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30 October 2018

The Restaurant Group plc
("**TRG**" or the "**Company**")

Proposed acquisition of Wagamama and fully underwritten £315 million rights issue

Transformative opportunity to accelerate TRG's growth strategy and create significant shareholder value

The Restaurant Group plc ("**TRG**"), is pleased to announce that it has conditionally agreed to purchase the entire issued share capital of Mabel Topco Limited ("**Wagamama**"), the holding company of a group that owns and operates the Wagamama restaurant business (the "**Acquisition**") for a cash payment of £357 million[1], representing an enterprise value of £559 million. This implies a multiple of 8.7x LTM August 2018 EBITDA including cost and site conversion synergies[2].

Highlights

Wagamama is a differentiated, high growth brand with clear structural advantages

- Wagamama is a differentiated, high growth pan-Asian proposition that has consistently and significantly outperformed its core UK market
- Wagamama is well aligned to key structural trends, addressing customer demand for speed of service, delivery and healthy options

The combination of TRG and Wagamama (together, the "Enlarged Group") creates a business with a compelling multi-pronged growth strategy, which will include:

- Acceleration of Wagamama's UK roll-out with selected TRG site conversions
- Expansion of Wagamama's UK Concessions presence leveraging TRG's existing relationships
- Significant combined delivery opportunities via restaurants and delivery kitchens
- Piloting of pan-Asian cuisine 'food-to-go' offerings
- Exploring international growth options enabled by Wagamama's established international presence

[1] The cash payment is expected to consist of £207 million in respect of the consideration for the entire issued share capital of Wagamama, and £150 million in respect of a repayment of shareholder loans. The cash payment is based on an expected completion date of mid December 2018 and is subject to closing adjustments.

[2] Based on Wagamama LTM Aug-18 Adj. EBITDA after pre-opening costs of £42.5 million, cost synergies of £15 million & site conversion synergies of £7 million. Wagamama LTM Aug-18 Adj. EBITDA has been derived from the audited annual financial statements of Mabel Mezzco Limited for the 53 weeks ended 29 April 2018 and the unaudited interim financial information of Mabel Mezzco Limited for the 16 week periods ended 19 August 2018 and 13 August 2017, each prepared in accordance with UK GAAP (FRS 102).

The Enlarged Group will be strongly growth oriented and will benefit from a clear scale advantage, enabling the creation of significant shareholder value

- Together, the Enlarged Group is expected to derive circa 70% of Outlet EBITDA from high growth segments[3]
- The Acquisition is expected to result in estimated cost synergies and site conversions synergies of approximately £22 million
- The Acquisition is expected to be Earnings per Share (EPS) enhancing in the first full year following Completion and strongly accretive thereafter
- The Acquisition's return on invested capital is expected to exceed the weighted average cost of capital in the third year following Completion
- Wagamama will be run as an autonomous division of the Enlarged Group. Emma Woods, currently Wagamama Chief Growth Officer, will become the Wagamama CEO, leading an experienced operational team with a cohesive people focused culture
- Allan Leighton, the current Chairman of Wagamama, will join the TRG board at Completion as a Non-Executive Director

Funding of the Acquisition

- The Acquisition will be funded through a combination of cash, new debt and a rights issue
- A rights issue is to be undertaken to raise circa £315 million of gross proceeds (the "**Rights Issue**"), which has been fully underwritten on a standby basis by J.P. Morgan Securities plc ("**JPM**") and is expected to be fully underwritten on launch by JPM and Numis Securities Limited ("**Numis**")
- In addition to the proceeds of the Rights Issue, the Acquisition will be financed through drawing on a £220 million revolving credit facility (the "**Debt Facility**") that has been underwritten for TRG by the Royal Bank of Canada as arranger and original lender and RBC Europe Limited as agent (together "**RBC Capital Markets**")
- TRG will assume Net Debt of £202 million in Wagamama, which includes the £225 million Wagamama senior secured notes (the "**Notes**"), which are expected to remain outstanding immediately following Completion by virtue of the terms and conditions governing the Notes which, subject to certain conditions having been met, allow for a change in the beneficial ownership of the issuer without requiring an offer to be made to noteholders to repurchase the Notes

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[3] High growth segments comprise Wagamama, TRG Pubs and TRG Concessions

- Following Completion, the Enlarged Group intends to adopt a policy of paying a dividend covered two times by earnings before exceptional items, with this policy reflected in the final dividend that the Company declares for TRG FY 2018
- The Board believes that this funding structure and dividend policy will result in an appropriate balance between delivering shareholder returns, enabling the Enlarged Group to invest in further growth and enabling the Enlarged Group to achieve an appropriate deleveraging profile

The Acquisition

- The size of the Acquisition means that it is classed as a Class 1 transaction under the Listing Rules of the Financial Conduct Authority (the "**Listing Rules**"). Accordingly, the Acquisition is conditional upon, among other matters, the approval of TRG shareholders at a general meeting of the Company proposed to be held in late November 2018 (the "**General Meeting**")
- TRG expects to publish a combined circular and prospectus, including the notice of General Meeting (the "**Combined Circular and Prospectus**") in early November 2018. Subject to satisfaction of the conditions to the Acquisition, Completion is expected to occur in mid-December 2018
- The Board intends unanimously to recommend in the Combined Circular and Prospectus that TRG shareholders vote in favour of the requisite shareholder resolutions for the reasons mentioned earlier (the "**Resolutions**"). The directors of TRG intend to vote in favour of the Resolutions in respect of their own beneficial holdings, which amount to approximately 0.11% of TRG's total issued ordinary share capital as at the date of this announcement

TRG current trading update

After 42 weeks' trade in 2018, total sales were 0.5% down on the comparable period in 2017 and like-for-like sales were 2.2% down. Since our half-year results announcement at the end of August, TRG has continued to make good progress, and like-for-like sales were up 1.4% in the 14 week period following the end of the World Cup.

Commenting on the Transaction, Andy McCue, TRG CEO said:

"This transaction is an exciting and transformative opportunity to create a business which can pursue a truly multi-pronged growth strategy and create substantial value for our shareholders.

Wagamama is a fantastic brand, with a market leading pan-Asian proposition, which has consistently outperformed the casual dining market in recent years. Central to this success has been a cohesive culture and clear brand values which are focused on making the right choices for customers.

The transaction not only gives us a great brand but also creates a business with a multi-pronged growth strategy which will enhance earnings with continued selective UK rollout, accelerated via conversions of some TRG sites; by further leveraging the brand in Concessions both in the UK and internationally; by maximising the opportunities presented by the rapidly growing delivery sector; and by optimising the potential within international markets."

This summary should be read in conjunction with the full text of this announcement.

There will be an analysts' briefing at 9:00 a.m. today at The etc. centre, St Paul's, London, EC1A 4HD.

In conjunction with the analyst briefing, a live conference call and webcast facility will be available. If you would like to register, please contact Alistair de Kare-Silver at MHP Communications for details on 020 3128 8742 or email TRG@mhpc.com.

The presentation slides will be available to download from 8:45am from the Company's website https://www.trgplc.com/investors/reports-and-presentations

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Matt Lewis
George Price

1. Introduction

Today, TRG announces that it has reached agreement on the terms of the proposed acquisition of Wagamama for a cash payment of £357 million[4]. The Acquisition implies an enterprise value for Wagamama of £559 million. This implies a multiple of 8.7x LTM August 2018 EBITDA including cost and site conversion synergies[5].

Wagamama is a leading pan-Asian restaurant brand operating primarily in the UK casual dining market. Established in 1992, Wagamama operates 133 directly-operated restaurants in the United Kingdom and 5 directly-operated restaurants in the United States, and has 58 franchised restaurants across Europe, the Middle East and New Zealand[6].

The size of the Acquisition means that it is classed as a Class 1 transaction under the Listing Rules. Accordingly, the Acquisition is conditional upon, among other matters, the approval of TRG shareholders at the General Meeting.

The General Meeting will be convened in due course for TRG shareholders to consider and, if thought fit, approve the Resolutions. The Resolutions will be set out in the Combined Circular and Prospectus, which is expected to be published in early November 2018.

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[4] The cash payment is expected to consist of £207 million in respect of the consideration for the entire issued share capital of Wagamama, and £150 million in respect of a repayment of shareholder loans. The cash payment is based on an expected completion date of mid December 2018 and is subject to closing adjustments.

[5] Based on Wagamama LTM Aug-18 Adj. EBITDA after pre-opening costs of £42.5 million, cost synergies of £15 million & site conversion synergies of £7 million. Wagamama LTM Aug-18 Adj. EBITDA has been derived from the audited annual financial statements of Mabel Mezzco Limited for the 53 weeks ended 29 April 2018 and the unaudited interim financial information of Mabel Mezzco Limited for the 16 week periods ended 19 August 2018 and 13 August 2017, each prepared in accordance with UK GAAP (FRS 102).

[6] As at 19 August 2018

2. Background and strategy

TRG operates across three business divisions: Leisure, Pubs and Concessions.

In TRG FY 2016, TRG's trading performance exposed certain issues across its Leisure business. As a result, TRG conducted a comprehensive operating strategy review of the business and, under the leadership of Andy McCue, developed a turnaround plan, which comprises the following four key elements: (i) re-establish the competitiveness of the Leisure brands; (ii) serve customers better and more efficiently; (iii) grow the Pubs and Concessions businesses; and (iv) build a leaner and more focused organisation.

Over the past two years, TRG has made significant progress towards each objective of this plan and, as a result, has created a more competitive and balanced business, which is more closely focused on the growth segments of the markets in which TRG operates.

In TRG's 2018 H1 results[7], its Pubs and Concessions businesses contributed approximately 51% of TRG's Outlet EBITDA. These businesses have consistently performed well over recent years and TRG continues to see significant potential for growth in these areas, in line with the plan set out above. TRG's Pub restaurants benefit from being situated in strong locations with attractive market dynamics and from TRG's strong operational capabilities in Pubs. The healthy organic pipeline of TRG's Pub restaurants is now being supplemented with bolt-on acquisitions at the premium end of the market, recently evidenced through the acquisition of Food & Fuel Limited in August 2018, comprising 11 pubs predominantly located in affluent London neighbourhoods. TRG's Concessions business, which is primarily focused on UK airports, continues to benefit from passenger growth and TRG is exploiting opportunities for new space as airports invest further in terminals, capacity and food and beverage offerings. Furthermore, given TRG's strength and capability to develop and operate a broad range of formats, TRG sees potential over the medium term for growth into international airports, as well as further UK Concessions away from airports, in other transport hubs.

In the first half of 2018, TRG's Leisure business contributed 49% of TRG's Outlet EBITDA. Within the Leisure division, TRG has a strong site portfolio and over the last two years has made significant progress in re-establishing the competitiveness of its Leisure brands by investing significantly to give customers improved food quality and better value and service. TRG's Leisure business does, however, remain exposed to headwinds, which include the well-documented retail structural decline (with 57% of TRG's Leisure sites directly neighbouring retail sites), exposure to saturated local markets and property costs, which in some instances do not reflect current local market conditions.

Given this context, TRG recognises that investing in differentiated propositions that are aligned to consumer trends is critical to its future success. TRG is focused on consumer trends such as the demands for speed of service, convenience (both at the restaurant and through delivery) and healthy options. TRG continues to expect the delivery market to grow quickly, with delivery being a disruptive force that may create significant strategic opportunities, particularly for operators with the right scale, brands and capability set. It is with these structural trends in mind that TRG is extremely excited about the opportunity to acquire Wagamama.

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[7] For the 6 months ended 1 July 2018

3. Rationale for the Acquisition

Differentiated proposition aligned to structural growth trends

Wagamama has a strong competitive advantage as the only UK pan-Asian brand concept with scale, having more than three times the sales of the next largest branded UK operator in Asian cuisine, a category that is fast growing and fragmented.

The Wagamama brand is well perceived by customers in the UK, as evidenced by consistently ranking in the top three on Net Promoter Score (NPS) among large mainstream brands and achieving high ratings across key customer demographics (social demographic and life stage).

TRG believes that the Wagamama brand is well-positioned to benefit from a number of consumer trends, including the increased focus on healthy options, high interest in Asian food, and the consumer demand for speedy service and convenience through delivery.

The Wagamama brand appeals to customers across different day parts, with a visit split of 1% over breakfast, 35% over lunch, 21% in the late afternoon, 38% in the evening, and 5% in the late evening.

Track record of consistent outperformance

Wagamama opened its first restaurant in London in 1992 and has achieved more than 25 years of continued estate expansion to 196 directly-operated and franchised restaurants as at 19 August 2018.

In recent years, Wagamama has demonstrated a strong track record of like-for-like revenue growth with 228 consecutive weeks trading ahead of the market. Over this period, the annual like-for-like growth was 9.6% on average, 8.5% pts ahead of the market, as measured by the Coffer-Peach tracker. Wagamama delivered a 17% revenue CAGR (compound annual growth rate) between Wagamama FY 2015 and Wagamama FY 2018. Over the same period, Wagamama delivered a 14% EBITDA CAGR[8].

Accelerates growth potential for both businesses

The standalone growth prospects of Wagamama remain highly attractive. TRG believes that there remains scope for continued like-for-like revenue growth, and that there is headroom to grow the size of Wagamama's UK estate by approximately 40 to 60 additional restaurants without saturation. Furthermore, TRG believes that there is an opportunity to accelerate Wagamama's growth, capitalising on the Enlarged Group's site portfolio, scale and relationships.

Following Completion, TRG believes that the Enlarged Group will be well equipped to address a number of compelling growth avenues, including the following:

(i) further roll-out of the Wagamama brand in the UK, including in the Concessions channel;

(ii) delivery;

(iii) international expansion; and

(iv) convenience.

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[8] Based on EBITDA (pre-exceptionals) before corporate expenses

Further roll-out of the Wagamama brand in the UK, including in the Concessions channel: TRG is well placed to further accelerate Wagamama's UK roll-out, and we see potential for a further 40-60 Wagamama sites. In addition, TRG expects to convert atleast 15 TRG sites to the Wagamama brand, with an expected incremental EBITDA benefit of approximately £7 million per annum at maturity. Furthermore, TRG believes that there is an opportunity to leverage its existing Concessions relationships, including those built through its presence in 14 airports across the UK, to extend Wagamama's presence in Concessions (currently 3 sites nationwide).

Delivery: The TRG Board believes that delivery represents a significant area of opportunity, and Wagamama is already one of the top brands on the online delivery platform Deliveroo. Following the Acquisition, the Enlarged Group will be well positioned to invest behind structural growth in the delivery space including through delivery-only kitchens (where Wagamama has an early-mover advantage), in digital capabilities and in online brands.

International: Wagamama has an international presence and proven customer resonance in markets outside the UK. TRG believes that Wagamama can be a 'calling card' brand enabling expansion through international Concessions. Further options for international growth will be explored, considering geographies and customer preferences within each territory, rate of growth and appropriate ownership models.

Convenience: TRG believes that pan-Asian food is very adaptable to convenience formats and, as a first step, expects to pilot a food-to-go format in London which would have future application in Concessions.

Enlarged Group strongly growth oriented with leading scale advantage

Following the acquisition of Wagamama, TRG expects that circa 70% of the Enlarged Group's Outlet EBITDA will originate from high growth segments of the market, namely TRG's Pubs and Concessions businesses and Wagamama.

The Enlarged Group will benefit from leading scale, specifically benefiting from buying power, delivery scale, the capacity to invest in growth, market leading operational capabilities and the ability to invest in and attract the best people.

Enhances shareholder value with attractive financial returns

The Board believes that the Acquisition will enhance shareholder value. The Board expects that the Acquisition will be earnings enhancing in the first full financial year following Completion (the financial year ended December 2019) and strongly accretive in each financial year thereafter.

Furthermore, the Directors expect TRG's return on invested capital associated with the Acquisition to exceed its cost of capital in the third full year after Completion (the financial year ended December 2021).

The Board believes that the Acquisition presents an opportunity to deliver cost synergies across procurement, logistics, overheads and central costs. The majority of the benefits are expected to arise through scale benefits and efficiencies in third party spend. The Board believes that, whilst continuing to grow Wagamama as an autonomous division, TRG can achieve pre-tax cost synergies of approximately £15 million relative to the pre-Acquisition cost base[9]. The Board expects the initial benefit from synergies in the first financial year post completion (the financial year ended December 2019), with at least 50% of pre-tax cost synergies realised in year two and full pre-tax cost synergies

[9] The cost synergies have been assessed relative to the pre-Acquisition cost base of Wagamama for Wagamama FY 2018 and of TRG for LTM August 2018.

realised in year three and thereafter. The Board expects that the realisation of these synergies will require one-off cash costs of up to £13 million over the three financial years post Completion, largely incurred in years one and two.

The Board also believes that there is an opportunity for site conversion synergies through the conversion of sites currently operating under TRG Leisure brands into Wagamama sites[10]. The Board expects to convert approximately 15 sites by December 2020, with a run-rate incremental benefit of approximately £7 million per annum to EBITDA. In order to achieve this, the Board expects to incur capital expenditure of approximately £13 million.

The cost and site conversion synergies indicated above are contingent on Completion and could not be achieved by TRG and Wagamama operating independently. The Board confirms that the narrative above reflects both the beneficial elements and relevant costs associated in achieving these cost and site conversion synergies.

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[10] The site conversion benefit has been assessed relative to the LTM August 2018 performance of the existing TRG sites and Wagamama FY 2018 performance of Wagamama sites.

4. Summary information on TRG

TRG operates across three business divisions: Leisure, Pubs and Concessions and is a significant participant in the UK casual dining market.

TRG's Leisure business comprised 381 casual dining restaurants as at 26 August 2018, operating under the following well-known brands: Frankie & Benny's, Chiquito, Coast to Coast, Garfunkel's, Firejacks, Filling Station and Joe's Kitchen. TRG's restaurant outlets are located across the UK, predominantly in retail and leisure parks. Frankie & Benny's, which offers classic New York Italian-style food and drinks, is TRG's largest restaurant brand, with 258 outlets in the UK (as at 26 August 2018). Chiquito is the UK's largest Tex-Mex restaurant chain, with 85 outlets in the UK (as at 26 August 2018). The newest brand in TRG's Leisure business is Firejacks, which serves flame-grilled steaks and burgers. The first Firejacks outlet, opened in August 2017, was a conversion of a Coast to Coast outlet in Northampton. TRG has since opened 4 additional Firejacks restaurants.

TRG's Pubs business operated 66 pub restaurants as at 26 August 2018, predominantly situated in rural locations and offering locally sourced menus. Several of TRG's pub restaurants have featured in the annual UK 'Good Pub Guide'.

As at 26 August 2018, TRG's Concessions business had 64 outlets, situated across 14 major airports and 5 railway stations in the UK. TRG's Concessions outlets operate over 30 brands.

TRG had over 15,000 employees as at 26 August 2018. For TRG FY 2017, TRG reported revenue of £679.3 million (2016: £710.7 million), generated EBITDA of £95.1 million (2016: £121.0 million) and profit before tax of £56.7 million (2016: £77.1 million).

5. Summary information on Wagamama

Founded in London in 1992, Wagamama operates a chain of popular restaurants offering pan-Asian inspired cuisine under its trading brand, "Wagamama". As at 19 August 2018, Wagamama's restaurant portfolio comprised 138 directly-operated restaurants in the UK and the US and 58 franchised restaurants in Europe, the Middle East and New Zealand.

Wagamama has a commitment to delicious, fast-cooked, fresh and healthy pan-Asian cuisine. Wagamama's focus is on feeding the "mind, body and soul", meaning the food must both "look and taste beautiful". All food is freshly cooked and customers may personalise any dish. The menu includes a range of accessible, entry-level dishes – under £5 for small dishes or £10 for mains – alongside more expensive options.

Since founding, Wagamama has grown the UK portfolio to 133 directly-operated restaurants (as at 19 August 2018). Wagamama's UK restaurants are spread geographically and are in a mixture of locations: as at 19 August 2018, towns and cities (excluding London) accounted for 41% of the total UK restaurant estate, shopping centres accounted for 32%, London (excluding shopping centres) accounted for 25% and Airports accounted for 2% The UK restaurants are all in leased properties averaging approximately 4,300 square feet in size, and approximately half have been extensively refurbished over the last three years.

Wagamama opened its first restaurant in the US in 2007. Since then it has grown its US footprint to 5 directly-operated sites as at 19 August 2018. Wagamama's US business has a local management team and manages its own supply chain and operations, although it continues to leverage the UK head office and infrastructure where needed. Additionally, Wagamama has a presence in Europe, the Middle East and New Zealand via 58 franchised restaurants in 23 countries, as at 19 August 2018. Franchise arrangements are with a variety of partners, which each have exclusivity for a specific territory. Franchisees operate their own supply chain using a mixture of Wagamama's suppliers (under their own contracts) and their own suppliers.

Wagamama's sites have a predominantly long leasehold property asset base: as at 19 August 2018, 73% of sites had greater than 10 years left on their lease contracts.

Wagamama is headquartered in London and had over 6,000 employees as at 19 August 2018. For Wagamama FY 2018, Wagamama reported revenue of £306.7 million (2017: £266.1 million) and generated EBITDA after pre-opening costs of £43.0 million[11] (2017: £42.5 million[12]). As at 19 August 2018, Wagamama had gross assets of £276[13] million.[14]

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[11] EBITDA (pre-exceptionals) before corporate expenses of £0.4 million

[12] EBITDA (pre-exceptionals) before corporate expenses of £0.1 million

[13] The gross assets figure comprises the fixed assets and the current assets of Mabel Mezzco Limited as at 19 August 2018, prepared in accordance with UK GAAP (FRS 102)

[14] In the Combined Circular and Prospectus, the financial information of Wagamama will be presented in a form that is consistent with the accounting policies adopted in the latest annual consolidated accounts of TRG in accordance with LR 13.5.4R of the Listing Rules

6. Summary of the key terms of the Acquisition

Share Purchase Agreement

On 30 October 2018, TRG, TRG (Holdings) Limited ("**TRG Holdings**") and the Wagamama Vendors entered into an agreement (the "**Share Purchase Agreement**") under which TRG Holdings has agreed, on the terms and subject to the conditions of the Share Purchase Agreement, to acquire the entire issued share capital of Wagamama for a cash payment of £357 million[15]. On Completion, Wagamama will become an indirect wholly-owned subsidiary of TRG.

Shareholder approvals

The size of the Acquisition means that it is classed as a Class 1 transaction under the Listing Rules. Accordingly, the Acquisition is conditional upon, among other matters, the approval of TRG shareholders at the General Meeting, at which TRG shareholders will be asked to vote in favour of the Resolutions.

TRG Directors intend to vote in favour of the Resolutions in relation to their beneficial holdings, which amount to approximately 0.11% of TRG's existing issued ordinary share capital as at the date of this announcement.

Conditions

Completion of the Acquisition is subject to, and can only occur upon satisfaction or waiver of, the following conditions:

(i) the approval of the Resolutions by TRG shareholders at the General Meeting; and
(ii) Admission of the shares to be issued pursuant to the Rights Issue (nil paid) having occurred.

(the "**Conditions**").

Break fee

If the Share Purchase Agreement is terminated in the event that the Conditions are not satisfied or waived by 4 December 2018 (or, in certain circumstances where TRG is required to issue a supplementary circular or prospectus, by 14 December 2018), TRG announces that the Board no longer intends to recommend, or intends to withdraw, modify, qualify or amend its recommendation that TRG shareholders vote in favour of the Resolutions; or the Combined Circular and Prospectus does not include such recommendation or the recommendation is subsequently withdrawn, modified, qualified or amended, then TRG must pay a break fee of circa £6 million to the Wagamama Vendors.

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[15] The cash payment is expected to consist of £207 million in respect of the consideration for the entire issued share capital of Wagamama, and £150 million in respect of a repayment of shareholder loans. The cash payment is based on an expected completion date of mid December 2018 and is subject to closing adjustments

7. Financing the Acquisition

The Acquisition will be funded through a combination of cash, new debt and the Rights Issue.

The Rights Issue will raise circa £315 million of gross proceeds. The Rights Issue has been fully underwritten on a standby basis by JPM and is expected to be fully underwritten on launch by JPM and Numis.

In addition to the proceeds of the Rights Issue, the Acquisition will be financed through drawing on the Debt Facility. TRG will assume Net Debt of £202 million at Wagamama, which includes the £225 million Notes which are expected to remain outstanding immediately following Completion by virtue of the terms and conditions governing the Notes which, subject to certain conditions having been met, allow for a change in the beneficial ownership of the issuer without requiring an offer to be made to noteholders to repurchase the Notes.

The Board believes that the Enlarged Group will be strongly cash generative and that the financing structure for the Acquisition is appropriate. On a LTM basis, the leverage ratio is approximately 2.5 times Net Debt/LTM EBITDA[16] or 2.2 times Net Debt/LTM EBITDA if the full annualised pre-tax synergies of approximately £22 million were taken into account in calculating LTM EBITDA. The Board expects the leverage ratio to fall below 2 times Net Debt/LTM EBITDA by December 2020.

Rights Issue and Standby Underwriting Agreement

With respect to the Rights Issue, which is expected to raise approximately £315 million of gross proceeds, TRG has entered into a fully underwritten standby underwriting agreement with JPM (the "**Standby Underwriting Agreement**"). The Standby Underwriting Agreement is expected to remain in place until the publication of the Combined Circular and Prospectus, at which point it will be replaced by a definitive underwriting agreement (the "**Underwriting Agreement**"). The Standby Underwriting Agreement provides that the price of TRG shares to be issued in connection with the Rights Issue will be agreed by TRG and JPM at the time the Combined Circular and Prospectus is published and will be set out in the Underwriting Agreement. The Standby Underwriting Agreement contains customary representations and warranties, conditions and termination rights and the Rights Issue will be subject to customary conditions.

Debt Facility

TRG entered into the Debt Facility on 30 October 2018. The proceeds of loans under the Debt Facility will be used in part to fund the Acquisition and related costs on or around Completion and to refinance existing TRG debt (including where such refinancing is required prior to Completion), and may also be used for general corporate and working capital purposes of TRG.

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[16] Based on Wagamama LTM Aug-18 Adj. EBITDA after pre-opening costs £42.5 million and TRG Jun-18 LTM Adj. EBITDA of £88.9 million

8. Management and employees

Wagamama's people have been critical to its success and the business has developed a cohesive, people-focused culture. To maintain its vision, culture and values, which have helped to drive performance over the years, TRG plans to operate Wagamama as an autonomous business within the Enlarged Group.

Jane Holbrook, current CEO of Wagamama, has decided to leave the business upon Completion, having agreed some time ago that she would step down around the time of the next change of ownership. Emma Woods, Chief Growth Officer at Wagamama, will be promoted to CEO of Wagamama, reporting to Andy McCue, and will lead the business supported by the existing management team. Allan Leighton, current Chairman of Wagamama, will join the TRG Board as a Non-Executive Director upon Completion.

9. Dividends

The Board believes that, following Completion, it is appropriate for the Enlarged Group to adopt a policy of paying a dividend covered two times by earnings before exceptional items. This dividend policy will be reflected in the final dividend that the Company declares relating to TRG FY 2018.

The Board believes that the funding structure and this dividend policy will result in an appropriate balance between delivering shareholder returns, enabling the Enlarged Group to invest in further growth and to achieve an appropriate deleveraging profile.

10. Expected timetable of events

The Combined Circular and Prospectus containing further details on the Acquisition, the Board's recommendation, the terms of the Rights Issue, and the notice of the General Meeting and the Resolutions is expected to be sent to TRG shareholders (other than TRG shareholders with a registered address in certain excluded jurisdictions) in early November 2018. Subject to satisfaction of the Conditions, Completion is expected to occur in mid December 2018.

DEFINITIONS

Admission	Admission of the shares to be issued pursuant to the Rights Issue (nil paid) to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities;
Board	The board of directors of TRG;
Completion	Completion of the Acquisition;
EBITDA	Earnings before interest, tax, depreciation and amortisation;
LTM	Last twelve months;
Net Debt	Net debt is calculated as the net of the borrowings less; cash and cash equivalents;
Outlet EBITDA	EBITDA directly attributable to individual sites and therefore excluding corporate and central costs;
TRG FY 2016	The 53-week period ended 1 January 2017;
TRG FY 2017	The 52-week period ended 31 December 2017;
TRG FY 2018	The 52-week period ended 30 December 2018;
Wagamama FY 2015	The 52-week period ended 26 April 2015;
Wagamama FY 2018	The 53-week period ended 29 April 2018; and
Wagamama Vendors	Certain holders of the share capital of Wagamama and the holders of awards granted over the share capital of Wagamama.

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This announcement may include statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect the Company’s current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to TRG’s business, results of operations, financial position, liquidity, prospects, growth, strategies, integration of the business organisations and achievement of anticipated combination benefits in a timely manner. Forward-looking statements speak only as of the date they are made.

Such forward-looking statements are based on beliefs, expectations and assumptions of TRG board and other members of senior management regarding TRG’s present and future business strategies, the timetable for integration of Wagamama, the benefits to be derived from the Acquisition and the environment in which TRG, Wagamama and/or, following Completion, the Enlarged Group will operate in the future. Although TRG board and other members of senior management believe that these beliefs and assumptions are reasonable, by their nature, forwardlooking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future or are beyond TRG’s control. TRG, Wagamama and/or, following Completion, the Enlarged Group’s actual operating results, financial condition, dividend policy and the development of the industry in which they operate, as well as the benefits and combination benefits actually received, may differ materially from the impression created by the forward-looking statements contained in this announcement. In addition, even if the operating results, financial condition and dividend policy of TRG, Wagamama and/or, following Completion, the Enlarged Group, and the development of the industry in which they operate, are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to, general economic and business conditions, industry trends, competition, changes in government and other regulation, including in relation to the environment, health and safety and taxation, labour relations and work stoppages, changes in political and economic stability and changes in business strategy or development plans, difficulties encountered in integrating the two organisations and/or achieving the anticipated combination benefits in a timely manner and other risks.

You are advised to read this announcement and the Combined Circular and Prospectus (if and when published) in their entirety for a further discussion of the factors that could affect TRG and/or the Enlarged Group’s future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this announcement may not occur.

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The person responsible for this announcement is Kirk Davis, the Chief Financial Officer of TRG.