



Please complete in typescript, or  
in bold black capitals.

CHFP025

Company Number

4118745

Company name in full

Country Homes and Gardens Plc

# 88(2)

(Revised 2005)

Return of Allotment of Shares

## Shares allotted (including bonus shares):

(see Guidance Booklet GBA6)

Date or period during which  
shares were allotted

(If shares were allotted on one date  
enter that date in the "from" box)

From

To

Day Month Year

Day Month Year

2 0 1 2 2 0 0 6

Class of shares

(ordinary or preference etc)

"B" ordinary

Number allotted

3,063,081

Nominal value of each share

£0.10

Amount (if any) paid or due on each  
share (including any share premium)

£1.50

List the names and addresses of the allottees and the  
number and class of shares allotted to each overleaf

If the allotted shares (including bonus shares) are fully or partly paid up otherwise than in  
cash please state:

% that each share is to be  
treated as paid up

% (if any) that each share  
is to be paid up in cash

100

Consideration for which  
the shares were allotted

(This information must be supported by  
the original or a certified copy of the  
contract or by Form 88(3) if the contract  
is not in writing)

Properties, Fixed Assets, Equipment, Goodwill and  
Stock pursuant to Business Purchase Agreement dated  
24 November 2006

WEDNESDAY



A29

03/01/2007

739

COMPANIES HOUSE

When you have completed and signed the form please send it to the  
Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

for companies registered in England and Wales

or

Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB

DX 235 Edinburgh

for companies registered in Scotland

or LP - 4 Edinburgh 2

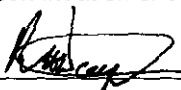
## Names and addresses of the allottees

Shareholder details (list joint allottees as one shareholder)	Shares and share class allotted	
<b>Name(s)</b> <u>West Coast Capital (Hortis) Ltd</u> <b>Address</b> <u>Marathon House, Olympic Business Park, Drybridge</u> <u>Road, Dundonald, Ayrshire</u>  <b>UK Postcode</b> <u>K A 2 9 A E</u>	<b>Class of shares allotted</b> <u>Ordinary</u>	<b>Number allotted</b> <u>3,063,081</u>
<b>Name(s)</b>  <b>Address</b>   <b>UK Postcode</b> <u>  </u> <u>  </u> <u>  </u> <u>  </u> <u>  </u> <u>  </u>	<b>Class of shares allotted</b>  	<b>Number allotted</b>  
<b>Name(s)</b>  <b>Address</b>   <b>UK Postcode</b> <u>  </u> <u>  </u> <u>  </u> <u>  </u> <u>  </u> <u>  </u>	<b>Class of shares allotted</b>  	<b>Number allotted</b>  
<b>Name(s)</b>  <b>Address</b>   <b>UK Postcode</b> <u>  </u> <u>  </u> <u>  </u> <u>  </u> <u>  </u> <u>  </u>	<b>Class of shares allotted</b>  	<b>Number allotted</b>  
<b>Name(s)</b>  <b>Address</b>   <b>UK Postcode</b> <u>  </u> <u>  </u> <u>  </u> <u>  </u> <u>  </u> <u>  </u>	<b>Class of shares allotted</b>  	<b>Number allotted</b>  

Please enter the number of continuation sheets (if any) attached to this form

0

Signed



Date 20.12.2006

\*\* A director / secretary / administrator / administrative receiver / receiver / official receiver / receiver manager / voluntary arrangement supervisor

\*\* Please delete as appropriate

### Contact Details

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Memery Crystal LLP

44 Southampton Buildings, London, WC2A 1AP

Ref: DAS/TVN/781633

Tel +44 (0) 20 7242 5905

DX number 156

DX exchange Chancery Lane



## S 108: ACCOUNTANTS REPORT

Independent accountants' report to Country Homes and Gardens plc for the purposes of Section 103(1) of the Companies Act 1985 we report that:

- (a) the nominal value of each of the 3,063,081 B Ordinary Shares of £0.10 to be wholly paid for by the non-cash consideration is £0.10
- (b) the premium payable on each of those shares is £1.40
- (c) the non-cash consideration comprises 6 trading garden centres owned freehold and (in the case of one garden centre) leasehold by West Coast Capital (Hortis) Limited and related stock in trade, fixtures and fittings and goodwill to be satisfied by the issue of 2,522,033 B Ordinary Shares of £0.10 each for the centres at an issue price of £1.50 per share and 541,048 B Ordinary Shares of £0.10 each for stock in trade at the rate of 1 share per £1.50 of the stock valuation;
- (d) the nominal value of each of the shares and the premium payable on each of them are to be treated as fully paid up by the non-cash consideration;
- (e) the whole of the non-cash consideration was valued by us on 15 December 2006 on the basis of a willing buyer and a willing seller, assessing, using our professional skill and judgement, the relevant information supplied to us by the directors and, in our opinion, this method of valuation was reasonable in all the circumstances; and
- (f) so far as we are aware, there has been no material change in the value of the non-cash consideration between the date of the valuation and the date of this report.

On the basis of the valuation, the value of the non-cash consideration is not less than the aggregate of the nominal value and the premium treated as paid up by the non-cash consideration.



Griffins

Dated: 15 December 2006

### Partners

T G Boothby FCA (Senior Partner) • K H Weeks FCA (Managing Partner)  
Mrs B A Elliott FCA CTA • N S Pomroy FCA • Mrs J Piercy FCA • S Pallett • R J Honeywill • Mrs W Howells FCA • C J Rumble FCCA



**COUNTRY HOMES AND GARDENS PLC**  
**FACTUAL MEMO RE PURCHASE OF 6 GARDEN CENTRES**  
**DATED 15 DECEMBER 2006**

**I PARTIES AND DEFINITIONS:**

**1.1 THE COMPANY:** Country Homes and Gardens plc, registered in England number 04118745 ("CHG").

**1.2 THE GARDEN CENTRES:** Six garden centres trading style Wyevale owned by West Coast Capital (Hortis) Ltd ("WCC") being located and independently valued as follows:

Aldridge, Walsall	£ 700,000
Handcross, East Sussex	700,000
Ongar, Brentwood, Essex	400,000
Stonehouse, Gloucs	500,000
Upminster, Essex	1,400,000
Wellingborough, Northants	<u>550,000</u>
<b>Total</b>	<b><u>£4,250,000</u></b>

With the exception of the Ongar site subject to a lease until 2021 all are owned freehold. The valuation was undertaken by Knight Frank of Emperor House, Scott Harbour, Pierhead Street, Cardiff CF10 4PH, a suitably qualified chartered surveyor on the basis of Appraisal and Valuation Standards (5<sup>th</sup> Edition) as published by the Royal Institute of Chartered Surveyors on the basis of market value as defined therein following visits on 17<sup>th</sup> and 21<sup>st</sup> November 2006. Their report was dated 11 December 2006.

**1.3 STOCK IN TRADE:** The stock for resale at the garden centres based on cost less adjustments for age and condition as determined by counts undertaken by both the WCC garden centre staff and CHG managerial staff. The procedures for the counts and adjustments were approved by an independent firm of accountants Messrs Spencer Smith & Co of The Old Rectory Lane, Llanvetherine, Abergavenny, NP7 8RG. The gross value of the stock at cost was £987,664, after which adjustments were made to reduce the cost value to £811,572. In particular adjustments were made for general wastage of £130,325 and a 50% provision against all stock dated prior to 2006 of £45,767. The valuation took place as at 27 November 2006.

**2 TRANSACTION SUMMARY**

**2.1 PURCHASE BY THE COMPANY OF THE GARDEN CENTRES:** The purchase of the garden centres is to be effected by the issue of 2,522,033 B Ordinary Shares of £0.10 each in the company to WCC for the issue price of £1.50. This implies a value £3,783,050 which is £466,950 less than the valuation reported by Knight Frank as at 1.2 above.

**2.2 PURCHASE OF THE STOCK IN TRADE:** This is to be effected by the issue of 541,048 B Ordinary Shares on £0.10 in the company to WCC for the issue price of £1.50 to equate to the adjusted value as at 1.3 of £811,572.

- 2.3 SHAREHOLDER APPROVAL:** On 24 November 2006 all shareholders were issued with a prospectus outlining the transaction and the rationale explaining why the board considered that it was in the best interest of the company and its members to acquire the garden centres and the stock in trade. To date proxy forms have been received from shareholders representing some 82.4% of the total number of shares in issue in support of the transaction and members have voted against it although some 0.1% have declined to waive their pre-emption rights in connection with the share issue.

### **3 RATIONALE FOR THE TRANSACTION**

- 3.1 BASIS OF THE SHARE VALUE OF £1.50:** Although a plc the company is not listed on any stock market and there is no market for the shares other than as governed by the Articles of Association. It is consequently not a straightforward matter to determine the value of the company's shares at a particular point in time. The latest audited accounts for the company indicate net assets based on historical costs as adjusted by changes in market value and on a going concern basis of £10.299M as at 31 December 2005. The company has not however paid a dividend since its formation in 2000 despite having reserves as at 31 December 2005 of £270K. Since that date the company has been profitable as disclosed by the management accounts. The total number of shares in issue at 31 December 2005 was 7,865,000 comprised of A and B shares which rank pari passu except as below. This implies an underlying asset value at that time of £1.31 per share. The premium over net assets upon which the shares have been issued is based on the improved profitability of the business generally and in particular with the added contribution to be made to profits by the garden centres. Following the EGM on 20 February 2006, 400,000 B shares were issued at £1.25 per share. It is also considered that the premium is reasonable taking account of the excess of £466,950 as at 2.1 above the valuation prepared by Knight Frank over the implied value.

- 3.2 SHARE RIGHTS:** The company has issued A and B shares which rank pari passu except in the event of a sale or listing. In the latter event the shares will be reorganised into one class and apportioned in accordance with the Articles of Association to increase the shareholding of the A shareholders to such a level that a minimum internal rate of return of 25% is achieved by the B shareholders. Although the company has not paid dividends, it is the intention of the directors to recommend such when the company's cash flow and reserves permit.

The directors intend to expand the company with a long term aim of a public listing or sale at an appropriate time thereby realising value to the shareholders for their investment in the business.

- 3.3 **TRADING PERFORMANCE:** The company has reported losses in the years to 31 December 2004 and 2005. The management accounts of the company indicate that a profit is likely for the year to 31 December 2006. The garden centres are all seen by Knight Frank as having potential that has yet to be exploited and fit in with the company's profile of focusing on the needs of gardeners and particularly in making garden centres more family friendly with café facilities and adding other products to the offering.

The turnover and profits as provided to Knight Frank for the 2005 financial year were as follows:

	Turnover £'000	EBIT £'000
Aldridge	764	30
Handcross	726	(22)
Ongar	649	25
Stroud	613	76
Upminster	953	185
Wellingborough	493	47

Interim accounts provided to Knight Frank indicate that Aldridge and Handcross were performing better in 2006, Ongar was making a small loss, Stroud is less profitable and Upminster was maintaining profits at broadly similar levels.

The added contribution for the financial year 2005 before interest and tax totalled £341K. Management expect this contribution to increase by making improvements at the garden centres.

- 4 **CONCLUSION:** We are satisfied that the method of valuation of the non cash consideration was reasonable in the circumstances. We have relied upon the report presented by Knight Frank and the stock valuation independently undertaken by Spencer Smith. In particular we have placed reliance on the latest share issue on a willing buyer basis at £1.25 per share and taking account of the likely improved performance and enhanced asset value of the company after the acquisition. We are also satisfied that there has been no material change in the value of the non cash consideration between the date of the Knight Frank report of 11 December 2006 and this report.

Signed:



Griffins  
24/32 London Rd  
Newbury  
RG14 1JX

Dated: 15 December 2006

We have reviewed the contents of the above factual memo and are satisfied that it represents a fair summary of the transaction and the rationale behind it.

..... R Dougal  
On behalf of the board

Dated: