depending on the size of the property portfolio on the basis of £500 for each property above or below 240). Ashwood provided warranties usual for a transaction of this nature. No indemnities were provided. Liability under the warranties was limited to a period of 12 months (expires 24 June 2014). Liability under the warranties was limited to an aggregate amount not exceeding the amount of the consideration and claims were limited to those with a value exceeding £500 where the value of all claims exceeded £3,000 in which event any amount recoverable would be the whole amount of the claim. Each of SSOL and Ian Wright entered into restrictive covenants for a period of 12 months after the completion date not to be engaged in a competing business, not to offer employment to or offer to entice away any employee of the business or to solicit or endeavour to solicit any client of the business or to interfere with the suppliers of the business.

12.16 Heads of terms for the sale of the Portsmouth franchise (“Portsmouth HOT”)

On 1 November 2013 Martin & Co signed heads of terms with MJB property Management Limited (“MJB”) for the sale of the Portsmouth franchise. The Portsmouth HOT provide for the sale of the assets and liabilities of the business as a going concern. The consideration payable by MJB is £200,000 of which £20,000 was to be paid as a non refundable deposit on 16 September 2013. The Portsmouth HOT provide that £70,000 is to be paid on completion subject to there being a minimum of 200 tenanted properties under management. The Portsmouth HOT provide that the remainder of the consideration (£110,000) shall be paid over 3 years (36 months) with an interest rate on the balance outstanding accruing at 9 per cent. per annum. The Portsmouth HOT provide that on completion Martin & Co shall provide warranties usual for a transaction of this nature and that Martin & Co will sublet the property at Portsmouth to MJB.

12.17 Business Acquisition Agreement in relation to the acquisition of the Coventry franchise (“Coventry Acquisition Agreement”)

On 19 April 2013 Martin & Co entered into an agreement with Blackwell Property Services Limited (“Blackwell”) and Nicholas Blackwell for the acquisition of the Coventry franchise. The agreement provided for the acquisition of the assets and liabilities of the business as a going concern. The consideration paid by Martin & Co was a payment of £120,000 (subject to upward or downward adjustment depending on the size of the property portfolio on the basis of £500 for each property above or below 175). Blackwell provided warranties usual for a transaction of this nature. No indemnities were provided. Liability under the warranties was limited to a period of 18 months (expires 18 October 2014). Liability under the warranties was limited to an aggregate amount not exceeding the amount of the consideration and claims were limited to those with a value exceeding £500 where the value of all claims exceeded £1,000 in which event any the amount recoverable would be the whole amount of the claim. Each of Blackwell and Ian Wright entered into restrictive covenants for a period of 12 months after the completion date not to be engaged in a competing business, not to offer employment to or offer to entice away any employee of the business or to solicit or endeavour to solicit any client of the business or to interfere with the suppliers of the business.

12.18 Business Sale Agreement in relation to the sale of the Coventry franchise (“Coventry Sale Agreement”)

On 28 November 2013 Martin & Co entered into an agreement with Coventry Lettings Centre Limited (“CLC”) for the sale of the Coventry franchise. The Coventry Sale Agreement provided for the sale of the assets and liabilities of the business as a going concern. The consideration paid by CLC was £127,200 of which £14,000 was paid as a non-refundable deposit on 17 July 2013. On completion CLC paid £36,800 and the remainder of the consideration (£76,400) remained outstanding at completion to be paid in 23 equal monthly instalments of £3,183 and a final instalment of £3,191 together with interest on any instalment paid late at the rate of 9 per cent. per annum. On completion of the Coventry Sale Agreement CLC entered into a debenture for the benefit of Martin & Co pursuant to which CLC provided fixed and floating charges over all of its assets as security for the unpaid consideration. On completion Martin & Co provided warranties usual for a transaction of this nature. No indemnities were provided by either party. Liability under the warranties was limited to a period of

12 months (expiring 17 July 2014). Liability under the warranties was limited to an aggregate amount not exceeding the amount of the consideration and claims were limited to those with a value exceeding £3,000 where the value of all claims exceeded £10,000 in which event the amount recoverable would be the amount of the claim.

12.19 Business Acquisition Agreement in relation to the acquisition of the Worthing franchise (“Worthing Acquisition Agreement”)

On 23 December 2011 Martin & Co entered into an agreement with Appledean Limited (“Appledean”) and Anthony Hillier and Debbie Talmage for the acquisition of the Worthing franchise. The agreement provided for the acquisition of the assets and liabilities of the business as a going concern. The consideration paid by Martin & Co was a payment of £268,000 of which £228,000 was payable on completion. A further £40,000 was paid into escrow to be held as protection against claims under the Worthing Acquisition Agreement for a period of 5 years from completion (22 December 2016). Appledean provided warranties usual for a transaction of this nature. No indemnities were provided. Liability under the warranties was limited to a period of 18 months (expired 22 June 2013). Liability under the warranties was limited to an aggregate amount not exceeding the amount of the consideration and claims were limited to those with a value exceeding £750 where the value of all claims exceeded £2,500 in which event any the amount recoverable would be the whole amount of the claim. Each of Appledean, Anthony Hillier and Debbie Talmage entered into restrictive covenants for a period of 18 months after the completion date not to be engaged in a competing business, not to offer employment to or offer to entice away any employee of the business or to solicit or endeavour to solicit any client of the business or to interfere with the suppliers of the business.

12.20 Business Sale Agreement in relation to the sale of the Northampton franchise (“Northampton Sale Agreement”)

On 30 July 2013 Martin & Co entered into an agreement with We Let Limited (“WLL”), Newden Property Services Limited (“Newden”) and Alex Lamb for the sale of the Northampton franchise. The agreement provided for the sale by Martin & Co of the assets and liabilities of the business as a going concern to Newden. The consideration paid by Newden was a payment of £60,000 of which £37,106.17 was payable on completion. A further £12,893.83 was to be paid on receipt of evidence that a charge over the business property had been removed and the balance of £10,000 was to be paid in 2 instalments of £5,000 on 30 October 2013 and 30 January 2014. On completion Martin & Co provided warranties usual for a transaction of this nature. No indemnities were provided by either party. Liability under the warranties was limited to a period of 12 months (expires on 29 July 2014). Liability under the warranties was limited to an aggregate amount not exceeding the amount of the consideration and claims were limited to those with a value exceeding £500 where the value of all claims exceeded £3,000 in which event any the amount recoverable would be the whole amount of the claim. Each of WLL and Alex Lamb entered into restrictive covenants for a period of 12 months after the completion date not to be engaged in a competing business, not to offer employment to or offer to entice away any employee of the business or to solicit or endeavour to solicit any client of the business or to interfere with the suppliers of the business.

12.21 Relationship Agreement

On Admission, Richard Martin and Kathryn Martin (the “Principal Shareholders”) will hold just under 50 per cent. of the Enlarged Share Capital and will control the Company.

The Company, Panmure Gordon and Richard Martin entered into the Relationship Agreement to regulate aspects of the continuing relationship between the Company and the Principal Shareholders, to ensure that the Company is capable at all times of carrying on its business independently of the Principal Shareholders and that future transactions between the Company and the Principal Shareholders are on arm’s length terms and on a normal commercial basis.

The Relationship Agreement will terminate upon all parties agreeing or at any time when the voting rights attaching to the Principal Shareholders’ shareholding represent less than 30 per cent. of all voting rights attributable to the issued share capital of the Company (provided that, in the event that any time thereafter the voting rights attaching to the Principal Shareholders’ shareholding again represents 30 per cent. or more of all voting rights, the Principal Shareholders shall enter into a new agreement in favour of the Company and Panmure Gordon). The Relationship Agreement also terminates in respect of Panmure Gordon if Panmure Gordon ceases to be the Company’s nominated adviser.

13. Related party transactions

Save as disclosed in the historical and interim financial information in Part III and in paragraph 12 of Part IV of this document no member of the Group has entered into any transactions with related parties during the period from 1 January 2010 to the date of this document.

14. Working capital

The Directors are of the opinion (having made due and careful enquiry) that the working capital of the Group will be sufficient for its present requirements, that is, for at least the period of 12 months from the date of Admission.

15. Litigation

15.1 Save as disclosed in paragraph 15.2 below no member of the Group is or has been involved in any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this document, a significant effect on the Group's financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened against any member of the Group.

15.2 In early 2012, an audit programme was carried out by the Group to test that Scottish Martin & Co offices were fit to comply with changes in the law relating to the holding of tenant deposit. The franchisee of the Airdrie, Hamilton and Edinburgh offices, Ms Carrie Little refused to comply with the audit, withheld payment of fees payable under the franchise agreement, started to re-brand the Airdrie and Hamilton offices, closed the Edinburgh office and together with her partner Mr Kenny Stenhouse wrote to clients to state that the business was no longer part of the Martin & Co franchise. Martin & Co terminated the franchise agreement and obtained an order in the Edinburgh Court of Sessions requiring Ms. Little to disclose the business records and pay the fees due under the franchise agreement. Martin & Co subsequently obtained an interim order for costs against Ms. Little, Ms. Little responded by filing for personal bankruptcy. Martin & Co is seeking enforcement over Ms. Little's personal assets. In addition, Mr Stenhouse was found by the court to have been acting as a shadow Director of the Martin & Co franchise business whilst himself a disqualified Director and was held liable for Martin & Co's costs. Martin & Co are therefore also pursuing action against Mr Stenhouse to recover costs. Costs to date have been paid by the Group and there is now a "no-win, no-fee" agreement in place to protect the Group from further costs.

16. GENERAL

16.1 There has been no significant change in the financial or trading position of the Company since the date of incorporation of the Company.

16.2 There has been no significant change in the financial or trading position of Martin & Co since 30 June 2013, the date to which interim financial information has been prepared.

16.3 The estimated costs and expenses relating to Admission payable by the Group are estimated to amount to approximately £1.0 million (excluding VAT).

16.4 The financial information set out in this document does not constitute statutory accounts. Menzies LLP, chartered accountants of Wentworth House, 4400 Parkway, Whiteley, Hampshire PO15 7FJ, a member of the Institute of Chartered Accountants in England and Wales were auditors of Martin & Co for the three financial years ended 31 December 2012 and have given unqualified audit reports on the accounts of Martin & Co for those financial years.

16.5 Baker Tilly Corporate Finance LLP has given and not withdrawn its written consent to the inclusion of its report dated 17 December 2013 in Part III and the references to its report in the form and context in which they appear and has authorised the contents of that report for the purposes of Schedule Two of the AIM Rules for Companies.

- 16.6 Panmure Gordon is registered in England and Wales under number 4915201 and its registered office is at One New Change, London, EC4M 9AF. Panmure Gordon is regulated by the Financial Services Authority and is acting in the capacity of nominated adviser and broker to the Company.
- 16.7 Panmure Gordon has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- 16.8 Save as otherwise disclosed in this document there are no patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Group's business or profitability.
- 16.9 Save as disclosed in paragraph 12 of Part IV of this document no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:
- (a) received, directly or indirectly, from the Company within the 12 months preceding the date of application for Admission; or
 - (b) entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission;
any of the following:
 - (i) fees totalling £10,000 or more;
 - (ii) securities in the Company with a value of £10,000 or more calculated by reference to the expected price of an Ordinary Share at Admission; or
 - (iii) any other benefit with a value of £10,000 or more at the date of Admission.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of this document will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the registered office of the Company and on the Company's website at www.martinco.com for a period of one month following Admission.

Dated: 17 December 2013

