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If you have sold or otherwise transferred all of your ordinary shares in Clear Leisure plc, please forward this document together with the accompanying Form of Proxy as soon as possible 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 distributed, forwarded or transmitted in or into any jurisdiction in which such an act would constitute a breach of the relevant laws of such jurisdiction.

The Directors, whose names appear on page 4 of this document, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made for the New Ordinary Shares to be admitted to trading on AIM. It is expected that admission will become effective and that dealings in the New Ordinary Shares will commence on or around 12 March 2015.

Clear Leisure plc

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 3926192)

PROPOSED CAPITAL REORGANISATION GRANT OF SHARE CAPITAL AUTHORITIES NOTICE OF ANNUAL GENERAL MEETING

Notice of the Annual General Meeting of the Company to be held at 10:00 a.m. on 11 March 2015 at the offices of Cairn Financial Advisers, 3rd Floor, 61 Cheapside, London EC2V 6AX, at which the Resolutions will be put to the holders of the Existing Ordinary Shares, is set out at the end of this document.

To be valid, a Form of Proxy for use by Shareholders must be completed and returned as soon as possible so as to be received by the Registrars of the Company, Share Registrars Limited, First Floor, 9 Lion and Lamb Yard, Farnham GU9 7LL in any event by not later than 48 hours excluding non business days before the time appointed for the holding of the Annual General Meeting.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time for receipt of Form of Proxy	10:00 a.m. on 9 March 2015
Annual General Meeting	10:00 a.m. on 11 March 2015
Record Date	5.00 p.m. on 11 March 2015
Admission and commencement of dealings in New Ordinary Shares on AIM	8.00 a.m. on 12 March 2015

DEFINITIONS

“Act”	the Companies Act 2006
“AIM”	the market of that name operated by the London Stock Exchange plc
“Annual General Meeting” or “AGM”	the annual general meeting of the Company convened for 10:00 a.m. on 11 March 2015, the notice convening which is set out at the end of this document
“Articles”	the Company’s articles of association
“Board” or “Directors”	the directors of the Company whose names appear on page 4 of this document
“Capital Reorganisation”	the proposed subdivision of each Existing Ordinary Share into one ordinary share of 0.25p and one deferred share of 2.25p each, details of which are set out in the letter from the Chairman in this document
“Company”	Clear Leisure plc
“CREST”	the relevant system in respect of which Euroclear UK and Ireland Limited is the operator (all as defined in the Uncertified Securities Regulations 2001 (SI 2001 No. 3755), as amended
“Deferred Shares”	deferred shares of 2.25p each in the Company
“Existing Ordinary Shares”	ordinary shares of 2.5p each in the capital of the Company
“Form of Proxy”	the form of proxy for use in connection with the Annual General Meeting which accompanies this document
“New Ordinary Shares”	ordinary shares of 0.25p each in the capital of the Company subsequent to the Capital Reorganisation
“Record Date”	5.00 p.m. on 11 March 2015
“Registrars” or “Share Registrars”	Share Registrars Limited, First Floor, 9 Lion and Lamb Yard, Farnham GU9 7LL
“Resolutions”	the resolutions to be proposed at the GM, implementing the Capital Reorganisation and granting the Share Capital Authorities, as set out in the notice of GM at the end of this document
“Share Capital Authorities”	the authorities to be granted by Shareholders to the Directors at the GM (i) to allot New Ordinary Shares generally and (ii) to allot New Ordinary Shares for cash other than pro rata to Shareholders
“Shareholders”	holders of Existing Ordinary Shares

Clear Leisure plc

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 3926192)

Directors:

Alfredo Villa *(Interim Chairman and Chief Executive Officer)*
Nilesh Jagatia *(Finance Director)*
Francesco Emiliani *(Non-Executive Director)*

Registered Office:

45 Pont Street
London
SW1X 0BD

17 February 2015

To the holders of the Existing Ordinary Shares, and for information, to the holders of share options

Dear Shareholder,

PROPOSED CAPITAL REORGANISATION GRANT RENEWED SHARE CAPITAL AUTHORITIES PRESENT PROPOSED RESOLUTIONS NOTICE OF ANNUAL GENERAL MEETING

Introduction

The Company announced today that it proposes to reorganise its existing ordinary share capital by way of a sub-division and to renew authorities to allot and issue ordinary shares.

The primary purpose of this document is to provide you with details of, and the reasons for, the Capital Reorganisation and to grant the Share Capital Authorities. Shareholders should note that at the Annual General Meeting, further resolutions will be presented to approve the Annual Report and Accounts for 2013, re-elect Welbeck Associates as reporting accountant, re-elect directors of the company that retire by rotation and shareholder approval sought for these as set out in the proposed Resolutions contained in the notice of Annual General Meeting.

Reasons for the Capital Reorganisation

The Company currently has in issue 199,409,377 ordinary shares of 2.5p each and, as at the close of business on 13 February 2015 (being the last practicable date prior to the date of this document), the middle market price per Existing Ordinary Share was 0.8p. The Company is prohibited by the Act from issuing Ordinary Shares at a price below the nominal value of these shares. Consequently, a share capital reorganisation will be necessary in order to allow any equity fundraise to occur.

The Company therefore proposes to reorganise its share capital by subdividing each issued Existing Ordinary Share into one ordinary share of 0.25p and one deferred share of 2.25p.

Capital Reorganisation

Under the Capital Reorganisation each Existing Ordinary Share held by a Shareholder as at the Record Date will be sub-divided into one ordinary share of 0.25p and one deferred share of 2.25p. This reorganisation will maintain the number of Existing Ordinary Shares and create an equal number of deferred shares with limited rights which are set out below.

The New Ordinary Shares will have the same rights as to voting, dividends and return on capital as the Existing Ordinary Shares. **The interests of the Shareholders (both in terms of their economic interest and voting rights) will not be diluted by the implementation of the Capital Reorganisation.**

The Deferred Shares carry minimal rights thereby rendering them effectively valueless. The rights attaching to the Deferred Shares can be summarised as follows:

- (i) the holders thereof do not have any right to participate in the profits or income or reserves of the Company;
- (ii) on a return of capital on a winding up the holders thereof will only be entitled to an amount equal to the nominal value of the Deferred Shares but only after the holders of Ordinary Shares have received £10,000,000 in respect of each Ordinary Share;
- (iii) the holders thereof have no right to receive notice of or attend or vote at any general meeting of the Company; and
- (iv) the Company may acquire the Deferred Shares for a nominal consideration at any time.

No application will be made to the London Stock Exchange for the Deferred Shares to be admitted to trading on AIM or any other stock exchange. No share certificates will be issued for any Deferred Shares. There are no immediate plans to purchase or to cancel the Deferred Shares, although the Directors propose to keep the situation under review.

Assuming that all the Resolutions are passed, the nominal value of each New Ordinary Share will be 0.25p. The number of ordinary shares before and subsequent to the Capital Reorganisation will remain at 199,409,377 and, therefore, the share price of the Company should be unchanged following the Capital Reorganisation.

The Capital Reorganisation is conditional upon Shareholder approval and, at the Annual General Meeting, Shareholders will be asked to consider and, if thought fit, approve the Capital Reorganisation. As the Capital Reorganisation will change the nominal value of the Existing Ordinary Shares, certain amendments to the Articles will need to be made and approved by a special resolution at the Annual General Meeting. Details of the Annual General Meeting are set out below and the notice is set out at the end of this document.

Application will be made for the New Ordinary Shares to be admitted to trading on AIM. It is expected that admission will become effective and that dealings in the New Ordinary Shares will commence on 12 March 2015.

Once the Capital Reorganisation has been effected, the number of New Ordinary Shares held by Shareholders will be the same as the number of Existing Ordinary Shares held by them at the Record Date. As a result, the Company does not currently intend to issue replacement share certificates and, assuming the Capital Reorganisation is effected, references in any share certificate to a nominal value of 2.5p will be deemed to be a nominal value of 0.25p. The ISIN and SEDOL numbers for the New Ordinary Shares will be the same as for the Existing Ordinary Shares being GB00B50P5B53 and B50P5B5 respectively.

Reasons for the grant of the Share Capital Authorities

At its Annual General Meeting held on 7 August 2013 Shareholders authorised the Directors (i) generally to allot or grant rights over Existing Ordinary Shares with a nominal value of £5,000,000 and (ii) to allot Existing Ordinary Shares with a nominal value of £5,000,000 for cash other than on a pro rata basis to Shareholders. Since that meeting the Company has not allotted Ordinary Shares for cash. The authorities granted to the directors expired on 30 November 2014 and on the Annual General Meeting to be held on 11 March 2015.

Consequently, resolutions to grant the Share Capital Authorities will be proposed at the Annual General Meeting, notice of which is set out at the end of this document.

General Meeting

Set out at the end of this document is a notice convening the Annual General Meeting of the Company to be held at the offices of Cairn Financial Advisers, 3rd Floor, 61 Cheapside, London EC2V 6AX, at 10:00 a.m. on 11 March 2015.

At the Annual General Meeting, the following resolutions, all of which are interconditional, will be proposed:

- (i) to receive the Annual Report and Financial Statements for the year ended 31 December 2013;
- (ii) to re appoint Welbeck Associates and Directors to approve fees;
- (iii) to re appoint Alfredo Villa who retires by rotation;
- (iv) to reappoint Nilesh Jagatia who retires by rotation;
- (v) to approve the Capital Reorganisation;
- (vi) to authorise the Directors to allot up to £150,000 nominal amount of New Ordinary Shares pursuant to section 551 of the Act;

- (vii) to dis-apply the statutory pre-emption provisions contained in section 570 of the Act to enable the Directors in certain circumstances to allot New Ordinary Shares for cash other than pro rata to Shareholders;
- (viii) to alter the Articles to reflect the change to the nominal value of the New Ordinary Shares and the creation of the Deferred Shares; and
- (ix) to alter the Articles to reflect the creation of the Deferred Shares.

Resolutions (i) to (vi) above will be proposed as ordinary resolutions and require a simple majority of Shareholders voting in favour for those Resolutions to be passed. Resolutions (vii) to (ix) above will be proposed as special resolutions and require 75 per cent. of Shareholders voting in favour for those Resolutions to be passed.

Action to be taken

Shareholders will find enclosed with this document a Form of Proxy which they are requested to complete in accordance with the instructions printed thereon and return by mail to Share Registrars Limited, First Floor, 9 Lion and Lamb Yard, Farnham GU9 7LL, as soon as possible and, in any event, so as to be received no later than 10:00 a.m. on 9 March 2015, being 48 hours excluding non business days before the time appointed for the holding of the General Meeting.

Completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person should you so wish.

Irrevocable Undertakings

As at the date of this document, the Company has received irrevocable undertakings to vote in favour of the Resolutions from certain of the Directors and Shareholders, who in aggregate have a beneficial interest in respect of 99,779,039 Existing Ordinary Shares, representing 50 per cent. of all the Existing Ordinary Shares in issue.

Recommendation

The Board is of the opinion that the Capital Reorganisation and the grant of the Share Capital Authorities are in the best interests of Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions, as they intend to do in respect of their own beneficial holdings which amount, in aggregate, to 28, 279,039 Existing Ordinary Shares, representing approximately 14.2 per cent. of the Company's existing issued ordinary share capital.

Yours faithfully

Alfredo Villa
Chairman

NOTICE OF GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Clear Leisure plc will be held at the offices of Cairn Financial Advisers, 3rd Floor, 61 Cheapside, London EC2V 6AX at 10:00.a.m. on 11 March 2015 at which the following resolutions will be proposed as to resolutions (i) to (vi) as ordinary resolutions and as to resolutions (vii) to (ix) as special resolutions (and for the purposes of this notice words and expressions used or defined in the circular to Shareholders dated 17 February 2015 shall have the same meaning in this notice):

ORDINARY BUSINESS

- i. To receive and adopt the Company's audited financial statements for the period ending 31 December 2013 and the associated Directors' and Auditors' reports thereon.
- ii. To re-appoint Welbeck Associates Chartered Accountants as the Company's auditors (the "Auditors") until the conclusion of the Company's Annual General Meeting in 2015
- iii. To re-elect Alfredo Villa who retires by rotation as a director of the Company
- iv. To re-elect Nilesh Jagatia who retires by rotation as a director of the Company
- v. That, subject to the passing of Resolutions (viii) and (ix), the share capital of the Company be reorganised by sub-dividing each Existing Ordinary Share into one New Ordinary Share of 0.25p and one Deferred Share of 2.25p.
- vi. That, subject to the passing of Resolution (v) above, the Directors be and are hereby generally and unconditionally authorised for the purposes of Section 551 of the Act, to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount equal to £150,000 (representing approximately 30 per cent. of the issued share capital of the Company immediately following the implementation of the Capital Reorganisation), provided that the authority hereby conferred shall expire on the date falling 16 months after the date of the passing of this resolution unless previously renewed, varied or revoked by the Company in general meeting save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights in pursuance of any such offer or agreement as if the authority conferred hereby had not expired.

This authority shall be in substitution for and shall replace any existing authority pursuant to the said Section 551 to the extent not utilised at the date this resolution is passed.

RESOLUTIONS BELOW ARE SPECIAL

- vii. That, subject to the passing of Resolution (vi) above and in accordance with section 570 of the Act, the Directors be and are hereby generally empowered to allot equity securities (as defined in Section 560 of the Act) for cash, either pursuant to the authority conferred by Resolution (vi) above or by way of a sale of treasury shares, as if Section 561(1) of the Act did not apply to any such allotment save that such power will be limited to:
 - (a) the allotment of equity securities in connection with an offer by way of a rights issue or similar offer to shareholders of the Company where the interests of all shareholders of the Company are proportionate or as nearly proportionate as practical to the numbers of Ordinary Shares held by them but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and
 - (b) the allotment (otherwise than pursuant to (a) above) for cash of equity securities up to an aggregate nominal amount of £150,000 (representing approximately 30 per cent. of the issued share capital of the Company immediately following the implementation of the Capital Reorganisation).

The power granted by this resolution will expire on the date falling 16 months after the date of the passing of this resolution (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offers or agreements as if the power conferred hereby had not expired.

This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if Section 561(1) of the Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

- viii. That, subject to the passing of Resolution (iii) above and Resolution (ix) below, Article 4(A) be deleted and replaced by the insertion of the following new Article 4(A):

"4(A) The share capital of the Company shall consist of Ordinary Shares of 0.25 pence each and Deferred Shares ("Deferred Shares") of 2.25p each."

- ix. That the Company's Articles be amended by the insertion of the following new Article after Article 7:

"7(A) The following rights and restrictions shall be attached to the "Deferred Shares" being the Deferred Shares of 2.25p each having the rights set out in this Article 7(A):

- 7(A)(i) As regards income, the holders of the Deferred Shares shall not be entitled to receive any dividend out of the profits of the Company available for distribution and resolved to be distributed in respect of any financial year or any other income or right to participate therein.
- 7(A)(ii) As regards capital, on a distribution of assets on a winding-up or other return of capital (otherwise than on conversion or redemption or purchase by the Company of any of its shares) the holders of the Deferred Shares shall be entitled to receive the amount of the nominal value only paid up on their shares after there shall have been distributed (in cash or in specie) to the holders of the Ordinary Shares the amount of £10,000,000 in respect of each Ordinary Share held by them respectively. For this purpose distributions in currency other than sterling shall be treated as converted into sterling, and the value for any distribution in specie shall be ascertained in sterling, in each case in such manner as the Directors or the Company in general meeting may approve. The Deferred Shares shall not entitle the holders thereof to any further or other right of participation in the assets of the Company.
- 7(A)(iii) As regards voting, the holders of Deferred Shares shall not be entitled to receive notice of or to attend (either personally or by proxy) any general meeting of the Company or to vote (either personally or by proxy) on any resolution to be proposed thereat.
- 7(A)(iv) As regards variation, the rights attached to the Deferred Shares shall not be deemed to be varied or abrogated by the creation or issue of any new shares ranking in priority to or *pari passu* with or subsequent to such shares. In addition neither the passing by the Company of any resolution for the cancellation of the Deferred Shares for no consideration by means of a reduction of capital requiring the confirmation of the Court nor the obtaining by the Company nor the making by the Court of any order confirming any such reduction of capital nor the becoming effective of any such order shall constitute a variation, modification or abrogation of the rights attaching to the Deferred Shares and accordingly the Deferred Shares may at any time be cancelled for no consideration by means of a reduction of capital effected in accordance with applicable legislation without sanction on the part of the holders of the Deferred Shares.
- 7(A)(v) As regards repurchase, notwithstanding any other provision of these Articles, the Company shall have the power and authority at any time to purchase all or any of the Deferred Shares for an aggregate consideration of £1.
- 7(A)(vi) As regards transfer, the Company shall have irrevocable authority to appoint any person to execute on behalf of the holders of the Deferred Shares a transfer/ cancellation of the Deferred Shares and/or an agreement to transfer/cancel the same, without making any payment to the holders of the Deferred Shares to such person or persons as the Company may determine as custodian thereof and, pending such transfer and/or cancellation and/or purchase, to retain the certificate(s) if any, for such shares.
- 7(A)(vii) As regards cancellation, the Company may, at its option and subject to compliance with the provisions of applicable legislation, at any time after the adoption of this Article, cancel such shares by way of reduction of capital for no consideration.
- 7(A)(viii) As regards certificates, certificates, notwithstanding any other provision of these Articles, and unless specifically required by the provisions of applicable legislation, the Company shall not be required to issue any certificates or other documents of title in respect of the Deferred Shares.

By Order of the Board

N Jagatia
Secretary

Registered Office:
45 Pont Street
London
SW1X 0BD

17 February 2015

Notes:-

1. As a member of the Company, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the Annual General Meeting and you should have received a proxy form with this notice of Annual General Meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
2. A proxy does not need to be a member of the Company but must attend the Annual General Meeting to represent you. Details of how to appoint the Chairman of the Annual General Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Annual General Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
4. If you do not give your proxy an indication of how to vote on the resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.
5. The notes to the proxy form explain how to direct your proxy how to vote on the resolution or withhold their vote.
6. To appoint a proxy using the proxy form, the form must be (i) completed and signed; (ii) sent or delivered to Share Registrars, 9 Lamb and Lamb Way, Farnham GU9 7LL clearly marked "Proxy Return"; and (iii) received by the registrars no later than 48 hours excluding non business days before the appointed time of the Annual General Meeting.
7. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), Shareholders must be registered in the Register of Members of the Company by 10:00 a.m. on 9 March 2015 (or, in the event of any adjournment, not less than 48 hours prior to 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.
8. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
10. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Company Secretary. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
11. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods (i) by sending a signed hard copy notice revoking your proxy appointment to the Company Secretary; (ii) in the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company, any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice; and (iii) in either case, the revocation notice must be received by the Company no later than 48 hours excluding non business days before the appointed time of the Annual General Meeting.
12. Appointment of a proxy does not preclude you from attending the Annual General Meeting and voting in person. If you have appointed a proxy and attend the Annual General Meeting in person and vote, your proxy appointment will automatically be terminated.
13. Except as provided above, members who have general queries about the Annual General Meeting should contact the Company Secretary by email at info@clearleisure.com (no other methods of communication will be accepted).
14. As at the close of business on 13 February 2015 (being the last business day prior to the date of this Notice) the Company's issued share capital consists of 199,409,377 ordinary shares of 2.5p, carrying one vote each and therefore the total voting rights in the Company as at the close of business on 11 February 2015 are 199,409,377.