

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. It contains the Resolution to be voted on at the General Meeting of Caffyns Plc to be held on 21 April 2016. If you are in any doubt about the contents of this Circular or the action you should take, you are recommended to seek your own advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial advisor who is authorised for the purpose of the Financial Services and Markets Act 2000 (as amended) (“FSMA”).

If you have sold or otherwise transferred all of your Ordinary Shares, please immediately forward this Circular and the accompanying documents to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, such documents should not be forwarded for transmission in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or otherwise transferred only part of your holding of Ordinary Shares you should retain these documents but immediately contact the stockbroker, bank or other agent through whom the sale was effected.

Arden Partners plc, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority for the conduct of investment business, is acting for Caffyns Plc and for no one else in connection with the Disposal and, accordingly, will not be responsible to anyone other than Caffyns Plc for providing the protections afforded to clients of Arden Partners plc or for providing advice in relation to the Disposal, the contents of this Circular or any transaction, arrangement or other matter referred to in this Circular. Apart from the responsibilities and liabilities, if any, which may be imposed on Arden Partners plc under FSMA or the regulatory regime established thereunder, Arden Partners plc accepts no responsibility whatsoever and makes no representation or warranty, express or implied, concerning the contents of this Circular including its accuracy, completeness and verification or concerning any other statement made or purported to be made by it or on behalf of it, in connection with the Company and the Disposal.

This Circular should be read as a whole. Your attention is drawn to the “Letter from the Chairman of the Company” set out in Part I of this Circular which contains a recommendation from the Board that Ordinary Shareholders vote in favour of the Resolution to be proposed at the General Meeting referred to below. For a discussion of certain risks and other factors that should be considered in connection with the Disposal, see the “Risk Factors” set out in Part II of this Circular.

CAFFYNS PLC

(a company incorporated in England and Wales with registered no. 00105664)

PROPOSED DISPOSAL OF THE LAND ROVER BUSINESS

NOTICE OF GENERAL MEETING

Copies of this Circular are available on the “Investor Relations” section of the Company’s website at www.caffynsplc.co.uk and are also available for collection, free of charge, during normal business hours on any Business Day up until close of the General Meeting from the registered office of the Company. Unless you have sold or transferred all your Ordinary Shares you are recommended to retain this Circular for reference.

Notice of the General Meeting of the Company convened for 2:30 p.m. on 21 April 2016 at 4 Meads Road, Eastbourne, East Sussex BN20 7DR is set out at the end of this Circular. Only Ordinary Shareholders are entitled to vote at this General Meeting as the Resolution being proposed concerns a class 1 transaction which, under the Listing Rules, may only be voted on by holders of premium listed shares which, in this case are the Ordinary Shares. To be valid, the accompanying Form of Proxy for use at the General Meeting must be completed by Ordinary Shareholders and returned to the Registrars by hand (during normal business hours only) or by post at Capita Asset Services, PXS1, 34 Beckenham Road, Kent BR3 4TU by not later than 2:30 p.m. on 19 April 2016. Completion and return of a Form of Proxy will not preclude Ordinary Shareholders from attending and voting at the General Meeting should they so wish.

As an alternative to completing the enclosed Form of Proxy, Ordinary Shareholders can appoint a proxy electronically at www.capitashareportal.com. For an electronic proxy appointment to be valid, the appointment must be received by not later than 2:30 p.m. on 19 April 2016 (or, if the meeting is adjourned, no later than 48 hours (excluding any part of a day that is not a working day) before the time of any adjourned meeting).

FORWARD LOOKING STATEMENTS

This Circular contains “forward looking statements” concerning the Continuing Business. Generally, the words “anticipate”, “believe”, “estimate”, “expect”, “forecast”, “intend”, “may”, “plan”, “project”, “should” and similar expressions identify forward-looking statements. Such statements reflect the Directors’ current views with respect to future events and are subject to risks and uncertainties that could cause the actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the Company’s or the Continuing Business’s ability to control or estimate precisely, such as changes in general economic and business conditions, changes in interest rates, introduction of competing products or services, lack of acceptance of new products or services, changes in business strategy and the behaviour of other market participants and other factors discussed in Part II of this Circular, and therefore undue reliance should not be placed on such statements.

The forward looking statements speak only as at the date of this Circular. Except as required by the Financial Conduct Authority, the London Stock Exchange, the Listing Rules, the Prospectus Rules, the Disclosure and Transparency Rules or applicable law, Caffyns does not have any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, further events or otherwise. Except as required by the Listing Rules, the Prospectus Rules, the Disclosure and Transparency Rules or applicable law, Caffyns expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Circular might not occur.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Disposal	17 March 2016
Latest time and date for receipt of Forms of Proxy for the General Meeting	2:30 p.m. on 19 April 2016
General Meeting	2:30 p.m. on 21 April 2016
Expected date of Completion	29 April 2016

DEFINITIONS

The following definitions apply throughout this document and the accompanying Form of Proxy unless the context requires otherwise:

“Arden Partners”	Arden Partners Plc
“Buyer”	Harwoods Limited, a private limited company, incorporated and registered in England (registered number 368849)
“Caffyns” or the “Company”	Caffyns Plc, a public limited company, incorporated and registered in England (registered number 105664)
“Circular”	this document detailing the terms of the Disposal
“Class 1 Transaction”	a major transaction, the size of which results in a 25 per cent. threshold being reached under any of the class tests set out in the Listing Rules
“Companies Act”	the Companies Act 2006 (as amended) of England and Wales
“Completion”	completion of the Disposal pursuant to the Sale and Purchase Agreement
“Consideration”	the consideration of £5.7 million plus an agreed value for vehicle and parts stock as at Completion payable on Completion by the Buyer to the Company for the Land Rover Business
“Continuing Business”	the ongoing Caffyns businesses following Completion
“Daily Official List”	the Daily Official List of the London Stock Exchange
“Dealership Agreement”	the dealership agreement entered into between (1) Caffyns and (2) JLR dated 1 June 2011
“Directors” or “Board”	the directors of the Company listed in paragraph 2 of Part VI of this Circular
“Disclosure and Transparency Rules”	the Disclosure and Transparency Rules made by the UKLA under Part VI of FSMA
“Disposal”	the proposed disposal by Caffyns of the Land Rover Business under the terms of the Sale and Purchase Agreement
“First Preference Shareholders”	the holders of First Preference Shares
“First Preference Shares”	the 7 per cent. cumulative first preference share of £1 each in the capital of the Company
“Form of Proxy”	the form of proxy for use by Ordinary Shareholders at the General Meeting
“FSMA”	the Financial Services and Markets Act 2000
“General Meeting”	the general meeting of the Company convened for 2:30 p.m. on 21 April 2016 for Ordinary Shareholders to approve the Disposal (or any adjournment of it), notice of which is set out at the end of this Circular
“IFRS”	the International Financial Reporting Standards published by the International Accounting Standards Board and adopted by the European Commission pursuant to the EC Regulation on the application of international accounting standards (EC/1606/2002)
“Jaguar”	a car brand established in 1922 and owned by JLR
“JLR”	Jaguar Land Rover Holdings Limited
“Land Rover”	a car brand established in 1948 and owned by JLR
“Land Rover Business”	the Company’s Land Rover dealership located in Lewes, East Sussex and the subject of the Disposal

“Lease”	the lease relating to the Property to be entered into pursuant to the terms of the Sale and Purchase Agreement between (1) Caffyns as landlord, and (2) the Buyer as tenant
“LIBOR”	the London interbank offered rate
“Listing Rules”	the listing rules made by the UKLA under Part VI of FSMA
“London Stock Exchange”	London Stock Exchange Group plc
“New Preference Shareholders”	the holders of New Preference Shares
“New Preference Shares”	the 11 per cent. cumulative new preference shares of £1 each in the capital of the Company
“Official List”	the list maintained by the Financial Conduct Authority in accordance with section 74 (1) of FSMA
“Ordinary Shareholders”	the existing holders of Ordinary Shares
“Ordinary Shares” or “Caffyns Shares”	ordinary shares of 50 pence each in the capital of the Company
“Property”	the property at Brooks Road, Lewes BN7 2DN (title numbers ESX284224, ESX110523, ESX38173, ESX38548, ESX326254, ESX285700 and ESX326214) from which the Land Rover Business currently operates
“Registrar”	Capita Asset Services of 34 Beckenham Road, Kent BR3 4TU
“Resolution”	the resolution in the notice of the General Meeting set out at the end of this Circular
“Sale and Purchase Agreement”	the conditional agreement between (1) the Company and (2) the Buyer dated 16 March 2016 in respect of the Disposal, a summary of which is set out in Part V of this Circular
“Second Preference Shareholders”	the holders of Second Preference Shares
“Second Preference Shares”	the 6 per cent. cumulative second preference shares of 10 pence each in the capital of the Company
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UKLA”	the Financial Conduct Authority exercising its functions under Part VI of FSMA

PART I
LETTER FROM THE CHAIRMAN OF THE COMPANY

CAFFYNS PLC

(Incorporated and registered in England & Wales with registered number 105664)

Directors

Richard Wright (*Non-Executive Chairman*)
Simon Caffyn
Mark Harrison
Sarah Caffyn
Nick Hollingworth
Nigel Gourlay

Registered office

Meads Road
Eastbourne
Sussex
BN20 7DR

17 March 2016

To Ordinary Shareholders, and, for information only, to First Preference Shareholders, Second Preference Shareholders and New Preference Shareholders

Proposed Disposal of the Land Rover Business and notice of General Meeting

1. Introduction

On 17 March 2016, the Board announced that the Company had entered into an agreement, conditional upon Ordinary Shareholder approval, to sell the business and assets (excluding the Property) of the Land Rover Business located in Lewes, East Sussex to Harwoods Limited (the “**Buyer**”). The Consideration for the Disposal is £5.7 million plus an amount for stock to be established as at Completion (for illustration purposes only, this figure was £3.2 million as at 29 February 2016), payable in cash on Completion. The principal terms of the Sale and Purchase Agreement are set out below and in Part V of this Circular.

In accordance with the Listing Rules, the Land Rover Business is of such a size relative to the Company that the Disposal constitutes a Class 1 Transaction and is, therefore, conditional upon the approval of Ordinary Shareholders at a General Meeting. The General Meeting has been convened for 2:30 p.m. on 21 April 2016 at 4 Meads Road, Eastbourne, East Sussex BN20 7DR and the notice of the General Meeting containing the Resolution is set out at the end of this Circular.

The purpose of this Circular is to set out the proposed terms of the Disposal, including the background to and reasons for the Disposal and to explain why the Board considers the Disposal to be in the best interests of the Company’s shareholders as a whole and recommends that Ordinary Shareholders vote in favour of the Resolution approving the Disposal to be proposed at the General Meeting.

2. Background to and reasons for the Disposal

On 1 June 2011, the Company entered into a renewed contract with JLR as an authorised dealer of new Land Rovers for a five year fixed term (the “**Dealership Agreement**”). The Dealership Agreement is due to expire on 31 May 2016.

Since then, JLR has undertaken a fundamental re-evaluation of its franchise territories in the UK and has concluded that its Land Rover dealerships should be consolidated into larger geographic groups and amalgamated, where possible, with Jaguar dealerships. This is evidenced by the high number of Land Rover dealerships which have recently changed hands. As part of this consolidation, JLR has decided that a new combined Jaguar and Land Rover dealership should be located in the Brighton and Hove conurbation. Caffyns, with a single Land Rover dealership based in Lewes and covering the East Sussex area, has not been selected by JLR as a consolidator in this reorganisation, despite the Land Rover Business materially growing both revenue and profits in the year ended 31 March 2015, trading profitably in the six months ended 30 September 2015 and

being ranked 38th out of 117 UK dealerships in Land Rover's most recent relative overall performance assessment.

Prior to the expiry of the Dealership Agreement on 31 May 2016, JLR has provided the Company with an opportunity to negotiate the sale of the Land Rover Business to the Buyer, JLR's chosen franchisee, which operates six Land Rover dealerships and four Jaguar dealerships (including one in Hove) in the surrounding territories and can address JLR's requirement for an amalgamated dealership. Due to the limited alternative options available to it, the Board has agreed the Disposal with the Buyer on the terms set out in the Sale and Purchase Agreement.

The Board believes that the Disposal represents the best value for the Company and its shareholders as a whole. The granting of a short-term lease of the Property to the Buyer in connection with the Disposal provides the Buyer with time to establish the combined facility required by JLR and also represents an opportunity for the Company to continue to generate income from the Property and offset some of the profitability lost with the Disposal. Additionally, the Consideration payable to the Company for the Land Rover Business will enable the Company to invest in alternative opportunities.

The Board highlights that, in the absence of the Disposal, on the expiry of the Dealership Agreement on 31 May 2016, Caffyns would no longer be an authorised Land Rover dealer and would be unable to offer new Land Rovers for sale from its Lewes site. The Board emphasises that the goodwill the Company has built up through the Land Rover Business over many years would diminish substantially in value if the Disposal is not approved.

3. Information on the Land Rover Business

The Land Rover Business has been conducted from the current site in Lewes (the county town of East Sussex) since 1986. Following major site expansion and redevelopment works in 2012, the Property is currently a modern, well invested premises, incorporating showrooms, workshop facilities, car parking and display areas.

The table below summarises the trading performance of the Land Rover Business for the three years and six months ended 30 September 2015 and has been extracted without material adjustment from the information contained in Part III of this Circular:

	<i>Six months ended 30 September 2015 £000's</i>	<i>Year ended 31 March 2015 £000's</i>	<i>Year ended 31 March 2014 £000's</i>	<i>Year ended 31 March 2013 £000's</i>
Revenue	21,791	37,293	30,917	28,214
Operating costs excluding depreciation, amortisation and impairment	(21,144)	(36,037)	(29,940)	(27,823)
Earnings before interest, tax, depreciation and amortisation	647	1,256	977	391
Operating profit	597	1,157	873	273
Finance expense	(111)	(154)	(146)	(153)
Profit before taxation	486	1,003	727	120

In the year ended 31 March 2015, the Land Rover Business accounted for 17.7 per cent. of the Company's revenue and 40.6 per cent. of the Company's underlying profit before taxation. The underlying profit before taxation excludes non-underlying items that are unusual because of their size, nature or incidence.

4. Principal terms of the Disposal

The Sale and Purchase Agreement between the Company and the Buyer entered into on 16 March 2016 sets out the terms of the Disposal pursuant to which the Buyer has agreed to acquire the Land Rover Business from the Company for the Consideration of £5.7 million plus an amount for

stock to be established as at Completion (for illustration purposes only, this figure was £3.2 million as at 29 February 2016), payable in cash on Completion.

The Sale and Purchase Agreement is conditional upon the approval of the Resolution by Ordinary Shareholders at the General Meeting.

As part of the terms of the Disposal, and with effect from Completion, the Buyer will enter into the Lease with the Company for the Property from where the Land Rover Business currently trades. The Lease will be for a term of up to three years at an initial rent of £490,000 per annum for the first two years and £390,000 for the final year. There will be a tenant-only break clause exercisable at any time after 18 months by the Buyer giving to the Company six months' notice, such notice not to expire before the date which is 24 months following the commencement of the Lease.

Assuming that the Ordinary Shareholders approve the Resolution at the General Meeting, Completion is expected to occur on 29 April 2016.

Further details of the Sale and Purchase Agreement and the Lease are set out in Part V of this Circular.

5. Financial effects of the Disposal

An unaudited statement of the net assets of the Company has been prepared for illustrative purposes only to show the effect of the Disposal as if it had occurred on 30 September 2015. This statement, and a report thereon by Grant Thornton UK LLP, is set out in Part IV of this Circular.

6. Use of the Disposal proceeds

The Consideration to be paid to the Company on Completion will, in the short-term, be utilised to significantly reduce the Company's overall borrowings and the associated servicing costs.

The terms of the Company's debt facilities allow the Company considerable flexibility in reinvesting the Consideration. The Board is reviewing the Company's options in this regard, both for the Continuing Business and for complementary new investments, which it believes can assist in replacing the revenue and profits derived from the Land Rover Business.

7. Information on the Continuing Business

Caffyns is one of the leading motor retail and aftersales companies in the south-east of England. Its principal activities are the operation of franchised motor car dealerships from which it undertakes the sale of new and used motor vehicles and their maintenance as well as the sale of tyres, oil, parts and accessories. In 2015, the Company celebrated its 150th year of operations.

The Company has a strategy of focusing on the premium and premium-volume market where the Board believes there is greater scope to delivering stronger sales, profits and returns. By representing multiple marques, the Board believes the diversity of the Company's operations reduces the potential impact of the loss of any one franchise. Following Completion, the Continuing Business will consist of a portfolio of six franchises of the Audi, Seat, Skoda, Vauxhall, Volkswagen and Volvo marques, operating from 12 dealerships in Sussex and Kent.

8. Current trading and prospects

In the announcement of the Company's unaudited results for the half year ended 30 September 2015, released on 27 November 2015, Simon Caffyn, Chief Executive, made the following statement:

"The six months to 30 September 2015 have seen us deliver new car sales ahead of the market in addition to impressive growth in used car sales and aftersales. The economy remains steady and with continuing low interest rates we expect that European manufacturers will channel new vehicles to the UK market and support us with attractive marketing offers. We saw a recovery in new car margins in the second quarter as this marketing support became more apparent. However, the Society of Motor Manufacturers and Traders has reported a dip of 1 per cent. in the new car market in October 2015 and this, together with the well documented issues regarding Volkswagen, suggests that trading in the second half may be more challenging."

There has been no significant change to current trading since this update was released.

9. General Meeting

The notice convening the General Meeting to be held at 4 Meads Road, Eastbourne, East Sussex, BN20 7DR on 21 April 2016 at 2:30 p.m. is contained at the end of this Circular. The Resolution to be proposed at the General Meeting will, if passed by the Ordinary Shareholders, approve the Disposal.

10. Risk Factors

For a summary of the risks and uncertainties which the Ordinary Shareholders should take into account when considering whether to vote in favour of the Resolution, please refer to Part II of this Circular.

11. Action to be taken

Ordinary Shareholders will find enclosed with this Circular a Form of Proxy for use in respect of the Resolution to be proposed at the General Meeting and a reply-paid envelope (in the UK only).

Whether or not you propose to attend the General Meeting in person, you are strongly encouraged to complete, sign and return your Form of Proxy in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received, by post (or by hand during normal business hours only) at Capita Asset Services, PXS1, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 2:30 p.m. on 19 April 2016 (or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

If you hold your Ordinary Shares in uncertificated form (that is, in CREST) you may vote using the CREST Proxy Voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the Notice of the General Meeting set out at the end of this Circular). Proxies submitted via CREST must be received by the Company's agent (ID RA10) by no later than 2:30 p.m. on 19 April 2016 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

The completion and return of a Form of Proxy or the use of the CREST Proxy Voting service will not prevent you from attending and voting at the General Meeting, or any adjournment thereof.

12. Voting undertakings

The Company has received irrevocable undertakings to vote in favour of the Resolution from Ordinary Shareholders who have a beneficial interest in respect of 583,366 Ordinary Shares (representing approximately 21.1 per cent. of the issued Ordinary Shares).

This includes irrevocable undertakings to vote in favour of the Resolution received from the Directors, who between them hold in aggregate 106,976 Ordinary Shares (representing approximately 3.9 per cent. of the issued Ordinary Shares).

13. Additional information

Your attention is drawn to the additional information set out in Parts II to VI of this Circular. You are advised to read the whole Circular and not just rely on the key summarised information in this letter.

14. Recommendations

In the Board's opinion, the Disposal is in the best interests of the Company's shareholders as a whole.

Accordingly the Board unanimously recommends that Ordinary Shareholders vote in favour of the Resolution to be proposed at the General Meeting as the Directors intend to do in respect of their own beneficial holdings of Ordinary Shares amounting, in aggregate, to 106,976 Ordinary Shares (representing approximately 3.9 per cent. of the issued Ordinary Shares).

Yours faithfully

Richard Wright
Non-Executive Chairman

PART II

RISK FACTORS

In addition to the other information contained in this Circular, the Board believes that the following risk factors should be carefully considered in evaluating what action to take in relation to the Resolution to be proposed at the General Meeting. If any of the following risks materialise, Caffyns and/or, following Completion of the Disposal, the Continuing Business's business, financial condition, prospects and the Company's share price could be materially and adversely affected to the detriment of Caffyns and, following Completion of the Disposal, the Continuing Business. The Directors consider the following risks, which are not set out in any order of priority, to be the material risks of which the Directors are aware. Additional risks and uncertainties not presently known to the Directors, or those which the Directors currently deem immaterial, may also have an adverse effect on Caffyns and the Continuing Business.

A. RISKS RELATING TO THE DISPOSAL

Warranties in the Sale and Purchase Agreement

The Sale and Purchase Agreement contains customary warranties given by Caffyns in favour of the Buyer in respect of the Land Rover Business, details of which are set out in Part V of this Circular. The Buyer has undertaken due diligence and Caffyns has carried out a thorough disclosure process to minimise the risk of liability under the warranties. However, a successful breach of warranty claim by the Buyer could have a material adverse effect on the Continuing Business's financial condition.

Other vehicle manufacturers' reactions to the Disposal

As a listed company, Caffyns is required to announce the Disposal in advance of Completion (including by the publication of this Circular). Other vehicle manufacturers with whom the Company operates franchises may view the Disposal unfavourably and consequently could seek to amend the terms on which they trade with the Company.

B. RISKS RELATING TO THE DISPOSAL NOT PROCEEDING

Future of the Land Rover Business if the Disposal does not proceed

The Directors are of the opinion that the Disposal is in the best interests of the Company's shareholders as a whole and currently provides the Company with the best opportunity to realise an attractive value for the Land Rover Business. If the Resolution is not approved by Ordinary Shareholders, the Disposal will not proceed at this time. If the Disposal does not complete, the Dealership Agreement will expire on 31 May 2016, Caffyns would no longer be an authorised Land Rover dealer and would be unable to offer new Land Rovers for sale from its Lewes site. The Board emphasises that the goodwill the Company has built up through the Land Rover Business over many years would diminish substantially in value if the Disposal is not approved.

Transaction costs

Caffyns has incurred substantial costs (estimated to be £350,000 if the Disposal does not proceed) in relation to the negotiation of the terms of the Disposal and preparation for the separation of the Land Rover Business from the Continuing Business, which will be incurred irrespective of whether or not the Disposal proceeds. If the Disposal does not proceed, the Company will be required to pay these transaction costs and this will adversely impact the Company's financial results for the year ending 31 March 2016.

C. RISKS RELATING TO CAFFYNS AND THE CONTINUING BUSINESS

The Continuing Business's operations will be reduced in scale

The Continuing Business will be more reliant on its continuing operations and will be smaller in scale following Completion. As a result of its reduction in scale, the Continuing Business may consequently be more susceptible to adverse developments in the industries and markets in which it operates. The greater sensitivity to fluctuations in the remaining markets may have an adverse effect on the cashflow, operating results and financial position of the Continuing Business.

Business strategy

The success of the Continuing Business will depend on the Directors' ability to implement its business strategy effectively. Factors outside of the control of the Directors (including changes in the markets in which the Company currently operates) may negatively affect the implementation of the business strategy. If such changes occur, the Directors may decide to change certain aspects of its strategy, perhaps by developing additional services.

The Board may enter into a new dealership agreement with another vehicle manufacturer in order to diversify and balance the sale of the Land Rover Business. This may expose the Continuing Business to new risks which could also have a negative impact on revenues and profitability.

All of these market risks could place a strain on the Continuing Business's capital resources which could in turn have an adverse material impact on the financial condition and performance of the business of the Continuing Business.

Failure of a manufacturing partner could have a material adverse effect on the Company's business, results of operations, financial condition or prospects

The Company relies upon its manufacturing partners and suppliers for a significant proportion of its revenue and profits. The Continuing Business will have fewer manufacturing partners and if there was a material adverse change to one of the manufacturing partner's operations, such as another emissions scandal, this could have a material adverse effect on the Company's business, results of operations, financial condition or prospects of the Company.

PART III

FINANCIAL INFORMATION ON THE LAND ROVER BUSINESS

1. Nature of Financial Information on the Land Rover Business

The following unaudited divisional historical information relating to the Land Rover Business has been extracted without material adjustment from the management information used in preparing the audited consolidated financial statements of Caffyns Plc (the “**Company**”) for the three years ended 31 March 2015 and the unaudited results of the Company for the six month period ended 30 September 2015, all of which were prepared under IFRS. The basis for any alterations made are explained in the notes to the tables, and the Directors are satisfied that the allocations provide a reasonable basis for the presentation of the historical financial information of the Land Rover Business to enable Ordinary Shareholders to make a fully informed voting decision.

The financial information contained in this Part III does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 or as the case may be Section 434 of the Companies Act 2006. The consolidated statutory accounts for the Company in respect of the financial year ended 31 March 2015, 31 March 2014 and 31 March 2013 have been delivered to the Registrar of Companies.

The auditors’ reports in respect of the consolidated statutory accounts for each of these three financial periods were unqualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985 or as the case may be section 498(2) or (3) of the Companies Act 2006.

Ordinary Shareholders should read the whole of this Circular and not rely solely on the summarised financial information contained in this Part III.

2. Income statements

The income statements for the Land Rover Business prepared on the basis set out above, for the three years ended 31 March 2015 and the six month period ended 30 September 2015 are as follows:

	<i>Six months ended 30 September 2015 £000’s</i>	<i>Year ended 31 March 2015 £000’s</i>	<i>Year ended 31 March 2014 £000’s</i>	<i>Year ended 31 March 2013 £000’s</i>
Revenue	21,791	37,293	30,917	28,214
Cost of sales	(19,537)	(32,999)	(27,256)	(25,307)
Gross profit	2,254	4,294	3,661	2,907
Operating expenses:				
Distribution costs	(1,008)	(1,858)	(1,608)	(1,477)
Administration expenses	(650)	(1,280)	(1,180)	(1,157)
Operating profit	597	1,157	873	273
Finance expense	(111)	(154)	(146)	(153)
Profit before taxation	486	1,003	727	120
Taxation expense ⁽¹⁾	(82)	(129)	(26)	(18)
Profit for the period	404	874	701	102

Note to the financial information on the Land Rover Business:

1. The taxation expense has been apportioned to the Land Rover Business by applying the same proportion of the Company’s actual corporation tax charge for each period as compared to the underlying profit before taxation in the financial statements.

3. Statements of net assets

The net assets of the Land Rover Business as at 31 March 2015 and 30 September 2015 prepared on the basis set out above were:

	<i>30 September 2015 £000's</i>	<i>31 March 2015 £000's</i>
Property, plant and equipment	249	262
Inventories	4,002	4,132
Cash and cash equivalents	154	105
Trade and other payables	(154)	(105)
Non-current liabilities	—	—
Net assets	4,251	4,394

PART IV

PART A

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

Set out below is an unaudited *pro forma* statement of consolidated net assets of the Company as at 30 September 2015. It has been prepared on the basis set out in the notes below to illustrate the effect of the Disposal on the consolidated net assets of the Company had the Disposal occurred on 30 September 2015. It has been prepared for illustrative purposes only. Because of its nature, the *pro forma* statement addresses a hypothetical situation and, therefore, does not represent the Continuing Business's actual financial position or results. It is based on the management information used in preparing the unaudited consolidated balance sheet of the Company as at 30 September 2015. A summary of the net assets statement of the Land Rover Business is reproduced in Part III of this Circular.

Ordinary Shareholders should read the whole of this Circular and not rely solely on the summarised financial information contained in this Part IV.

The accountants' report on the unaudited *pro forma* statement of net assets is set out in Part B of this Part IV.

	30 September 2015 (2) £000's	Disposal adjustment (3) £000's	Other adjustments (4) £000's	Net proceeds (5) £000's	Pro forma (6) £000's
<i>Non-current assets</i>					
Property, plant and equipment	37,275	(249)	—	—	37,026
Goodwill	286	—	—	—	286
	<u>37,561</u>	<u>(249)</u>	<u>—</u>	<u>—</u>	<u>37,312</u>
<i>Current assets</i>					
Inventories	33,840	(4,002)	(1,030)	—	28,808
Trade and other receivables	8,399	—	—	—	8,399
Cash and cash equivalents	1,824	(154)	(1,761)	9,202	9,111
	<u>44,063</u>	<u>(4,156)</u>	<u>(2,791)</u>	<u>9,202</u>	<u>46,318</u>
Total assets	<u>81,624</u>	<u>(4,405)</u>	<u>(2,791)</u>	<u>9,202</u>	<u>83,630</u>
<i>Current liabilities</i>					
Interest bearing loans and borrowings	(500)	—	—	—	(500)
Trade and other payables	(36,602)	154	2,661	—	(33,787)
Tax liabilities	(515)	—	—	—	(515)
	<u>(37,617)</u>	<u>154</u>	<u>2,661</u>	<u>—</u>	<u>(34,802)</u>
<i>Non-current liabilities</i>					
Interest bearing loans and borrowings	(11,125)	—	—	—	(11,125)
Preference shares	(1,237)	—	—	—	(1,237)
Deferred tax liability	(613)	—	(974)	—	(1,587)
Retirement benefit obligations	(5,997)	—	—	—	(5,997)
	<u>(18,972)</u>	<u>—</u>	<u>(974)</u>	<u>—</u>	<u>(19,946)</u>
Total liabilities	<u>(56,589)</u>	<u>154</u>	<u>1,687</u>	<u>—</u>	<u>(54,748)</u>
Net assets	<u>25,035</u>	<u>(4,251)</u>	<u>(1,004)</u>	<u>9,202</u>	<u>28,882</u>

Notes to the *pro forma* statement of net assets:

1. The unaudited *pro forma* statement of net assets does not constitute statutory accounts within the meaning of section 434 of the Companies Act, and no adjustment has been made to take account of trading, expenditure or other movements subsequent to 30 September 2015, being the date of the last published consolidated balance sheet of the Company.
2. This column represents the consolidated net assets of the Company at 30 September 2015, extracted, without material adjustment, from its unaudited half yearly financial report for the six months ended 30 September 2015.
3. This column represents the elimination of carrying value of the Company's assets relating to the Land Rover Business as if the Disposal had occurred on 30 September 2015, as extracted, without adjustment, from the financial information on the Land Rover Business as set out in Part III of this Circular.
4. This column represents other adjustments that will impact the Company's assets following the disposal of the Land Rover Business. This primarily includes the transfer back to JLR of consignment stocks of £1.0 million and the settlement of stock funding facilities for used and demonstrator vehicles of £1.7 million. The estimated corporation tax on the gain arising from the Disposal of £1.0 million is subject to rollover relief and is included in the deferred tax liability.
5. This column represents the estimated cash proceeds of £9.7 million less associated disposal costs of approximately £0.5 million resulting in net proceeds of approximately £9.2 million. Cash proceeds of £9.7 million consists of £5.5 million for goodwill, £4.0 million from the sale of inventories and £0.2 million from the sale of property, plant and equipment.
6. This column represents the sum of the preceding columns and represents the *pro forma* net assets of the Company as at 30 September 2015 assuming the Disposal had occurred on that date.

PART B

ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

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The Directors
Caffyns Plc
Saffrons Rooms
Meads Road
Eastbourne
East Sussex
BN20 7DR

17 March 2016

Dear Sirs

Caffyns Plc (the “Company”) – Report on Pro Forma Financial Information

We report on the *pro forma* financial information (the “**Pro Forma Financial Information**”) set out in Part A of this Part IV of the Company’s circular dated 17 March 2016 (the “**Circular**”), which has been prepared on the basis described in notes 1 to 6 to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the proposed disposal of the Company’s Land Rover business (the “**Disposal**”) might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 30 September 2015.

This report is required by LR 13.3.3R of the Listing Rules, which requires that the Company must comply with the requirements for *pro forma* financial information as set out in Prospectus Directive Regulation (EC) 809/2004 (the “**PD Regulation**”) and is given for the purpose of complying with the PD Regulation and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the “**Directors**”) under LR13.3.3R to prepare the Pro Forma Financial Information in accordance with paragraph 20.2 of Annex 1 of the PD Regulation.

It is our responsibility to form an opinion, as required by LR13.3.3R to comply with paragraph 7 of Annex 2 of the PD Regulation, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to Ordinary Shareholders as a result of the inclusion of this report in this Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R (6), consenting to its inclusion in this Circular.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Yours faithfully

GRANT THORNTON UK LLP

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Chartered Accountants

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority.

PART V

SUMMARY OF THE PRINCIPAL TERMS OF THE DISPOSAL

Summarised below are the principal terms and conditions of the Sale and Purchase Agreement and the Lease:

1. Background

The Sale and Purchase Agreement is made between Caffyns and the Buyer and provides for the sale of the Land Rover Business by Caffyns to the Buyer.

Liabilities of the Land Rover Business have been apportioned between the Company and the Buyer such that the Company will remain responsible for liabilities incurred prior to Completion.

2. Consideration

The Sale and Purchase Agreement provides for the sale and purchase of the Land Rover Business for a total Consideration of £5.7 million plus an amount for stock (including vehicles, parts stock, general stock and work-in-progress) to be established as at Completion (for illustration purposes only, this figure was £3.2 million as at 29 February 2016) to be satisfied by the payment to Caffyns of the Consideration in cash at Completion.

3. Condition

Completion of the Disposal is conditional on Ordinary Shareholders passing the Resolution at the General Meeting.

4. Conduct of business prior to Completion

Caffyns has given certain covenants to the Buyer in relation to the conduct of the Land Rover Business between the date of the Sale and Purchase Agreement and Completion. If Caffyns breaches any of these covenants or any other term of the Sale and Purchase Agreement during the period between the date of the Sale and Purchase Agreement and Completion, which gives rise to probable loss or damage to the Land Rover Business of in excess of £3.0 million, then the Buyer may terminate the Sale and Purchase Agreement.

5. Warranties

Caffyns has given certain warranties to the Buyer which the Directors consider are typical for transactions of this kind. Subject to certain exceptions, the maximum liability under these warranties is 50 per cent. of the Consideration and no warranty claim may be made until the aggregate of all warranty claims exceeds £100,000 (in which event the Company would be liable for the entire amount and not only the excess). Warranty claims of £10,000 or less may not be made. All warranty claims must be notified within two years from Completion except for claims relating to tax, which must be notified within five years from Completion. The Sale and Purchase Agreement contains a number of other limitations on warranty claims.

In addition, the warranties given on execution of the Sale and Purchase Agreement are deemed to be repeated by the Company to the Buyer on the date of Completion. If there is a breach of a warranty as repeated which gives rise to probable loss or damage to the Land Rover Business in excess of £3.0 million, then the Buyer has the right to terminate the Sale and Purchase Agreement.

The Buyer is not giving warranties in relation to the Disposal.

6. Indemnity

The parties have agreed that the head of business of the Land Rover Business (the “**Head of Business**”) will remain employed by the Company and will not transfer to the Buyer by operation of law. In order to mitigate the Buyer’s risk of any claims brought by the Head of Business as a result of him not transferring to the Buyer, the Company has indemnified the Buyer against all losses suffered or incurred by the Buyer arising out of or in connection with any claim in respect of his employment with Caffyns brought by the Head of Business.

7. Restrictive covenants

Caffyns has given covenants not to solicit customers of the Land Rover Business by establishing JLR dealerships or repair centres within a defined area for a period of 24 months following Completion.

8. The Lease

The Lease will be entered into on Completion for a term of three years. The rent will be set at £490,000 per annum for the first 24 months and £390,000 for the final 12 months. The rent is payable quarterly in advance. There will be a tenant only break clause exercisable at any time after 18 months by the Buyer giving to the Company six months' notice, such notice not to expire before the date which is 24 months following the commencement of the Lease. The Lease is a full insuring and repairing lease subject to a schedule of conditions.

PART VI

ADDITIONAL INFORMATION

1 Responsibility

The Company and the Directors, whose names appear in paragraph 2 below, accept responsibility for the information contained in this Circular. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 Directors

The Directors and their principal functions are as follows:

Richard Wright	<i>Non-Executive Chairman</i>
Simon Caffyn	<i>Chief Executive</i>
Mark Harrison	<i>Finance Director</i>
Sarah Caffyn	<i>Human Resources Director and Company Secretary</i>
Nicholas Hollingworth	<i>Non-Executive Director</i>
Nigel Gourlay	<i>Non-Executive Director</i>

3 Registered office

The registered and head office of the Company is Meads Road, Eastbourne, Sussex, BN20 7DR.

Caffyns is incorporated and registered in England and the principal legislation under which the Company operates is the Companies Act and the regulations made under it.

4 Directors' shareholdings and options

4.1 Directors' holdings

As at 16 March 2016 (being the latest practicable date prior to the publication of this Circular), the Directors held the following voting rights as shareholder (as defined for the purposes of chapter 5 of the Disclosure and Transparency Rules) or through direct or indirect holdings of financial instruments (falling within DTR 5.3.1R of the Disclosure and Transparency Rules) in the Company:

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Ordinary Shares (%)</i>
Simon Caffyn*	49,727	1.80
Sarah Caffyn*	36,971	1.34
Mark Harrison	9,466	0.34
Richard Wright	5,312	0.19
Nicholas Hollingworth	2,500	0.09
Nigel Gourlay	3,000	0.11

* Simon Caffyn and Sarah Caffyn, as directors of Caffyn Family Holdings Limited, the holder of the Second Preference Shares, have a beneficial interest in 2,000,000 Second Preference Shares which have full voting rights in the Company at general meeting (except in respect of matters under the Listing Rules which may only be voted on by holders of premium listed shares (being the Ordinary Shares)).

4.2 Directors' share options

As at 16 March 2016 (being the last practicable date prior to the publication of this Circular), the following options to acquire Ordinary Shares had been granted and remained outstanding under the Company's unapproved share option scheme:

<i>Director</i>	<i>Number of Ordinary Shares over which options granted</i>	<i>Exercise Price (£)</i>	<i>Earliest exercise date</i>	<i>Latest exercise date</i>
Simon Caffyn	2,261	3.12	01/09/2016	28/02/2017
Mark Harrison	2,261	3.12	01/09/2016	28/02/2017
Sarah Caffyn	2,261	3.12	01/09/2016	28/02/2017

4.3 Directors' service agreements and appointment letters

No existing or proposed service contract or appointment letter between any Director and Caffyns has been or will be varied as a consequence of the Disposal. Key terms of the existing service contracts and appointment letters are as set out in the table below:

<i>Director</i>	<i>Date of service contract or appointment letter</i>	<i>Salary / fees per annum</i>	<i>Notice period</i>
Simon Caffyn	16/07/1992	£267,525	6 months for notice served by Simon Caffyn to the Company, 2 years if notice served by the Company to Simon Caffyn
Mark Harrison	30/04/2001	£182,900	1 year
Sarah Caffyn	25/07/2007	£44,719	1 year
Richard Wright	27/07/2012	£61,440	6 months
Nicholas Hollingworth	01/02/2008	£27,425	6 months
Nigel Gourlay	26/09/2013	£27,425	6 months

In addition to their salaries, the executive Directors also receive the following benefits, the costs of which are borne by the Company:

- (a) incentive cash bonuses paid after the end of the financial year of a value up to 100 per cent. of each Director's salary;
- (b) the provision of company cars;
- (c) health insurance;
- (d) business related subscriptions;
- (e) the opportunity to join the Company's savings related share option scheme; and
- (f) a cash payment in lieu of pension contributions at a current annual rate as follows:
 - (i) Simon Caffyn – £8,025;
 - (ii) Mark Harrison – £4,822; and
 - (iii) Sarah Caffyn – £1,179.

The Directors are not entitled to any specific benefits upon termination of employment.

4.4 Directors' interests in transactions

No Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or which is or was significant to the business of Caffyns during the current or immediately preceding financial year, or which, having been in effect during an earlier financial year, remains in any respect outstanding or unperformed.

5 Major interests in shares

As at 16 March 2016 (being the latest practicable date prior to the publication of this Circular), the Directors had been notified that the following persons held voting rights as shareholder (as defined for the purposes of chapter 5 of the Disclosure and Transparency Rules) or through direct or indirect holdings of financial instruments (falling within DTR 5.3.1R of the Disclosure and Transparency Rules) representing 3 per cent. or more of the voting rights in the Company:

<i>Shareholder</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Ordinary Shares (%)</i>
GAM Exempt UK Opportunities Fund	173,267	6.27
M I Caffyn	133,495	4.83
HSBC Republic Bank Suisse SA	128,349	4.65
Caffyns Pension Fund	125,570	4.54
A M Caffyn	108,336	3.92
A E F Caffyn (deceased)	107,409	3.89
K E Caffyn	104,804	3.79
M A Bruce-Smith	104,000	3.76
HSBC Global Custody	85,000	3.08

All of the percentages specified in this paragraph and in paragraph 4 above are calculated on the basis of the number of Ordinary Shares in issue (excluding Ordinary Shares held in treasury) on 16 March 2016, the latest practicable date prior to the publication of this Circular, being 2,763,071 Ordinary Shares.

6 Working capital

Caffyns is of the opinion that, following the Disposal, taking into account available bank and other facilities, the Continuing Business has sufficient working capital for its present requirements that is for at least the next 12 months from the date of publication of this Circular.

7 Material contracts

The following is a summary of each contract, not being contracts entered into in the ordinary course of business, that has been entered into by the Company during the two years preceding the date of this Circular and is or may be material or contain any provision under which the Company has any obligation or entitlement which is material to the Company as at the date of this Circular:

7.1 The Sale and Purchase Agreement

The Sale and Purchase Agreement dated 16 March 2016 between Caffyns and the Buyer under which the Buyer has conditionally agreed to acquire the Land Rover Business from Caffyns. The total consideration under the Sale and Purchase Agreement is £5.7 million plus an amount for vehicles and parts stock to be established as at Completion (for illustration purposes only, this figure was £3.2 million as at 29 February 2016) which is to be satisfied in cash on Completion.

The Sale and Purchase Agreement contains certain warranties that are usual for an agreement of this type. The liability of Caffyns for claims under the agreement is capped at 50 per cent. of the Consideration.

Further details of the Sale and Purchase Agreement are set out in Part V of this Circular.

7.2 Redemption option

On 8 February 2016, the Company completed a preference share buyback from holders of First Preference Shareholders and New Preference Shareholders pursuant to a redemption option (the "**Redemption Option**"), the terms of which were set out in a circular to shareholders dated 21 December 2015. The Redemption Option was authorised by Ordinary Shareholders and Second Preference Shareholders at a general meeting held on 14 January 2016.

Pursuant to the Redemption Option, the Company purchased 218,268 First Preference Shares for 108 pence each and 206,664 New Preference Shares for 167 pence each for an aggregate consideration of £580,858. Following completion of the Redemption Option, there were 170,732 First Preference Shares and 441,336 New Preference Shares in issue respectively.

7.3 *Renewal of revolving credit facility*

On 25 September 2014, Caffyns entered into a £7.5 million revolving credit facility from HSBC Bank plc expiring in September 2018. Interest on the facility was charged at 2.75 per cent. over LIBOR until 28 November 2014 and subsequently at 1.8 per cent. over LIBOR. The repayment and discharge of all monies owing in respect of this facility is secured by all security at any time given to the bank by Caffyns.

8 Litigation

- 8.1 There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), which may have, or have had during the 12 months preceding the date of this Circular, a significant effect on the Continuing Business' financial position or profitability.
- 8.2 There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have or have had during the 12 months preceding the date of this Circular a significant effect on Land Rover Business' financial position or profitability.

9 Related Party Transactions

In connection with the Redemption Option, Robert Caffyn, a director and shareholder of Caffyn Family Holdings Limited, an entity which holds all of the Second Preference Shares, tendered 6,776 First Preference Shares for a consideration of £7,318.08 and 12,481 New Preference Shares for a consideration of £20,843.27.

10 Significant changes

- 10.1 Save as set out in this Circular, there have been no significant changes in the financial or trading position of the Continuing Business since 30 September 2015, the date to which the Company prepared its last published half year results.
- 10.2 Save as set out in this Circular, there have been no significant changes in the financial or trading position of the Land Rover Business since 30 September 2015, the date up to which financial information contained in Part III of this Circular has been prepared.

11 Sources and bases

In this Circular, unless otherwise stated or the context otherwise requires, the following sources and bases of information have been used:

- 11.1 Financial information relating to the Land Rover Business, set out in Part III of this Circular, has been extracted without material adjustment from financial management information provided by the Directors.
- 11.2 Financial information relating to Caffyns has been extracted without material adjustment from the audited financial statements of Caffyns for the year ended 31 March 2015 and the unaudited interim financial statements of Caffyns for the six months ended 30 September 2015.
- 11.3 The information relating to the Land Rover Business has been provided by the Directors.
- 11.4 The information relating to Caffyns has been provided by the Directors.

12 Consents

- 12.1 Arden Partners has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in the form and context in which it appears.
- 12.2 Grant Thornton UK LLP, has given, and has not withdrawn, its written consent to the issue of this Circular with the inclusion of its letter and the references to such letter and to itself in the form and context in which they appear.

13 Documents available for inspection

Copies of the following documents will be available for inspection during normal working hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Taylor Wessing LLP at 5 New Street Square, London EC4A 3TW from the date of this Circular up to the conclusion of the General Meeting:

- 13.1 the articles of association of the Company;
- 13.2 the Sale and Purchase Agreement;
- 13.3 the voting undertakings referred to in Part I of this Circular;
- 13.4 the service agreements and appointment letters referred to in paragraph 4 above;
- 13.5 the material contracts referred to in paragraph 7 above;
- 13.6 the circular to Shareholders dated 21 December 2015 relating to, *inter alia*, the Redemption Option;
- 13.7 the annual report and consolidated audited accounts of Caffyns for the two financial years ended 31 March 2014 and 31 March 2015;
- 13.8 the unaudited interim financial statements of Caffyns for the six months ended 30 September 2015;
- 13.9 the report from Grant Thornton UK LLP on the *pro forma* statement of net assets set out in Part IV of this Circular;
- 13.10 the written consent letters referred to in paragraph 12 above; and
- 13.11 this Circular.

Dated: 17 March 2016

CAFFYNS PLC

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of the Company will be held at 4 Meads Road, Eastbourne, East Sussex, BN20 7DR on 21 April 2016 at 2:30 p.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

1. THAT the disposal of the Company's Land Rover business (the "**Disposal**") on the terms and subject to the conditions described in the circular to the shareholders of the Company dated 17 March 2016 be approved and that the board of directors of the Company (or any duly authorised committee of it) be authorised to take such actions in order to effect the Disposal as the board or any such committee thinks fit and to make any non-material alterations to the terms and conditions of the Disposal.

BY ORDER OF THE BOARD,

Sarah Jane Caffyn
Secretary

17 March 2016

Registered Office:
Meads Road, Eastbourne, East Sussex, BN20 7DR

Notes:

- 1) As at 16 March 2016 (being the last business day prior to the publication of this notice) the issued ordinary share capital of the Company, excluding those shares held in treasury, was 2,763,071 Ordinary Shares of £0.50, carrying one vote each. Therefore, the total voting rights for the purposes of the General Meeting in the Company as at 16 March 2016 are 2,763,071.
- 2) Only holders of Ordinary Shares are entitled to attend and vote at this meeting. A member entitled to attend and vote at this meeting is entitled to appoint another person as his proxy to exercise all or any of their rights to attend, and to speak and vote on their behalf at, the meeting and at any adjournment of it. It should be noted that if anyone other than the Chairman of the meeting is appointed as a proxy, then the votes attributable to such a holding will be disregarded when the voting numbers are subsequently reported by the Company. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. If a proxy appointment is submitted without indicating how the proxy should vote on any resolution, the proxy will exercise his discretion as to whether and, if so, how he votes. (If you are not a holder of Ordinary Shares but you have been nominated by a member of the Company to enjoy information rights, you do not have any right to appoint one or more proxies and should read note 7 below).
- 3) A proxy need not be a member of the Company. A proxy form which may be used to appoint a proxy and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact our shareholder helpline on 0871 664 0300 if calling within the United Kingdom or +44 20 8639 3399 if calling from outside the United Kingdom or write to the Company's registrars, Capita Asset Services at PXS1, the Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 9:00 a.m. – 5:30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and monitored for security and training purposes. Members may also appoint a proxy through the CREST electronic proxy appointment service as described in note 12 below.
- 4) To be valid, any form of proxy or other instrument appointing a proxy must be received by:
 - a) post or (during normal business hours only) by hand by the Company's registrar Capita Asset Services at PXS1, the Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; or
 - b) as an alternative to completing the hard-copy proxy form, you can appoint a proxy electronically by visiting www.capitashareportal.com, which must be received no later than 48 hours before the start of the meeting, together with, if appropriate, the power of attorney or other authority under which it is signed or a duly certified copy of that power or authority.
- 5) The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in note 12(i) below) will not prevent a member attending the meeting and voting in person if he/she wishes to do so.
- 6) A vote withheld option is provided on the form of proxy to enable you to instruct your proxy not to vote on any particular resolution, however, it should be noted that a vote withheld in this way is not a 'vote' in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
- 7) Note to nominated persons – any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1, 2 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
- 8) To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 6:00 p.m. on 19 April 2016 (or, in the event of any adjournment, 6:00 p.m. on the date which is two days before the time of the adjourned meeting). Changes to the

- register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- 9) In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
 - 10) If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
 - 11) Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (i) to do so would interfere unduly with the preparation for the meeting or would involve the disclosure of confidential information or (ii) the answer has already been given on a website in the form of an answer to a question or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
 - 12) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this general meeting to be held on 21 April 2016 and any adjournment(s) of the meeting by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST Arden Partners or voting service provider(s), who will be able to take the appropriate action on their behalf. Please note the following.
 - i) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a **"CREST Proxy Instruction"**) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in this notice of the general meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
 - ii) CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST Arden Partners or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
 - iii) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
 - 13) Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not so in relation to the same shares.
 - 14) A copy of this notice, and other information required by section 311A CA 2006 can be found at www.caffynsplc.co.uk.
 - 15) Except as provided above, members who wish to communicate with the Company in relation to the meeting should do so using the following means:
 - (a) calling our shareholder helpline as detailed in note 3; or
 - (b) writing to the Company Secretary, Caffyns Plc, Meads Road, Eastbourne, East Sussex BN20 7DRNo other methods of communication will be accepted.

