

CARDIFF RUGBY FOOTBALL CLUB LIMITED



1997

OFFER TO MEMBERS

we want you to share our success...

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CARDIFF RUGBY FOOTBALL CLUB LIMITED

THIS DOCUMENT IS A SHARE OFFER TO MEMBERS AND MEMBERS ONLY OF CARDIFF ATHLETIC CLUB TO PURCHASE SHARES IN CARDIFF RUGBY FOOTBALL CLUB LIMITED AND IS IMPORTANT. IF YOU ARE IN ANY DOUBT AS TO ITS CONTENTS YOU SHOULD CONSULT A PROFESSIONAL ADVISER AUTHORISED TO CARRY ON INVESTMENT BUSINESS UNDER THE FINANCIAL SERVICES ACT 1986.

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THE ONLY PERSONS WHO MAY ENTER OR OFFER TO ENTER INTO ANY AGREEMENT FOR OR WITH A VIEW TO SUBSCRIBING FOR SHARES IN THE COMPANY ON THE BASIS OF ANY INVITATION OR INFORMATION CONTAINED IN THIS OFFER DOCUMENT OR ANY SUCH AGREEMENT WHICH MIGHT REASONABLY BE EXPECTED TO BE ENTERED INTO DIRECTLY OR INDIRECTLY AS A RESULT OF THIS OFFER DOCUMENT ARE WITHIN AN IDENTIFIED GROUP OF PERSONS WHO MAY AT THE TIME THIS OFFER DOCUMENT WAS ISSUED REASONABLY BE REGARDED AS HAVING AN EXISTING AND COMMON INTEREST WITH EACH OTHER AND WITH THE COMPANY IN THE AFFAIRS OF THE COMPANY AND IN WHAT IS TO BE DONE WITH THE PROCEEDS OF THE OFFER.

The Directors of Cardiff Rugby Football Club Limited whose names appear on page 6 accept full responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that this is the case, the information contained within this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The shares of Cardiff Rugby Football Club Limited are not listed on any stock exchange and no application has been made to any stock exchange for such a listing or a quotation or for permission to deal in any part of the share capital of the Company.

Investment in Ordinary shares of Cardiff Rugby Football Club Limited may be regarded as speculative and carries a degree of risk. Attention is drawn to the section in this document marked "Risks and sensitivities".

CARDIFF RUGBY FOOTBALL CLUB LIMITED**CARDIFF RUGBY FOOTBALL CLUB LIMITED**

(Incorporated in England and Wales under the
Companies Act 1985, Registered number 3199030)

28th April 1997

SHARE OFFER FOR SUBSCRIPTION TO MEMBERS OF CARDIFF ATHLETIC CLUB**of up to 4,999,998 Ordinary shares of £1 each payable upon application**

If fully subscribed, the offer to subscribe will result in Cardiff Rugby Football Club Limited receiving proceeds before expenses of £4,999,998. The authorised and issued share capital of Cardiff Rugby Football Club Limited prior to and following the offer to subscribe, assuming full subscription will be as follows:-

	<i>Authorised</i>	<i>In issue</i>	
	<i>Number</i>	<i>Prior to the issue</i>	<i>After the issue</i>
Heritage Shares of £1 each	750,000	750,000	750,000
Ordinary Shares of £1 each	7,000,000	2	5,000,000

For a full description of the rights attaching to the Ordinary Shares see Section I, on page 17 and Section VII commencing on page 39 of this document.

THIS OFFER IS CONDITIONAL UPON THE MEMBERS OF CARDIFF ATHLETIC CLUB APPROVING THE PROPOSED SUBSCRIPTION BY CARDIFF ATHLETIC CLUB OF UP TO £500,000 FOR 500,000 ORDINARY SHARES. THE EXTRAORDINARY GENERAL MEETING IS CALLED FOR 14TH MAY 1997. IF THE RESOLUTION FOR APPROVAL OF THE SUBSCRIPTION IS NOT PASSED THIS OFFER WILL BE WITHDRAWN AND ANY MONIES RECEIVED PRIOR TO THE RESOLUTION FAILING WILL BE REFUNDED WITHOUT INTEREST.

Subject to the approval being given:

THE SUBSCRIPTION LISTS WILL OPEN AT 10.00 A.M. ON 29th APRIL 1997 AND MAY CLOSE AT ANY TIME THEREAFTER BUT IN ANY EVENT NOT LATER THAN 3.00 P.M. ON 30th MAY 1997. THE PROCEDURE FOR APPLICATION IS SET OUT IN SECTION VII OF THIS DOCUMENT AND AN APPLICATION FORM IS ATTACHED TO THE BACK OF THIS DOCUMENT.



CARDIFF RUGBY FOOTBALL CLUB

MAJOR CLUB HONOURS

WRU Division 1 Championship

Champions 1994/95
Runners up 1993/94
Runners up 1995/96

WRU Challenge Cup

Champions 1981
Champions 1982
Champions 1984
Champions 1986
Champions 1987
Champions 1994

European Heineken Cup

Runners Up 1996
Semi Finalists 1997

International Touring Teams Defeated

Australia, Canada, Germany, Italy, Maoris, New Zealand, Rhodesia, Romania, South Africa

Snelling Sevens

Winners 1955
Winners 1966
Winners 1969
Winners 1972
Winners 1976

CARDIFF RUGBY FOOTBALL CLUB LIMITED

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CARDIFF RUGBY FOOTBALL CLUB LIMITED**1. DEFINITIONS**

The following definitions apply throughout this document unless the context requires otherwise:

"Arms Park"	Cardiff Arms Park, Westgate Street, Cardiff CF1 1JA
"Asset Transfer Agreement"	an Agreement dated 31 January 1997 between (1) the Trustees and (2) the Company
"Cardiff RFC" or "Cardiff Rugby Football Club"	Cardiff Rugby Football Club being a section of the Club
"C&L"	Coopers & Lybrand
"Chief Executive"	the Chief Executive from time to time of the Company
"the Club"	Cardiff Athletic Club, an unincorporated association governed by Rules reprinted in January 1994 as subsequently amended.
"Companies Act"	the Companies Act 1985 (as amended)
"Company"	Cardiff Rugby Football Club Limited, a private company limited by shares incorporated under the Companies Act with number 3199030
"Directors" or the "Board"	the directors of the Company from time to time
"EGM"	extraordinary general meeting
"EIS"	Enterprise Investment Scheme
"Heritage Shares"	Heritage Shares of £1 each in the capital of the Company
"IRFB"	International Rugby Football Board
"John Smart"	Mr. John Smart of Cherry Tree, Peterston-Super-Ely, Vale of Glamorgan.
"Licence Agreement"	a Licence Agreement dated 18th April 1997 between (1) the Trustees and (2) the Company
"Members"	all members of the Club at the date of this document whether entitled or not to attend and vote at general meetings of the Club including life members, ordinary members, honorary members, junior members (provided they are at least 18 years old), temporary members, football playing members, country members and ground members
"Offer"	the offer to Members to subscribe for Ordinary Shares, details of which are set out in this document
"Offer Price"	£1 per Ordinary Share
"Ordinary Shares"	Ordinary Shares of £1 each in the capital of the Company
"Peter Thomas"	Mr. Peter Thomas of Foxfield, Cardiff CF4 5SN
"POS Regulations"	The Public Offers of Securities Regulations 1995 SI 1537 of 1995
"Services Agreement"	an agreement dated 18th April 1997 between (1) the Trustees and (2) the Company relating to the provision of services by the Company to the Club.
"Shareholder"	a holder of Ordinary Shares
"the team" or "the Squad"	the players listed in Section III and such other players as the Company may engage from time to time
"Trustees"	the trustees for the time being of the Club being at the date of this document Gerald Alfred Chugg, John Dansey Harry Riches, Charles Derek Williams, David Owain Herbert and Mervyn John
"WRU"	the Welsh Rugby Union

CARDIFF RUGBY FOOTBALL CLUB LIMITED**2. DIRECTORS, SECRETARY AND ADVISORS****Directors**

Peter Thomas Non Executive Director and Chairman
Atlantic Property Developments Plc
Raleigh Walk, Atlantic Warf, Cardiff CF1 5LN

W. Gareth Davies Chief Executive
Cardiff Rugby Football Club Limited
Cardiff Athletic Club,
Cardiff Arms Park, Cardiff CF1 1JA

Simon M. Webber Non Executive Director
Cardiff Rugby Football Club Limited
Cardiff Athletic Club,
Cardiff Arms Park, Cardiff CF1 1JA

R. Bleddyn V. Rees Non Executive Director
Morgan Bruce
Bradley Court, Park Place, Cardiff CF1 3DP

Company Secretary

W. Gareth Davies

Registered Office

Cardiff Arms Park
Westgate Street
Cardiff
CF1 1JA

Auditors (and reporting accountants)

Coopers & Lybrand
Churchill House
Churchill Way
Cardiff
CF1 4XQ

Solicitors

Morgan Bruce,
Bradley Court,
Park Place,
Cardiff
CF1 3DP

Bankers

Lloyds Bank plc
27 High Street
Cardiff
CF1 1QZ

CARDIFF RUGBY FOOTBALL CLUB LIMITED

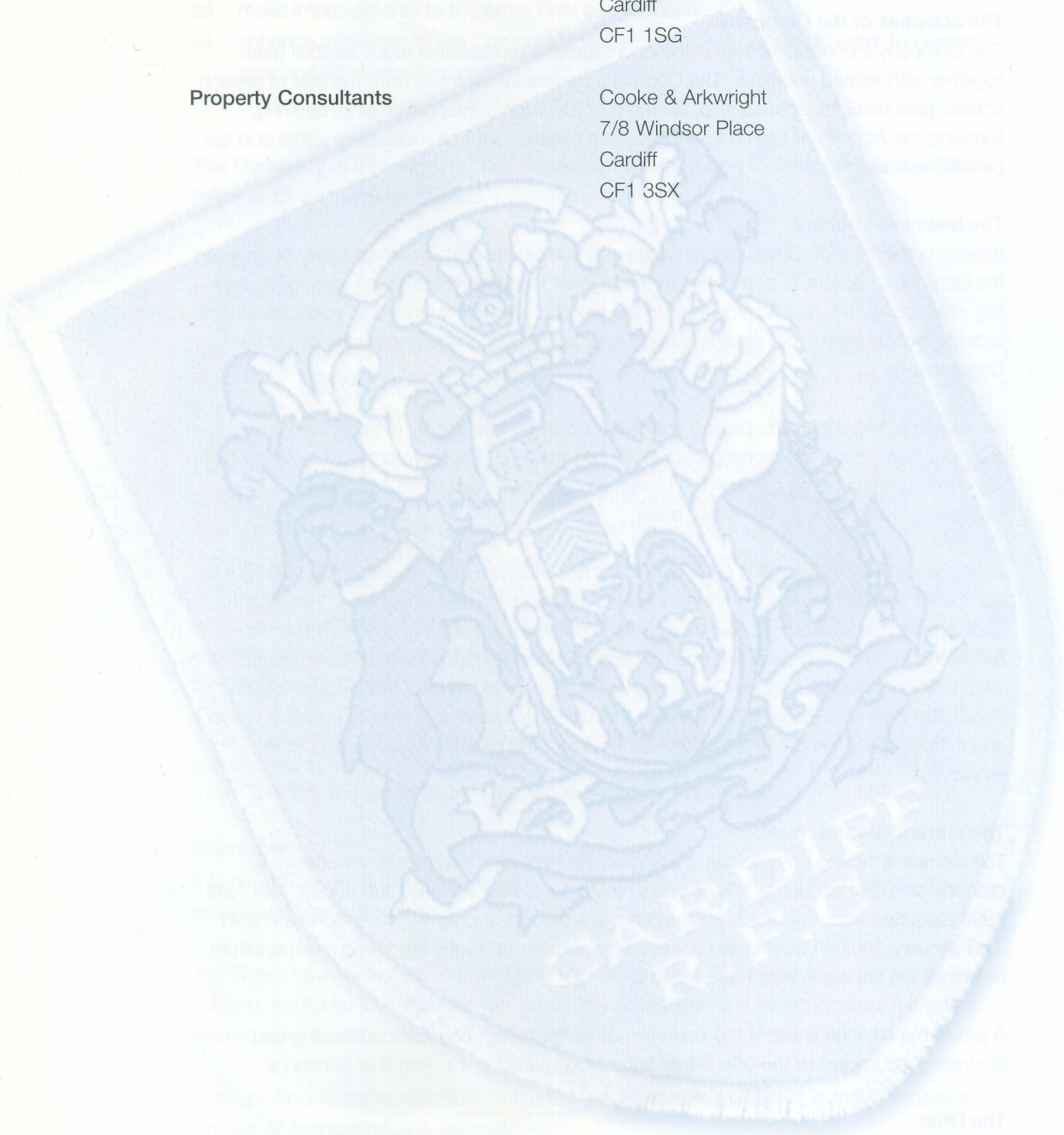
8. KEY INFORMATION

Receiving Bank

Barclays Bank plc
121 Queen Street
Cardiff
CF1 1SG

Property Consultants

Cooke & Arkwright
7/8 Windsor Place
Cardiff
CF1 3SX



CARDIFF RUGBY FOOTBALL CLUB LIMITED**3. KEY INFORMATION**

The following summary information should be read in conjunction with the text of the full document from which it is drawn

The activities of the Company

The Company's principal activity is the operation of a professional rugby football team together with related activities. The Company derives its revenues from the sale of season tickets, gate receipts, sponsorship, its share of television rights, advertising, catering, licensing the Arms Park for music and sporting events, rent from hospitality suites and car parking spaces.

The business strategy

It is the objective of the Directors to create and sustain a pool of talented rugby players at the Company, capable of competing at the highest standard in European club rugby and any other competitions which develop in the world game. It is intended to invest carefully in order to boost commercial returns from all sources to build the financial strength of the Company.

In order to achieve this aim, playing staff will have to be adequately remunerated and sufficient investment and working capital will be required. The Directors acknowledge that the administration of the game in the United Kingdom is in a state of flux and are monitoring developments on a daily basis.

In the course of preparing this Offer the Board has received expressions of interest from a number of financial institutions and funds who may be prepared to consider investing in Ordinary shares. The Board intends to pursue these expressions of interest. The Board has authority to allot Ordinary Shares comprised in the authorised but unissued shares, which will comprise 2,000,000 Ordinary shares not included in this Offer and any of the 4,999,998 Ordinary Shares the subject of this Offer not taken up. The Board will consider and if thought fit establish share option schemes for the benefit of players and other employees.

The current financial position

The Company having commenced trading on 1st February 1997 is not yet obliged to produce statutory accounts. Three years results for Cardiff Athletic Club ended 30th April 1996 extracted from the Club's audited annual accounts and for the nine months ended 31st January 1997 (in both cases adjusted for certain non-rugby income and expenditure as noted) are set out in Part I of Section V.

A pro forma balance sheet of the company as at the date it commenced trading and illustrating the impact of the offer if fully subscribed as set out in Part II of Section V.

The Offer

The reasons for the Offer are:-

- (a) to raise funds to allow the continued development of the team;
- (b) to allow Members to participate in the ownership of the Company;
- (c) to raise funds to develop revenue generating opportunities.

CARDIFF RUGBY FOOTBALL CLUB LIMITED**4. TIMETABLE OF EVENTS**

The proceeds of the Offer will be used to:-

- (a) pay competitive salaries to encourage the retention of key players and employees;
- (b) make improvements to the Arms Park and its facilities;
- (c) enhance marketing of the Company's facilities and merchandise in order to increase gate and other receipts; and
- (d) provide general working capital for the Company.

The Company is offering Ordinary Shares for subscription to Members at the Offer Price of £1 per Ordinary Share.

The Directors intend to close the Offer at 3.00pm on 30th May 1997, or sooner if the Offer is fully subscribed.

The procedure for application in connection with this Offer is set out at the back of this document. An Application Form to enable Members to subscribe is also attached to this document.

Peter Thomas and John Smart have each irrevocably undertaken to subscribe for 500,000 Ordinary Shares at the Offer Price. Subject to the approval of Members and at the direction of the Club's Management Committee, the Trustees will subscribe for 499,998 Ordinary Shares at the Offer Price, such shares to be held on trust for the Club. A minimum of £1,499,998 is committed and will be raised by this Offer (subject to the approval of members). This amount is, in the opinion of the Directors, the minimum amount necessary to satisfy the working capital requirements of the Company including payment of the costs of the Offer.

If the Offer is over-subscribed, the Directors reserve the right to scale down individual applications as they in their discretion may determine. The Directors have agreed with Peter Thomas and John Smart not to scale down their applications below 500,000.

Share dealing

It is not proposed at this stage to list any of the share capital of the Company on any recognised stock exchange.

The Board have examined and will continue to examine in the future the appropriateness of a listing, particularly on the Alternative Investment Market. It is recognised such a listing would better facilitate trading in the Shares.

Ordinary Shares are transferable, subject to the conditions laid down in the Company's Articles of Association.

Local stockbrokers Brewin Dolphin Bell Lawrie have agreed (until further notice) to operate a matched bargain system whereby they will match buyers and sellers for a fee of 1.5% or £40 (whichever is the higher) to be split evenly between the two parties.

CARDIFF RUGBY FOOTBALL CLUB LIMITED**3. KEY INFORMATION****Offer statistics**

Number of authorised Ordinary Shares	7,000,000
Number of Ordinary Shares the subject of the Offer	4,999,998
Offer Price Per Ordinary Share	£ 1
Estimated expenses payable in connection with the Offer	£ 200,000
Net proceeds to the Company, assuming full subscriptions	£ 4,799,998

Risk factors

Shares in Cardiff Rugby Football Club Limited are unquoted, and can only be traded subject to the conditions found in the Company's articles of association.

Accordingly, shareholders may meet with difficulty if they attempt to realise their investments. Investment in the Company should be regarded as speculative and carries a degree of risk. Investors should be aware that the value of an investment in Ordinary Shares may go down as well as up. Investors may therefore realise less than their original investment. Accordingly, an investment in the Company may not be suitable for all the Members who receive this document. No financial information contained in this document is intended by the Company to constitute a forecast of profits by the Company, nor to constitute publication of accounts by the Company. Your attention is drawn to the paragraph headed "Risks and sensitivities" contained on page 19 in Section I of this document.

Shareholder rights and benefits

Holders of Ordinary Shares are entitled to receive an Annual Report for each financial year ending 30th April. This report will include a copy of the Company's audited financial statements. Each shareholder is entitled to attend and vote at general meetings of the Company. Ordinary Shares are eligible to receive dividends.

CARDIFF RUGBY FOOTBALL CLUB LIMITED**4. TIMETABLE OF EVENTS**

The Directors anticipate the following timetable:

Details of Offer sent to Members	28th April 1997
Opening of subscription list	29th April 1997
EGM of Members	14th May 1997
Latest date and time for receipt of application forms	3.00pm on 30th May 1997
Allocations announced	6th June 1997
Share certificates sent to successful applicants	9th June 1997



CARDIFF RUGBY FOOTBALL CLUB LIMITED**SECTION I - INFORMATION ON THE COMPANY****Dear Member****Introduction**

At an Extraordinary General Meeting of the Club held on 29 August 1996 the transfer by Trustees of all rugby related assets, with the exception of the Arms Park, to a limited liability company owned by the Trustees was approved. The reason for the incorporation of the Company was to take advantage of limited liability and minimise the risks of personal liability on the part of the Trustees and/or Members in respect of the commercial activities of a professional rugby union team.

Earlier, questionnaires had been sent to ordinary members of the Club and the returns demonstrated that those responding wished to:-

- (a) secure first class rugby for Cardiff and the long term future of the Club;
- (b) ensure value is received for any assets or rights transferred from the Club to any company;
- (c) protect the heritage of Cardiff RFC;
- (d) retain satisfactory control over Cardiff RFC; and
- (e) be allowed to invest.

Extensive negotiations took place with Peter Thomas and then following the August EGM with both Peter Thomas and Simon Webber. Letters were sent to ordinary members asking for confirmation in principle of how much Members may be prepared to invest and from the replies to establish whether or not a proposal whereby the Trustees and Members retained control of the Company was economically feasible. The results of that exercise demonstrated that if those Members who replied with an indication to subscribe for shares did subscribe for shares, the proposal was feasible.

The Offer is based on a minimum subscription of £1,499,998 provided by the Club (subject to the approval of an EGM of Members), Peter Thomas and John Smart. A balance of up to £3,500,000 additional share capital is being offered to Members.

HISTORY OF CARDIFF RFC

'We are a jolly Football team, All Players true and bold,
We are the Cardiff RFC, whose history we'll unfold.
We cherish one ambition, its good name to maintain
And woe betide the son-of-a-gun, who slights the Cardiff name.

(A Jolly Football Team by Danny Davies)

Cardiff Rugby Football Club is based at the world renowned Cardiff Arms Park, conveniently situated in the centre of the Capital City of Wales and next to the National Stadium, the venue for the Rugby World Cup Final in 1999.

CARDIFF RUGBY FOOTBALL CLUB LIMITED

Cardiff RFC was founded on Friday, 22nd September 1876, by the amalgamation of the Cardiff Wanderers and the Glamorgan Football Club and is one of the founder members of the Welsh Rugby Union.

In that same year, Cardiff Rugby Football Club joined forces with the already established Cardiff Cricket Club and played matches on the Park behind the Cardiff Arms Coaching Inn, the site quickly adopting the title of "The Cardiff Arms Park".

In 1920, the Fourth Marquis of Bute advised both cricket and rugby clubs of his intention to dispose of the Cardiff Arms Park on his estate, giving the clubs the first option to purchase. Subsequently, the agreed terms of purchase were £30,000 and the preservation of the site as the home of the rugby and cricket clubs and the furtherance of athletic sports.

Cardiff RFC has provided over 200 players to the Wales National Team with players such as Rhys Gabe, Haydn Tanner, Bleddyn Williams, Wilfrid Wooller, Cliff Morgan, Barry John, Gerald Davies and Gareth Edwards ranked amongst the world famous rugby names of all-time.

For 120 years, Cardiff RFC has been one of the most respected and well-known names in World Rugby and has consistently defeated the major Touring Rugby Nations of the world.

The Company's ambitions mirror the great success of the past and it is positioned to build on this great name to ensure that the Blue and Blacks remain at the forefront of the game.

BACKGROUND TO THE FORMATION OF THE COMPANY

Following completion of the Asset Transfer Agreement the Company commenced trading on 1st February 1997. The following assets were transferred to it:-

- (a) the benefit (subject to the burden) of various sponsorship, advertising and employment contracts of all players, administrative and catering staff;
- (b) plant and machinery, office equipment, fixtures and stocks;
- (c) trade and sundry debtors subject to the payment of all creditors relating to the rugby assets and business (including all catering and bar services) transferred;
- (d) the benefit of all income and other benefits payable by or receivable from the WRU by virtue of Cardiff RFC's membership of the WRU;
- (e) shares held in Celsis plc;
- (f) goodwill attaching to the assets and business.

The transfers of the above assets constituted a transfer of the business of Cardiff RFC as a going concern.

The consideration payable by the Company for the transfer of the assets listed above was satisfied by the allotment to the Trustees of 750,000 Heritage Shares credited as fully paid.

CARDIFF RUGBY FOOTBALL CLUB LIMITED**SECTION I - INFORMATION ON THE COMPANY**

The consideration was calculated by using book values for assets less the book value of all liabilities transferred to the Company together with a valuation of goodwill. The Club and the Company agreed a consideration of £750,000.

Subsequently pursuant to the Licence Agreement the Trustees granted certain exclusive rights to the Company including use of the name "Cardiff RFC", "Cardiff Rugby Football Club", the badge and Club colours.

All issued shares in the capital of the Company (comprising the two subscriber shares and all the Heritage Shares) are held by the Trustees on behalf of the Club.

DEVELOPMENTS IN THE GAME OF RUGBY UNION

The momentous announcement by the IRFB in August 1995 that Rugby Union was to become an 'open' game, has impacted enormously on the structure and operations of rugby at club level.

The growth of Rugby World Cup and the recent changes to the laws of the game have resulted in a more attractive and open product for spectators. Television coverage has increased with the advent of satellite and cable broadcasting, and the development of third generation rugby stadia for international venues has improved facilities for spectators.

The open game has allowed for payments to players and transfers of rugby league players to the union code.

The new professional game has resulted in major financial implications for clubs who strive to remain in the higher echelon of the club game through retaining the services of a professional squad of players and coaches.

In order to remain competitive in this new era, the Company must generate higher and more certain levels of income. Historically, season ticket sales, membership subscriptions, gate receipts, rent from the hospitality suites and car parking spaces and bar takings, have been the most important sources of income. These areas will need to be strengthened and extra income needs to be secured from the sale of television rights, sponsorship, rent from the hospitality suites and car parking spaces and other revenue generating opportunities.

The Team played in the first division of the WRU national league in the 1996/97 season. Twelve teams competed in the first division. The WRU has recently announced that in the 1997/98 season the national league will be reduced to eight teams, the bottom four clubs being relegated. The Team has sufficient number of points to ensure it is not one of the teams being relegated. It is believed that the European Cup competition will entail home and away matches in the 1997/98 season.

CARDIFF RUGBY FOOTBALL CLUB LIMITED**THE BUSINESS OF THE COMPANY**

The Company operates a leading professional rugby club team. The Company generates additional revenue from advertising, bar and catering services, sponsorship agreements, hospitality boxes, merchandising, competition fees and WRU distributions. The Memorandum of the Association of the Company provides that the Company's main trading activity is the running of a professional rugby team. All its other trading activities are ancillary to this principal activity.

THE FUTURE STRATEGY OF THE COMPANY

The Directors' primary objective is for Cardiff RFC to secure its place among the elite of European Club Rugby.

The strategy to ensure that this exciting prospect is realised is dependent upon the Company securing additional financial resources, which will be used to strengthen the playing squad as required; to capitalise more fully upon the Club's brand name and its strong support; and to develop the Arms Park.

The key features of the future strategy of the Company are:-

Players

Cardiff RFC has always succeeded in attracting top quality players to what is the Capital City club. The professional game and lucrative playing contracts, especially on offer in England, require Cardiff RFC to compete aggressively in the market place. Acquisition of top class, high profile players will benefit the playing aspect of the team and should ensure improved commercial returns.

The transfer market in rugby has not developed fully as yet but will impact significantly on the future of the business.

Management

The role of a professional management team is considered key to the development and administration of the business activities of the Company.

There is a need for a professional and vibrant management team, who will be remunerated accordingly, to drive and control the business. The anticipated management structure will be as follows:- The Board will comprise a chairman, up to five other non-executive directors and up to four executive directors being the Chief Executive, a Financial Director, a Rugby Director and a Commercial Director.

Certain named persons ("appointors") so long as they hold at least 500,000 Ordinary Shares will be entitled in the Company's Articles of Association to appoint one non-executive director to the Board. The appointors will be the Trustees, Peter Thomas, John Smart and any other holder of 500,000 Ordinary Shares the Board may invite to appoint.

CARDIFF RUGBY FOOTBALL CLUB LIMITED

The Company is currently attempting to identify and appoint individuals for the positions of Financial Director and Commercial Director (or may appoint an external agency to carry out these functions).

Systems

The present computerised accounting system has proved adequate for the needs of the Club. It is likely that investment will have to be undertaken in the near future in order to develop the current systems to address the following:

- (a) a more complex accounting environment, involving separation of Club and Company accounts, and the need to produce accounts which comply with all statutory requirements;
- (b) the need to produce reliable and timely management information for the Board;
- (c) the desire to use information technology as a marketing tool for attracting potential spectators, sponsors and members;
- (d) the potential effects of the year 2000 on computer systems and software.

Business Development Opportunities

The 'business' of Rugby Union has been affected in recent years by a number of features:

- (a) the creation of the open, professional game;
- (b) the creation of Rugby World Cup;
- (c) increased media interest;
- (d) cross-border competition, in particular, the European Cup.

The above features have greatly expanded the commercial opportunities for leading rugby clubs.

As a result those clubs which have traditionally relied on most of their revenues from gate receipts, are now well placed to exploit brand licensing opportunities and offer improved products and services to their supporters and members, to generate more revenues from a broader range of activities and services.

The game's overall growth is likely to continue, especially with the increasing volume of broadcasting rights and sponsorship interest.

New television arrangements will need to be in place for season 1997/98 and the structure of the season has been governed to an extent by these television rights. With the governing body controlling the distribution of monies generated by these rights, the Company must attempt to secure its fair share of this income.

The Directors are also mindful of the imminent arrival of digital television and the opportunities that could be presented by pay per view rugby coverage, which could be attractive to our supporters in Cardiff and further afield and which could lead to substantial commercial benefit for the Company.

CARDIFF RUGBY FOOTBALL CLUB LIMITED**Sponsorship, Hospitality and Royalties**

Increased media and spectator appeal will prove attractive for sponsors and kit suppliers. The current facilities at the Arms Park will allow continued growth in hospitality revenue, match sponsorships, ground advertising and programme sales.

The Company has the potential to generate increased sponsorship opportunities in areas such as having a sponsor's name attached to the team. Sponsors could also be associated with an individual stand, other enclosures or certain hospitality facilities.

The hospitality suites at the Arms Park have proved to be excellent facilities.

Ground Development

The increase in popularity of European Competitions and other cross-border competitions will lead to an opportunity to improve and enhance facilities for spectators.

The North Stand needs to be developed to increase capacity and to offer catering and merchandising facilities. This will allow the Company to capitalise on its brand name and provide improved facilities for supporters.

The South Stand will be restricted to an extent by the new Millennium Stadium although the existing function rooms within that stand will have to be refurbished and enhanced.

The concourse between the South Stand and the Millennium Stadium will provide concessions to improve catering for spectators.

The team train at the Diamond Ground, Whitchurch. The Company and the Club are still discussing the details of development at the Diamond Ground if and when it is acquired by the Club.

THE OFFER

Ordinary Shares are now offered for sale to Members. The minimum number for which application may be made is 200 and thereafter shares must be applied for in multiples of 100.

In the event of the Offer to Members being over-subscribed, the Directors reserve the right in their discretion to allocate Ordinary Shares to Members.

ORDINARY SHARES

Holders of Ordinary Shares are entitled to attend general meetings of the Company and upon any resolution to one vote on a show of hands and, on a poll, to one vote for each Ordinary Share held. Ordinary Shares carry normal dividend and other distribution rights and are freely transferable subject to the terms and conditions laid down in the Company's

CARDIFF RUGBY FOOTBALL CLUB LIMITED

Articles of Association. These terms and conditions in summary provide:-

- (a) any transfer which would entitle the transferee to more than 24.9% of the Ordinary Shares (taking into account Ordinary Shares already held) will require the approval of the Trustees (as holders of the Heritage Shares) before being registered;
- (b) if any proposed transfer would result in any person acquiring at least 30% of the issued share capital of the Company, that person must offer to buy the remainder of the issued share capital at the same price per share (if this were to occur the company would write to Shareholders with the Board's recommendations);
- (c) for any transfer of shares to be registered the Company must receive a duly completed stock transfer form upon which stamp duty has been paid and the original share certificates or suitable indemnities if a share certificate is lost. The Company will not be obliged to register a transfer if it is in favour of more than four people.

DIVIDEND POLICIES

The Directors do not intend at this stage to recommend the payment of any dividends to the holders of Ordinary and Heritage Shares in respect of the next financial year. In view of the present level of uncertainty over future cash flows, it is not possible at this stage to indicate when dividends will be paid.

The general philosophy of the Board is to re-invest surplus funds generated from operations to develop the activities of the Company and its facilities.

RETURN OF CAPITAL

On a winding up of the Company any surplus remaining after discharge of all debts and liabilities will be distributed among the holders of Ordinary Shares and Heritage Shares according to the number of Ordinary Shares and Heritage Shares held.

HERITAGE RIGHTS OF THE CLUB

An important feature of the Asset Transfer Agreement is the allotment to the Trustees of the Heritage Shares. The Trustees as holders of the Heritage Shares are able to exercise a controlling vote to prevent amongst other things the Company from disposing of its rugby activities, substantially altering the nature of its business, changing the Club colours or moving the home ground outside Cardiff. A more detailed summary of the class rights attaching to the Heritage Shares is set out in Section VII.

USE OF THE ARMS PARK

The occupation rights to the Arms Park are summarised in Section IV.

CARDIFF RUGBY FOOTBALL CLUB LIMITED**RISKS AND SENSITIVITIES**

Your attention is drawn to the following, when considering whether to invest in the shares of the Company:-

Attraction and retention of key employees and professional players

The success of the Company will depend on the attraction and retention of its management and its professional players. Whilst it has entered into contractual arrangements with the aim of securing the services of each of its players and personnel, the long term retention of their services cannot be guaranteed.

Competition

The success of the Company's team cannot be predicted with any certainty. Professional rugby is highly competitive. No guarantee can be made of the competitiveness and success of the team in the future relative to the opposition they encounter in league fixtures or any other fixtures from which the Company might profit.

Control of contractual negotiations

A large part of the revenue of the Company is dependent upon contracts negotiated between third parties generating income from television and sponsorship deals. The Company is not necessarily a party to those contracts nor does it necessarily have any direct influence on their outcome.

Enterprise Investment Scheme and capital gains tax reinvestment relief

Formal clearance that the Company is a qualifying company for EIS purposes can only be obtained when the Company has undertaken qualifying activities for a period of four months from the issue of its shares. Neither the Directors, the Company nor C&L give any warranty or undertaking that the Company will be regarded as a qualifying company under the EIS legislation, or under the reinvestment relief legislation or that any investor will obtain either of these reliefs in respect of an investment. If the Company undertakes any activities other than qualifying activities this could result in its failing to satisfy the EIS and reinvestment relief conditions which could result in a withdrawal of any reliefs given. The Company cannot undertake to conduct its activities in such a way so as to preserve the EIS and capital gains tax reinvestment relief for its investors.

Further information on the EIS is contained in Section VII.

Income received from WRU

For the 1996/97 season, the WRU has agreed to pay Cardiff RFC eight monthly payments of £25,000, a total of £200,000 for the season. This money represents income from sponsorship, television rights and the Club's participation in the European Cup. This total was less than the Club received in the preceding season.

The WRU did not distribute any money on the basis of merit to reflect the respective

CARDIFF RUGBY FOOTBALL CLUB LIMITED

achievements or success of any club. It is the Board's view that this is not an acceptable basis if the WRU is to encourage success.

The WRU has recently negotiated television contracts to cover all aspects of the game in Wales. It is believed that:

- The Domestic contract which covers league and cup rugby in Wales together with some International matches and European conferences runs for 4 years and will be broadcast on S4C/HTV.

£14m over 4 years

- The Primary rights to cover Five Nations Rugby with BBC/RTE (a French TV station) will run for a period of three years.

£15m over 3 years

- Exclusive right to cover the European Heineken Cup club competition will run for the next five years with BSkyB.

£10m over 5 years

It is not known whether these payments will accrue evenly over the life of each contract. The distribution to clubs has yet to be agreed or finalised for the 1997/98 season. The amount available is more than three times the level of the current TV agreements but this may not be reflected in the distribution to the clubs.

Some method of remuneration by performance has to be introduced and the Company's income from the sale of television rights should increase. There is no certainty as to whether remuneration by performance will be introduced. It cannot be certain that the Company's income from the sale of television rights will increase.

Fixture uncertainty

The traditional fixture list of rugby clubs has changed in recent times and the process remains subject to further amendments. A reduction in the domestic league structure will make space in the rugby calendar for more cross border competition such as European Cup and Conference, together with a Celtic Challenge Competition or some form of Anglo-Welsh tournament at some stage. These higher profile tournaments should prove more challenging for players and more attractive for spectators.

There is no certainty that these or any other new competitions in which the Company participates will be arranged.

Injury to players and consistency of teams

Players are susceptible to playing injuries. No guarantee can be made of a consistent selection of players appearing in, or the consistent performance of, the team or the availability or adequacy of insurance cover to compensate the Company when key players

CARDIFF RUGBY FOOTBALL CLUB LIMITED

SECTION II - DIRECTORS, SENIOR MANAGEMENT AND STAFF

are injured. There is a particular problem when players receive cumulative injuries, are injured temporarily or in such a way as to impair their future performance.

Relegation/promotion

There is no guarantee that the team will not be relegated from the WRU First Division. If the team were relegated there would be a significant negative impact on the Company's potential profitability.

The transfer market

In the last twelve months transfer fees have been levied and paid for players under contract. The WRU have introduced the Registration Transfer and Contract Regulations which specifically allow for the payment of a transfer fee for the transfer of a contract player. It is expected a transfer market may develop. However, the full effects of the ruling of the European Court of Justice in the **Bosman** case (which determined that no compensation fee is payable if a professional football player moves to a club in another member state of the European Union) may not yet be apparent. There may be a significant impact over time or even in the short term on the development of a player transfer market. This is difficult to predict with certainty.

Losses

Cardiff RFC made pre-tax losses of £267,643 in the nine months ended 31st January 1997. The Directors anticipate the Company will make a loss in its first financial period which will end on 30th April 1997.

Dividends

Ordinary Shares may in time provide income to holders in the form of dividends. The payment of such dividends to the holders of Ordinary Shares will be subject to the discretion of the Board and will depend on the financial performance of the Company, its capital expenditure and development programmes, the existence of adequate distributable reserves and the availability of cash.

Share Dealings

Ordinary Shares cannot presently be traded on a recognised stock exchange and there may be no liquid market in them. Investments in the Company may therefore be difficult to buy or sell.

Financial Information

Information regarding the financial performance of the Company will be provided by way of the annual report and annual statutory accounts, which will be circulated to Shareholders and available as a matter of public record from the Register of Companies. Other financial information relating to the performance of the business or information relating to the value of shares in the Company may be difficult to obtain.

CARDIFF RUGBY FOOTBALL CLUB LIMITED

Share Price

The value attached to a holding of Ordinary Shares may be influenced by the above factors, and investors should be aware that the value of an investment in the Company may go down as well as up. Investors may therefore realise less than their original investment.

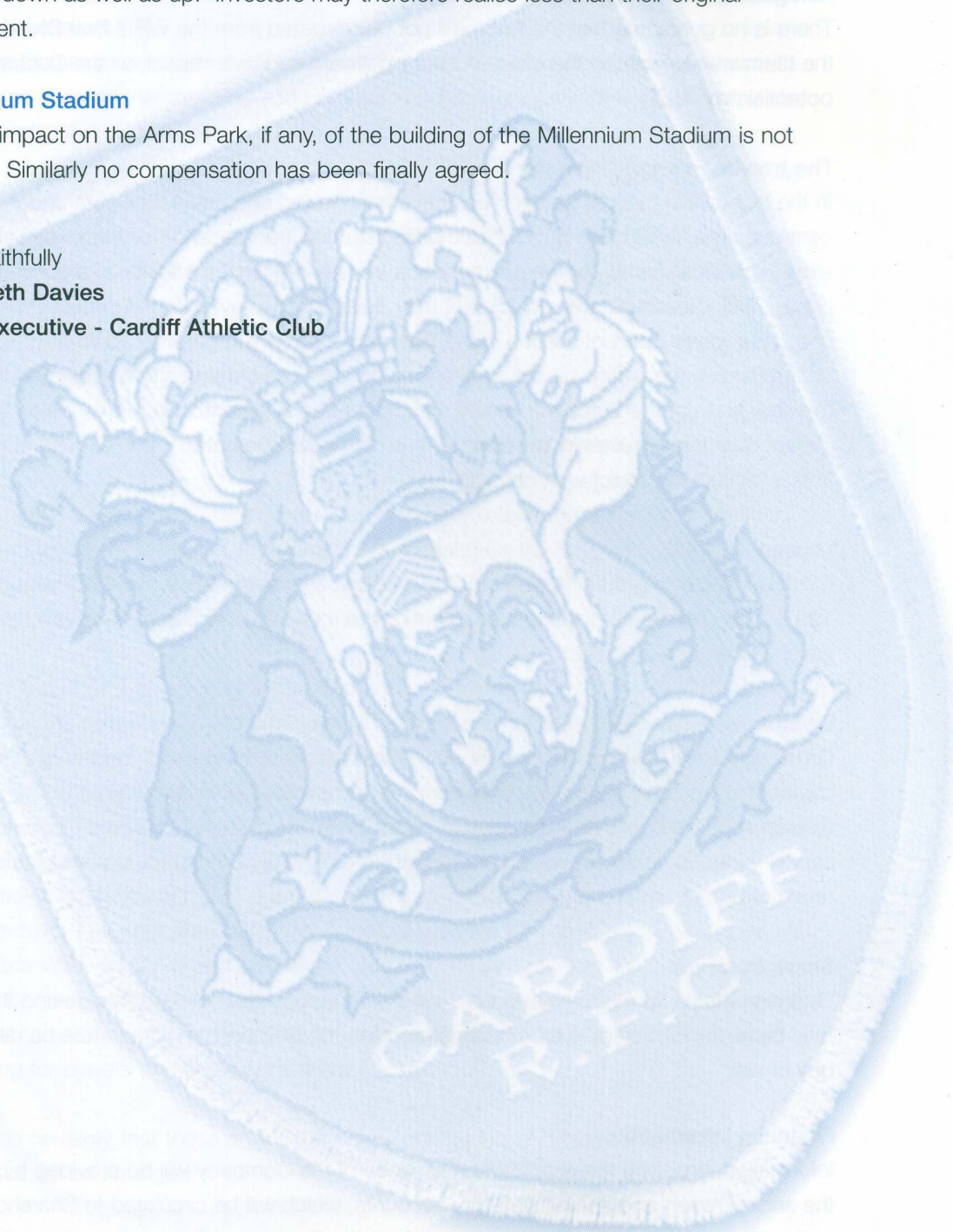
Millennium Stadium

The full impact on the Arms Park, if any, of the building of the Millennium Stadium is not known. Similarly no compensation has been finally agreed.

Yours faithfully

W. Gareth Davies

Chief Executive - Cardiff Athletic Club



CARDIFF RUGBY FOOTBALL CLUB LIMITED**SECTION II - DIRECTORS, SENIOR MANAGEMENT AND STAFF****DIRECTORS OF THE COMPANY**

The Board presently comprises one executive Director and three non executive Directors. A brief biography of each Director is set out below:-

Peter Thomas Non Executive Director and Chairman

Aged 54

Educated at Cyfartha Grammar School and Taunton School. Peter Thomas left school in 1961 to join a firm of accountants W R Gresty for 2 years articles. He was Sales Director of Avana Meat Products 1965-67. He started Peters Savoury Products as Joint Managing Director 1970, sold it in 1988, remaining as Chairman and Chief Executive until 1989. Peter started Atlantic Property plc in 1989. Peter joined Cardiff Youth 1961 and represented Cardiff District. He played for Ebbw Vale 1963-64 and played for Cardiff 1967/68. In recent years Peter has made a significant contribution to the development of the Club culminating in his appointment as Patron.

W. Gareth Davies Chief Executive

Aged 40

A graduate of UWIST and Oxford University, he played over 380 games for Cardiff RFC, 21 games for Wales and toured with the British Lions. Gareth captained both Cardiff and Wales. Employed as a building society manager prior to becoming Head of Sport for BBC Wales, Gareth rejoined as Chief Executive in August 1994 and has guided the Club through the transition to professional rugby union. He is former Deputy Director of CBI Wales and is Vice Chairman of the Sports Council for Wales.

R. Bleddyn V. Rees Non Executive Director (Representing the Club and Trustees)

Aged 35

Solicitor. Educated at Llandoverly College and a law graduate of UWIST, Bleddyn qualified as a solicitor in 1985 after two years' Articles with the Welsh and London law firm Morgan Bruce where he is now a partner. He is a member of Morgan Bruce's management board and has particular responsibility for marketing. His legal practice is concerned with commercial and corporate advice and the management of major transactions.

Simon M. Webber Non Executive Director (Representing the Club and Trustees)

Aged 34

Barrister. Following practice at the Bar Simon became an investment manager with fund management group MIM Ltd. In 1989 he joined Tomkins PLC where his responsibilities cover corporate development and legal affairs.

With effect from 10 June 1997 the following individuals will be appointed as directors:-

Alex Evans : Director of Rugby

John Smart : Non-Executive Director (exercising his right as a holder of 500,000 Ordinary Shares to nominate one director.)

CARDIFF RUGBY FOOTBALL CLUB LIMITED

Alan Peterson : Non-Executive Director

Gareth Edwards : Non-Executive Director

Mervyn John : Non-Executive Director (representing the Club and the Trustees)

A brief biography of each such proposed Director is set out below.

Alex Evans - Director of Rugby**Aged 58**

Educated Brisbane Grammar School and University of Queensland, Alex Evans is now regarded as one of the world's best coaches having achieved great success from his early days coaching at Brisbane Grammar School through to club, provincial and International success for the Australian Rugby Union. He returns to Cardiff, following a successful term in the early to mid-nineties at the Club as Club coach as well as Welsh Coach at the last Rugby World Cup and a brief period as Director of Rugby for the Australian Rugby Union.

John Smart**Aged 52**

"JR" is Chairman and managing director of J.R. Smart (Builders) Limited, a local family owned company of builders and property developers. The Company has been trading for over 20 years and rents one of the hospitality suites at the Arms Park. John has been a keen Cardiff supporter for over 25 years.

Alan E. Peterson**Aged 49**

Born in Cardiff and educated at Howardian High School and Loughborough University graduating in Metallurgical Engineering and Management. Alan played rugby for and was Captain of the 1st XV of Loughborough University for two seasons between 1969-71. Presently employed as Chief Operating Officer and Director Meyer International PLC, UK and Holland's major timber and building materials group, of which "Jewson" is a major subsidiary (Alan is Chairman of Jewson Limited). His previous employment comprises Alcan Aluminium (1972-1982) where he was Managing Director of various Alcan subsidiaries ; West & Welsh Holdings (1982-89) Managing Director; BTR plc where he was Managing Director of the subsidiary Rockware Group (1990-95). He is a life long supporter of Cardiff RFC. His home is still in Cardiff and he is married with one son.

Gareth Edwards MBE**Aged 49**

Educated at Pontardawe Technical College, Millfield School and Cyncoed College. He played for Cardiff through a 12 season international career that saw him play for Wales on a record 53 consecutive occasions and also a record 10 times for the British Lions. His name is known throughout the rugby world as one of the all time great players.

CARDIFF RUGBY FOOTBALL CLUB LIMITED

SECTION III - FIRST TEAM SQUAD

He is an accomplished fisherman and author. He is Chairman of Hamdden (a subsidiary of Hyder plc).

Mervyn John

Aged 52

Mervyn is a graduate of Cardiff University. He played over 320 games for the Cardiff 1st XV and captained the Club in 1974/75. In his final season 1978/79 he captained the "Rags" and then joined the Committee in 1979. He was Club Chairman for 5 years between 1987/89 and 1992/95 and has represented the rugby section on the management committee since 1985. He became a Club Trustee this year. Mervyn has worked in the Finance industry for over 25 years and is currently employed as a Corporate Development Manager with Carlyle Finance Limited, the Asset Finance division of the Julian Hodge Bank.

PLAYING STAFF

Alex Evans with effect from 3rd April 1997 became responsible for the playing and coaching of rugby at all levels and for devising and following through a rugby strategy for Cardiff and the surrounding areas, with great emphasis placed on schools and youth development.

The Company currently has 31 registered professional players. So far in the 1996/97 season all have appeared for the team and 10 have represented their country at a senior international level. Robert Howley, Leigh Davies, David Young, Lee Jarvis, Justin Thomas and Gwyn Jones were acquired last summer. Details of the Squad are set out in Section III.

Players' contracts tend to be fixed term contracts and because of commercial sensitivity, the termination dates of such contracts have not been referred to in this Document.

Players' contracts with the Company are governed by the rules of the IRFB and the WRU. The terms of players' contracts vary considerably. Apart from a fixed annual salary and individual players' contractual bonus schemes, the Company operates an incentive scheme for the team based on League and cup performance.

The Company has an insurance policy with Western Provident Assurance Limited providing cover towards serious permanent player injury. The possibility of more comprehensive insurance cover for the playing squad is examined on an ongoing basis. The cost of premiums has to date been prohibitive.

Considerable emphasis is placed on the development of home-grown talent and close relationships will be nurtured between the Company and neighbouring schools and of course its youth team. Initiatives are already set up with further education establishments in Cardiff and with the South Glamorgan Training and Enterprise Council. The Company intends to establish a centre for excellence for Rugby at the Diamond Ground, Whitchurch, which will provide an opportunity for aspiring rugby players to develop their talents under the Company's coaching team.

CARDIFF RUGBY FOOTBALL CLUB LIMITED**OTHER STAFF**

The Company employs a total of 17 full-time non-playing staff to provide the day to day operation of the Company. On home match days it employs approximately 60 temporary staff to cover the bars, security, ticket sales, shops and match programme sales.

CORPORATE GOVERNANCE

The Board recognises the importance of sound corporate governance and intends in due course to comply with the recommendations of the Code of Best Practice published by the Cadbury Committee on the Financial Aspects of Corporate Governance, and the Guidance for Smaller Companies, published by the City Group of Smaller Companies, in addition to the Greenbury Study Group on Directors' Remuneration.

A Remuneration Committee, comprising non-executive Directors, will be responsible for setting the remuneration of the executive Directors and making recommendations to the full Board regarding the fees of the non-executive Directors. Salaries will be set after taking comparable market salaries into account. In addition, this committee will control the operation of any share option schemes and the grant of options thereunder.

An Audit Committee, comprising non-executive Directors, will consider the appointment and fees of the external auditors and oversee the scope of the audit, as well as its findings, and discuss the management letters arising from the audit. This committee will also be responsible for monitoring compliance with accounting and legal requirements and changes thereto, and will adopt best practice at all times for reviewing the operation of proper internal financial controls and for measuring and reporting on the financial performance of the Group. It will review financial statements before publication and give due consideration to dividend policy and payments.

It is intended that the Audit Committee will meet at least twice per year and the Remuneration Committee will meet annually.

CARDIFF RUGBY FOOTBALL CLUB LIMITED**SECTION III - FIRST TEAM SQUAD**

Player	Age	Senior Honours
Mark Bennett	30	Wales
Phil Booth	21	
Darren Davies	22	
Jonathan Davies	35	Wales (Union & League), Barbarians , British Lions (League), Great Britain (League), Captain of Wales (League & Union)
Leigh Davies	22	Wales
Steve Ford	31	Wales
Mike Hall	31	Wales, Barbarians & British Lions
Jason Hewlett	22	
Simon Hill	28	Wales
Rob Howley	27	Wales & Barbarians
Jon Humphreys	28	Wales, Barbarians & Captain of Wales
Lee Jarvis	20	Wales A & Barbarians
Derwyn Jones	26	Wales & Barbarians
Gareth Jones	20	Wales
Gwyn Jones	25	Wales
Lee Jones	24	Wales A
Andrew Lewis	23	Wales
Emyr Lewis	28	Wales & Barbarians
Chris Mills	23	
Lyndon Mustoe	28	Wales
Jamie Ringer	22	
Stuart Roy	28	Wales
Keith Stewart	25	
Hemi Taylor	32	Wales
Justin Thomas	25	Wales
John Wakeford	30	Wales
Nigel Walker	33	Wales & Barbarians
Delme Williams	20	
Owain Williams	32	Wales
David Young	29	Wales (League & Union) & British Lions
Paul Young	24	Wales A
Total Number of Players	31	

CARDIFF RUGBY FOOTBALL CLUB LIMITED**SECTION IV - PROPERTY REPORTS**

Cooke & Arkwright
7/8 Windsor Place
Cardiff
CF1 3SX

The Trustees
Cardiff Athletic Club
Cardiff Arms Park
Westgate Street
Cardiff
CF1 1JA

28th April 1997

Dear Sirs

Cardiff Arms Park ("the Property")

We write to confirm our instructions to advise Cardiff Athletic Club ("the Club") on the terms of a 25 year lease of the Property ("the Lease") to be granted to Cardiff Rugby Football Club Limited ("the Company").

We confirm:-

1. On 3 July 1996 we prepared outline Heads of Terms indicating what we considered to be reasonable arm's length terms for a commercial 25 year lease of the Property. These have subsequently been developed into the proposed lease that is now in place.
2. We indicated our opinion that a rent of £75,000 per annum was fair between the parties for the first 5 years. The following factors were taken into account in reaching conclusions on the initial rent:
 - (a) "Market rent" implies that the property is available to let in the market and would be free from encumbrances such as debt charges.
 - (b) Because of the unusual nature of the property, a financial performance or accounts based approach was considered the most relevant basis;
 - (c) The accounts of the Club were reviewed over the six years between 1990 and 1995. Some adjustments were made to the Club's accounts to remove matters which had no relevance to the Property, for example, expenditure related to the Sophia Gardens property. This approach is consistent since it is the approach we used for the Club in relation to the recent successful rating challenge.

CARDIFF RUGBY FOOTBALL CLUB LIMITED

- (d) The rent was then set at 50% of the average adjusted net profit to reflect a mid way agreement between landlord and tenant.
3. We do not consider that it was appropriate that the rent reviews were linked either to a turnover or profitability formula. The reasons for this are the particular relationship between the Company and the Club, the difficulties in practice of operating such formula and the uncertainties over future performances as the Club develops.

Instead we advised that the review would be on normal open market rental terms but having the ability to have regard to the financial performance of the tenant (the Company).

We consent to the inclusion of this letter in the Offer document and we accept responsibility for this report.

It is provided for the use only of the Trustees of Cardiff Athletic Club and its members and no responsibility is accepted to any third party for the whole or any part of its contents. Neither the whole nor any part of this letter nor any reference thereto may be included in any published document, circular or statement, nor published in any way without our written approval of the form or context in which it may appear.

Yours faithfully

Cooke & Arkwright
Chartered Surveyors

CARDIFF RUGBY FOOTBALL CLUB LIMITED

SECTION IV - PROPERTY REPORTS

Morgan Bruce
Bradley Court
Park Place
Cardiff
CF1 3DP

The Trustees
Cardiff Athletic Club
Cardiff Arms Park
Westgate Street
Cardiff
CF1 1JA

28th April 1997

Dear Sirs

Cardiff Arms Park ("the Premises")

We set out below a summary of the main terms of the proposed 25 year lease of the Premises ("the Lease") which Cardiff Athletic Club ("the Club") will grant to Cardiff Rugby Football Club Limited ("the Company").

It has been agreed that the Club will grant the Company a Lease of the Premises for a term of 25 years on the following terms and conditions:-

1. Demise

The Premises to be demised to the Company will include the whole of the land in the freehold ownership of the Club including the Club House, the Bowls Pavilion and bowling green and the car parking areas within the Arms Park.

2. Term of the Lease

The Lease will be granted for a term of 25 years commencing 1st February 1997.

3. Break Option

The Company may determine the Lease on the expiry of the 10th year by giving the Club not less than 12 months notice in writing.

4. Rent and Rent Review

The initial rent of £75,000.00 per annum has been set by reference to the financial performance and accounts of the Club. The basis of this rent is explained in a letter to you from Cooke & Arkwright.

Rent will be reviewed at the expiration of every 5th year of the term of the Lease and where the revised rent cannot be agreed between the Club and the Company it will be referred to an arbitrator for determination. The rent cannot be reviewed to a figure lower than the initial rent of £75,000 per annum.

In reviewing the rent the arbitrator will in addition to making certain basic assumptions in relation to the Premises and disregarding certain matters (such as the effect on the rent of any improvements made by the Company) having regard to the financial

CARDIFF RUGBY FOOTBALL CLUB LIMITED

SECTION V - FINANCIAL INFORMATION

performance of the business carried on by the Company at the Premises. The matters assumed or "disregarded" on rent review are common to any rent reviews of commercial property. However the consideration of the financial performance of the Company's business carried on at the Premises is a factor in the rent review process which reflects the unique nature of this particular lease agreement. The arbitrator will determine the rent at which the demised premises might be let in the open market at the relevant review date (subject to the minimum of £75,000 per annum) having regard to this as well as the usual matters pertaining to the property considered on any rent review.

5. Insurance

The Tenant will insure the Premises against the usual insured risks in the joint names of the Company and the Club against the full cost of rebuilding and reinstatement and 3 years loss of rent.

If the Premises are damaged or destroyed by an insured risk so as to be unfit for occupation then rent will be suspended and the Company will apply the proceeds of the insurance policy in rebuilding and reinstating the Premises so as to make it fit again for occupation and use by the Company.

6. Repairs and Decorations

The Company will undertake to keep the Premises in good and substantial repair excepting damage caused by an insured risk and damage caused by major structural inherent or latent defects and subject also to the proviso that neither the Club nor the Company shall be under an obligation to put or keep the Premises in any better state and condition than is evidenced by a Schedule of Condition which is being prepared and will be agreed by the Company and the Club.

The Company will be under an obligation to decorate the demised premises in every 5th year of the term of the Lease.

7. Alterations and Improvements

The Company may carry out internal non structural alterations to the Premises although structural or external alterations may not be carried out without the Club's consent first being obtained.

The Club may however carry out works or improvements to the Premises or indeed permit third parties to carry out such improvements. This provision recognises the possible works may be necessitated or required as a result of the WRU's re-development of the National Stadium.

8. Permitted Use

The primary use defined in the Lease is the playing and viewing of rugby union football matches by Cardiff RFC and all other activities which are ancillary thereto. Provided that they do not conflict with interfere or impede this primary use the Company may also use the Premises for the playing and viewing of other rugby union matches, rugby league, hybrid games of rugby union and rugby league, association football (amateur or professional), boxing promotions, pop concerts and other musical, social or cultural events.

9. Assignments and Underlettings

The Company is absolutely prohibited from assigning or granting underleases of the whole. The Company may grant underleases of part of the Premises with the Club's consent and may charge the whole of its premises with the Club's consent which in either case must not be unreasonably withheld or delayed.

CARDIFF RUGBY FOOTBALL CLUB LIMITED

The Company may with the consent of the Club which must not be unreasonably withheld or delayed grant licences or enter into agreements with third parties for the use and occupation of the Premises provided that the third party concerned enters into a formal licence agreement (which must be in a form approved by the Club) and which relates to one of the secondary uses as defined above and provided always that the holding of the particular event concerned does not conflict with impede or prevent the primary use defined above.

10. Alcohol Licence

The Justices' On-Licence held in respect of the Club House and bars will be maintained and renewed by the Company.

On the expiry of the Lease all Licences held by the Company will be transferred to the Club.

11. Compensation

It is declared that any compensation payable by the WRU in respect of the loss of rights of way through the West Stand of the National Stadium shall belong to the Club and not the Company. Any compensation which relates to the loss of revenue suffered by the Company a) as a result of its being unable to use and enjoy the Premises in whole or in part for the Permitted Use during the period of any building work or b) arising from the use of car parking spaces at the Premises and for the use of access rights over the Premises by the Welsh Rugby Union shall belong to the Company and not the Club.

12. Commercial Terms

The Lease has been settled on the basis of a commercial Landlord and Tenant relationship between the Club and the Company having regard to the particular and unique relationship between the Club and the Company. The Lease has been drafted by us to give effect to the Heads of Terms being prepared by the Club's Agents, Messrs Cooke & Arkwright.

We consent to the inclusion of this letter in the Offer document and we accept responsibility for this report.

Our report is provided for the use only of the Trustees of Cardiff Athletic Club and its members and no responsibility is accepted to any third party for the whole or any part of its contents. Neither the whole or any part of this report nor any reference thereto may be included in any published document, circular or statement, nor published in any way without our written approval of the form or context in which it may appear.

Yours faithfully

Morgan Bruce

CARDIFF RUGBY FOOTBALL CLUB LIMITED

SECTION V - FINANCIAL INFORMATION

Coopers & Lybrand
Churchill House,
Churchill Way,
Cardiff CF1 4XQ

The Directors
Cardiff Rugby Football Club Limited

28th April 1997

Dear Sirs

Cardiff Athletic Club/Cardiff Rugby Football Club Limited

The financial information set out in Parts I and II below is based on the audited accounts of the Cardiff Athletic Club ("CAC") after making all the adjustments we consider appropriate for the inclusion of this report in the Offer dated 28th April 1997 to the members of the CAC in connection with the share issue by Cardiff Rugby Football Club Limited ("CRFCL").

We have reviewed the calculations and bases of preparation for the financial information set out in Part I for which the management committee of CAC are solely responsible and the pro-forma statement of net assets in Part II for which the directors of CRFCL are solely responsible.

In our opinion:

- the financial information set out in Part I has been properly extracted for the purposes of this document from the audited accounts of the CAC for the years ended 30th April 1994, 1995, 1996 and the period ended 31 January 1997 and has been properly compiled for the purpose of this document on the basis of preparation set out therein and on the basis consistent with the accounting policies of the CAC.
- the pro forma statement of net assets has, so far as the calculations are concerned, been properly compiled on the bases of preparation set out therein and on a basis consistent with the accounting policies of CRFCL.

Yours faithfully

Coopers & Lybrand

CARDIFF RUGBY FOOTBALL CLUB LIMITED

Part I - RESULTS OF CARDIFF ATHLETIC CLUB

RUGBY SECTION	Nine months ended	Year ended 30th April		
	31st January 1997	1996	1995	1994
	£	£	£	£
Income				
Income from rugby	276,050	467,449	324,432	229,721
Membership income	380,949	372,742	358,002	330,872
Clubhouse profits	50,662	66,067	73,261	60,980
Hospitality suite rentals	243,286	272,008	249,991	241,443
Net commercial income	215,739	343,097	301,380	170,572
Other income	95,122	151,732	111,550	75,991
	<u>1,261,808</u>	<u>1,673,095</u>	<u>1,418,616</u>	<u>1,109,579</u>
Expenditure				
Rugby expenditure	192,071	490,779	303,568	283,884
Salaries and wages	851,978	415,741	385,922	274,375
Maintenance and utilities	285,067	271,391	300,489	267,619
Laundry and cleaning	15,962	20,216	30,455	33,801
Insurance, professional	68,827	67,880	56,496	43,304
Stationery, telephone, postage	40,646	38,936	32,505	26,700
Advertising	12,138	6,587	5,266	17,329
Depreciation	33,838	45,517	44,339	38,162
Bad Debts	7,000	7,961	5,290	1,497
Bank charges	2,000	3,000	3,034	5,908
Sundry items	19,924	47,083	6,630	8,771
	<u>1,529,451</u>	<u>1,415,091</u>	<u>1,173,994</u>	<u>1,001,350</u>
PRE TAX SURPLUS (DEFICIT)	<u>(267,643)</u>	<u>258,004</u>	<u>244,622</u>	<u>108,229</u>

Notes:

The results have been extracted from the Club's audited accounts and have been prepared on the following bases:

1. For the purposes of the above approximately £12,000 per annum of the total Club membership income has been apportioned to the other sections and is not included in the income figure noted.
2. It has been assumed that all clubhouse profits, net commercial income and other income relate to the rugby section.

CARDIFF RUGBY FOOTBALL CLUB LIMITED

3. All Club expenditure has been allocated to the rugby section with the exception of the following
 - direct sectional expenditure
 - interest charges
 - a proportion of the bank charges
4. Interest received by the Club is not included.
5. Transactions relating to the Club's lottery operation have not been included.
6. Transfers between the Club and the Players Trust Fund in 1996 and 1995 have been ignored for the purpose of this exercise.
7. Exceptional items relating to rates rebates and the sale of Sophia Gardens have also been ignored for the purpose of this exercise.

Part II - PRO FORMA STATEMENT OF NET ASSETS

For illustrative purposes the table below sets out a pro forma statement of net assets which shows the impact of the Offer if fully subscribed as at 1st February 1997, the most recent date to which accounts for the Company have been prepared.

	As at 1st February 1997*	'Heritage shares issued and introduction of Goodwill	Net proceeds from the Offer to Members	Pro Forma statement of net assets	
	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	63			63	
Goodwill	-	1,152		1,152	
Investments	71			71	
		134			1,286
Current Assets	326			326	
Due from CAC	402	(402)		-	
Cash in hand	-		4,800	4,800	
	728			5,126	
Deferred income	506			506	
Creditors	161			161	
	667			667	
Net current assets		61			4,459
		195			5,745
Long term loans		(195)			(195)
Net assets		-	750	4,800	5,550

* Before goodwill.

No adjustments have been made to the balance sheet to reflect the trading performance of the Company between 1st February 1997 and the date of this Offer. The costs of the Offer are estimated to be in the region of £200,000.

CARDIFF RUGBY FOOTBALL CLUB LIMITED**SECTION VI - RELATIONSHIP BETWEEN THE COMPANY AND THE CLUB****THE DIAMOND GROUND - WHITCHURCH**

It is the intention of the Club to acquire the Diamond Ground site, the home of Cardiff High School Old Boys and to develop facilities there in co-operation with the Company. Any purchase will be dependent upon successful negotiations with Cardiff County Council to amend the terms of the existing lease of the Diamond Ground and the grant of planning permission (if appropriate).

This site if acquired will be upgraded to develop a rugby 'Centre of Excellence' for the Capital City. The Company recognises the importance of a strong team and has to improve its record on developing home grown talent through its involvement with young players. A centre of excellence will generate a greater number of quality players.

It is also intended to enhance the site by the provision of sporting facilities for the other sections of the Club. Cricket facilities will be provided, together with an all-weather surface which will accommodate hockey and tennis sections, whilst also being available to the team. These improved facilities should also be available to the community at large, which will help the site develop as a prime leisure and recreation facility within Cardiff.

Following the sale of Sophia Gardens, there is an internal agreement within the Club to allocate funds to relocate all the Sporting Sections. Many sites have been considered, with the favoured option being the Diamond Ground. If acquired the Company will be responsible for operating this site. The funding of acquisition and enhancement will be provided from Club funds and grant aid. If the acquisition proceeds it is contemplated that the following agreements will be entered into between the Club and the Company:-

- (a) an agreement pursuant to which the Company will operate and manage the Diamond Ground facilities;
- (b) an agreement permitting the Company to use the rugby pitches and training facilities for the youth and development squads and for training purposes.

The Company will prepare a forecast income and expenditure account for the operation and management of the Diamond Ground, which the Club will consider. Provided both the Company and the Club are content with the forecasts, the Company and the Club's initial proposal at this time is that in return for the Company's obligations stated in (a) and (b) above, the Company will retain for its own benefit any profits generated by the facilities at the ground.

STRATEGY FOR CARDIFF ATHLETIC CLUB

The fixed assets of the Club, including the Arms Park and Clubhouse, will continue to be owned by the Club and will be leased to the Company at a market rent, determined on professional advice (see Section IV).

CARDIFF RUGBY FOOTBALL CLUB LIMITED

SECTION VII - ADDITIONAL INFORMATION

The planned changes for Cardiff RFC are a response to the rapid changes in Rugby Union and will provide increased security for the other sections of the Club.

Membership of the Club and its various sections, will be unaffected with subscriptions due at the start of each membership year. Rugby membership subscriptions will be retained by the Company and all other subscriptions will belong to the Club.

FINANCING

The income of the Club will be derived from rent from the Company, membership subscriptions from the non-rugby sections and interest on bank deposits. The expenditure of the Club will comprise sectional costs, repayment of loans, bank interest and charges and corporation tax.

SERVICES AGREEMENT

The Company will provide benefits to members and administrative services to the Club under the terms of the Services Agreement. In consideration for providing benefits to Members and administrative services to the Club, the Company will retain the subscription fees paid by members of Cardiff RFC.

In summary the Services Agreement provides as follows. The Company will provide administrative services to the Club, being principally the collection of subscriptions from Members, the maintenance of membership records, the preparation and circulation of notices and newsletters to Members and the keeping of books of accounts and minutes. The Company will be obliged to afford Members the same benefits as hitherto including access to the bars on match days and hire of function rooms at discounted rates. Members of the Cardiff RFC will be afforded free access to all home league and friendly games. The Services Agreement is terminable by the Club on one month's notice.

LOAN REPAYMENTS

In 1998 the second tranche of building costs for hospitality suites (Phase II) are payable to AMEC. The amount payable by the Club is £440,000.

There is a repayment plan in place for the Lloyds Bank loan on Hospitality Suites Phase I. It is intended that this loan will be paid off by the end of 1999 by the Club.

The loans with Brains and Welsh Brewers for which the Company has assumed liability are currently being written off over 7 years and 7 1/2 years respectively, provided that barrelage targets are achieved.

MANAGEMENT

The Management Committee of the Club will remain in control of the Club and its assets.

The Trustees will hold the Heritage Shares which will enable them (at the direction of the Management Committee) and thus the Club to exercise a controlling vote to prevent,

CARDIFF RUGBY FOOTBALL CLUB LIMITED

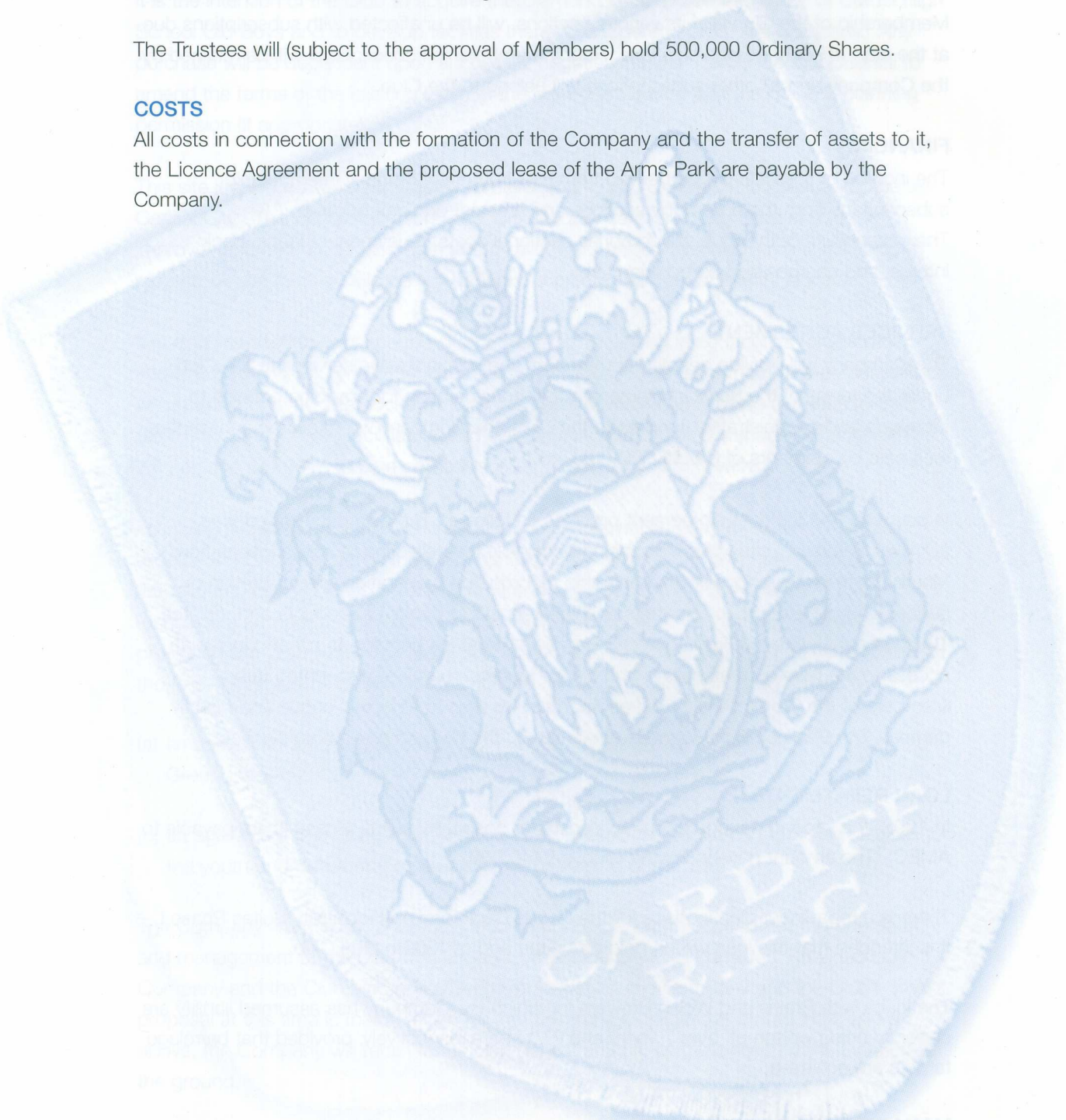
SECTION VII - RELATIONSHIP BETWEEN THE COMPANY AND THE CLUB

amongst other things, the Company from disposing of its rugby activities, substantially altering the nature of its business, changing the Club colours, playing home games outside Cardiff. More information on the Heritage Shares is set out in Section VII.

The Trustees will (subject to the approval of Members) hold 500,000 Ordinary Shares.

COSTS

All costs in connection with the formation of the Company and the transfer of assets to it, the Licence Agreement and the proposed lease of the Arms Park are payable by the Company.



STRATEGY FOR CARDIFF ATHLETIC CLUB
The Club will be a public company limited by guarantee and will have a share capital of £100,000 divided into 100,000 shares of £1 each. The Club will be a public company limited by guarantee and will have a share capital of £100,000 divided into 100,000 shares of £1 each. The Club will be a public company limited by guarantee and will have a share capital of £100,000 divided into 100,000 shares of £1 each.

CARDIFF RUGBY FOOTBALL CLUB LIMITED**SECTION VII - ADDITIONAL INFORMATION****1. INCORPORATION AND SHARE CAPITAL**

On 15th May 1996 the Company was incorporated as a public company limited by shares. On 16th December 1996 it re-registered as a private company limited by shares. It is prohibited from offering shares for sale to members of the public. It commenced trading on 1st February 1997.

Two Ordinary Shares (being the two subscriber shares) and all the Heritage Shares are in issue held by the Trustees on trust for the Club.

2. EXTRACTS FROM THE COMPANY'S MEMORANDUM AND ARTICLES OF ASSOCIATION**2.1 Memorandum of Association**

The principal objects of the Company, set out in full in paragraph 3 of its Memorandum of Association, are to promote, encourage and foster the game of Rugby Football Union in Cardiff and the surrounding areas.

The authorised share capital of the Company is £7,750,000 divided into 750,000 Heritage Shares and 7,000,000 Ordinary Shares.

2.2 Articles of Association

The Articles of Association contain the following provisions:

(a) In respect of the Company's status

The Company is a private company limited by shares and accordingly any invitation to the public to subscribe for any shares or debentures of the Company is prohibited.

(b) In respect of share capital

The share capital of the Company is divided into 7,000,000 Ordinary Shares and 750,000 Heritage Shares. The Heritage Shares rank equally with the Ordinary Shares and therefore will receive a proportionate part of any dividends and any return of capital on a winding up of the Company. At a general meeting the holders will have one vote on any show of hands and on a poll one vote for each Heritage Share held.

The Heritage Shares have the right to appoint two directors to the Board and to remove any person appointed from time to time. Quorum for meetings of the Board or any Committee of the Board is two of whom at least one must be one of the Special Directors appointed by the holders of Heritage Shares.

CARDIFF RUGBY FOOTBALL CLUB LIMITED

SECTION VII - ADDITIONAL INFORMATION

The approval of the holders of Heritage Shares must be obtained before the Company can:

- (a) alter the general nature of the business of the Company so as to constitute a substantial alteration to the business of the Company. Any cessation of or material reduction in the playing of rugby union football shall be deemed to be a substantial alteration in the general nature of the business of the Company;
- (b) pursue the development of any new business unless it complements and supports the primary business activity of the Company being that of running a professional rugby union team;
- (c) change the Club colours from Cambridge blue and black (changes to the Club colours (including the strip) in the normal course of playing and to comply with advertising and promotional commitments of the Company being permitted however at the discretion of the Directors);
- (d) change the location of the Company's home ground from within the boundaries of the City of Cardiff;
- (e) in any way modify the rights attaching to any class of its shares or subdivide its shares;
- (f) reduce its share capital, any uncalled liability in respect thereof, or any capital redemption reserve fund revaluation reserve, share premium account or other capital reserve, in any case where such redemption involves a repayment to shareholders or the cancellation of any unpaid liability;
- (g) propose any amendment to the Articles of Association of the Company;
- (h) sell or dispose (either directly or indirectly) of the undertaking or business of the Company or any substantial part thereof;
- (i) issue any notice to shareholders of a general meeting at which a special resolution or a change in name of the Company is to be proposed.
- (j) register any transfer of Ordinary Shares (other than certain permitted transfers) if as a result the transferee or persons acting in concert with him would be the registered holder of more than 24.9% of the issued Ordinary Share Capital of the Company.

(c) In respect of the allotment of shares

The pre-emption provisions of section 89(1) of the Companies Act and the provisions of sub-sections (1) to (6) inclusive of section 90 of the Act have been disapplied for the period of five years from the date of adoption of the Company's Articles as regards any authorised but unissued shares in the capital of the Company.

Accordingly the Directors have power to allot 2,000,000 Ordinary Shares and any not taken up on this Offer.

(d) In respect of Directors

Unless otherwise determined by ordinary resolution, the maximum number of directors

CARDIFF RUGBY FOOTBALL CLUB LIMITED

(other than alternate directors) will be ten and the minimum number will be two.

The Trustees, Peter Thomas and John Smart (and including persons associated with him) so long as in each case they hold at least 500,000 Ordinary Shares will be entitled to appoint one non-executive director to the Board. The Board has the right to invite any other person holding at least 500,000 Ordinary Shares to appoint a non-executive director to the Board.

(e) In respect of Director's interests

Without prejudice to the obligations of any Directors to disclose his interest in accordance with Section 317 of the Act, a director may vote at a meeting of Directors or of a committee of Directors on any resolution concerning a matter in respect of which he has, directly or indirectly, an interest or duty. The Director must be counted in the quorum present at a meeting when any such resolution is under consideration and if he votes his vote must be counted.

(f) In respect of indemnity of Directors

Subject to the provisions of the Companies Act, but without prejudice to an indemnity to which he may otherwise be entitled, every Director, alternate Director or Company Secretary of the Company must be indemnified out of the assets of the Company against all costs, charges, losses and liabilities incurred by him in the execution of his duties or the exercise of his powers, authorities and discretions.

3. LITIGATION AND CLAIMS

The Company is not aware of any actual, pending or threatened actions and is not and has not, been involved in any legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this document, a significant effect on the financial position of the Company nor, so far as any of the Directors is aware, are any such proceedings pending or threatened against the Company.

4. MATERIAL CONTRACTS

Set out below are the contracts not being contracts being entered into in the ordinary course of business which are or may be material and which have been entered into by the Company since incorporation:

- (a) the Licence Agreement;
- (b) the Services Agreement;

CARDIFF RUGBY FOOTBALL CLUB LIMITED

(c) the Asset Transfer Agreement.

(d) the proposed Lease.

5. GENERAL

- (a) The Company's auditors are Coopers & Lybrand of Churchill House, Churchill Way, Cardiff.
- (b) The financial information relating to Cardiff Rugby Football Club Limited contained within this document does not constitute statutory accounts within the meaning of the Companies Act.

6. DOCUMENTS

The following documents are available for inspection at the registered office at the Company.

- (a) the memorandum and articles of association of the Company;
- (b) the Asset Transfer Agreement;
- (c) the Licence Agreement;
- (d) the proposed lease of the Arms Park;
- (e) the irrevocable undertakings to subscribe for shares given by Peter Thomas and John Smart;
- (f) the Services Agreement.

7. TAXATION

The following paragraphs are based on current legislation and Inland Revenue practice. A purchase of shares in the Company may attract the following reliefs:

- (a) Income tax relief under the Enterprise Investment Scheme;
- (b) Capital gains tax reinvestment relief.

(a) ENTERPRISE INVESTMENT SCHEME ("EIS")

Under section 289 and subsequent sections of the Income and Corporation Taxes Act 1988 investors who subscribe for 500 Ordinary Shares or more in a qualifying company are eligible for income tax relief of up to 20 per cent (depending on the taxable income of the investor) on their investment up to a limit of £100,000 in any one tax year.

As at the date of this Offer, there is no reason to believe that the Company will not be a qualifying company for EIS purposes.

Members should be aware that any relief claimed can be withdrawn if the Company breaches any of the many conditions for EIS relief within a three year period from the date

CARDIFF RUGBY FOOTBALL CLUB LIMITED

the shares are issued or if investors breach the conditions within a period commencing two years prior to the issue of shares and ending five years after the shares are issued. In certain circumstances, EIS relief can be withdrawn from an investor as a result of transactions by others.

Members are strongly advised to seek independent professional advice as to the tax relief that their particular investment will attract and the tax consequences of selling or otherwise disposing of the shares.

The Company cannot undertake to conduct its activities in such a way so as to preserve the EIS and capital gains tax reinvestment relief for its investors.

Outline of the Relief

EIS relief can be claimed by a qualifying individual who subscribes for eligible shares in a qualifying unquoted company. The shares must have been issued for the purpose of raising money for a qualifying business activity which is being or will be carried on by the Company or a qualifying subsidiary within twelve months of the date of the issue of eligible shares. Eligible shares are ordinary shares which carry no present or future preferential rights to dividends or assets on a winding up or redemption. In addition all the Company's shares must be fully paid up.

Income Tax

The relief is given up to the lower rate of income tax (20% for 1997/8) and subtracted from the amount of income tax otherwise payable. Should relief calculated in this manner exceed the amount of tax due, that tax is merely reduced to nil with no relief becoming available on the unrelieved part. The individual is not required to be UK resident for tax purposes but must be liable to UK tax.

Qualifying Individuals

Broadly an individual must not be, nor have been within the previous two years, connected with the Company (or become connected with it within the next five years) if he or she is to obtain EIS relief.

The main rules relating to "connection" are as follows:-

- (a) the individual together with his or her associates must not be an employee, partner or paid director of the Company; or
- (b) the individual together with his or her associates must not control the Company, nor possess more than 30 per cent of the issued ordinary shares or loan capital or voting power of the Company or have the right to more than 30 per cent of the Company's assets on a winding up.

CARDIFF RUGBY FOOTBALL CLUB LIMITED

For this purpose an individual's associate includes his or her spouse, lineal ancestor or descendant, a business partner, a company which the individual controls and certain persons with whom the individual has connections through a trust.

Qualifying company status

The Company must be a qualifying company for the three year qualifying period which commences on the date the shares were issued and ends three years after that date. The Company must carry on one or more qualifying trades or hold shares in qualifying subsidiaries. In addition the Company must not be controlled by another company nor broadly hold shares in any companies other than in 90 per cent subsidiaries.

Qualifying trade

Each company must carry on a qualifying trade for the three year qualifying period and the trade must be conducted on a commercial basis with a view to profit throughout that period, commencing on the date of issue of eligible shares.

Capital gains and losses on EIS Shares

If shares in respect of which EIS relief is given are not disposed of for at least five years and the EIS relief has not been withdrawn no capital gains tax will be payable when the shares are disposed of, with the exception of any gain deferred under the reinvestment relief provisions. Broadly, where a loss is incurred by an investor on the first disposal of his or her shares, in calculating the loss, the original amount subscribed by the individual is treated as reduced by the amount of the EIS relief given and not withdrawn. The resulting loss can normally be set against either chargeable gains or taxable income at the election of the investor at the then applicable marginal rate.

Claims

Claims for relief must be made no later than 12 months after the Inspector of Taxes authorises a company to issue the appropriate certificates enabling tax relief to be claimed. In order to obtain relief each investor must submit a claim to his or her tax district accompanied by the relevant tax certificate from the Company. You will need to write to the Company to request the relevant tax certificate. The company will be able to issue these when final clearance is obtained. Draft clearance has been given although confirmation is currently being sought from the Inland Revenue that the provision of services under the Services Agreement will not affect EIS relief. If the Inland Revenue consider the provision of services amounts to a return of value, EIS relief could be withdrawn.

CARDIFF RUGBY FOOTBALL CLUB LIMITED***Limits of relief***

An individual cannot claim the relief in respect of any amount subscribed for eligible shares in excess of £100,000 (in any number of qualifying companies) in any one tax year, regardless of whether the shares are issued in that or a subsequent tax year. Relief is not given for investments of less than £500 in any one company in any tax year.

In any tax year (year ending 5th April) the Company can raise up to £1,000,000 under the EIS. If the monies raised which are potentially eligible for the relief exceed this amount then the amount on which relief is given is scaled down for each individual. This scaling down is done in proportion to the amounts which would otherwise be eligible for the relief.

Withdrawal of relief

If the conditions for the reliefs relating to a company cease to be satisfied during the three year qualifying period the reliefs will be withdrawn. Reliefs will also be wholly or partly withdrawn if the relevant investor receives value from the Company (other than dividends) or disposes of the shares within five years of their issue date. Value is received from the Company if, for example, it purchases or redeems the shares or makes loans or provides benefits or facilities to the investor. Relief will also be lost if an investor takes out a loan under special terms connected in any way with his or her investment in the shares. (Details of the proposed loan scheme were provided to the Inland Revenue when draft clearance was applied for.) Relief will be lost if the Company obtains a full listing during the three year qualifying period.

EIS relief is not available if the issue is part of a scheme or arrangement, the main purpose of which is the avoidance of tax.

(b) Capital gains tax reinvestment relief

Under section 164A and subsequent sections of the Taxation of Chargeable Gains Act 1992 investors who have realised a capital gain on the disposal of an asset on or after 30th November 1993 may qualify for capital gains tax reinvestment relief ("reinvestment relief"). Broadly where an investor reinvests a chargeable gain on the disposal of an asset in ordinary shares in a qualifying company during a period beginning 12 months before the disposal and three years after it, the gain is not chargeable. This gain is deferred as there is a corresponding reduction in the deductible acquisition cost for the new shares. The final tax effect will be felt on a subsequent disposal of those new shares and may be affected by the circumstances at that time. Only an amount equal to the chargeable gain realised, rather than the entire sales proceeds, needs to be reinvested in order to obtain the maximum amount of reinvestment relief.

As at the date of this Offer, it is believed that the Company satisfies the conditions which determine whether the Company, its activities and its shares are of a nature qualifying for reinvestment relief.

CARDIFF RUGBY FOOTBALL CLUB LIMITED***Individuals qualifying for relief***

To qualify for reinvestment relief and retain the relief an investor must be resident or ordinarily resident in the UK at the time of investing and for the three years following the acquisition of the shares.

Claims

An investor wishing to claim the relief must submit a claim to his or her tax district within certain time limits.

Qualifying company status

The Company must be a qualifying company for the three year period commencing on the date the shares are acquired. The Company's business must consist of carrying on one or more qualifying trades or holding shares in qualifying subsidiaries throughout the three year period.

In addition, the Company must not be under the control of another company. If the Company obtains a full listing in the three year qualifying period, the three year qualifying period comes to an end.

Withdrawal of relief

If any of the many conditions referred to in the tax legislation cease to be satisfied during the three year qualifying period, any amount not already charged on the disposal of the original asset will become chargeable at the time of the breach. Relief will not be withdrawn if the Company is wound up for commercial reasons. Relief will be wholly withdrawn if the relevant investor receives value from the Company within the period of three years from the acquisition of the shares. Value is received from the Company if, for example, it purchases or redeems the shares or makes loans or provides benefits or facilities to the investor. Relief will also be lost if an investor takes out a loan under special terms connected in any way with his or her investment in the shares.

STAMP DUTY AND STAMP DUTY RESERVE TAX

The Directors have been advised as set out below in relation to Stamp Duty and Stamp Duty Reserve Tax ("SDRT"):

- (a) no Stamp Duty or SDRT is payable on allotment by the Company pursuant to the Offer of share certificates in respect of such shares; and
- (b) a sale of Ordinary Shares would generally be subject to Stamp Duty at the rate of 50p per every £100 (or part thereof) of the amount or value of consideration. Where there is

CARDIFF RUGBY FOOTBALL CLUB LIMITED**SECTION VII - TERMS AND CONDITIONS OF APPLICATION FOR ORDINARY SHARES**

an agreement to sell ordinary shares, a liability to SDRT at a rate of 0.5 per cent of the amount or value of the consideration will arise. This liability to SDRT will be cancelled and amounts paid refunded where an instrument of transfer related to the transaction is duly stamped within 6 years of the date of the agreement. The purchaser normally pays Stamp Duty or SDRT.

Taxation of capital gains

An individual Shareholder who is either resident or ordinarily resident in the United Kingdom (whether or not domiciled there) may be liable to Capital Gains Tax on any disposal of his shares in the Company, unless relief is available.

A United Kingdom resident corporate Shareholder may be liable to corporation tax on chargeable gains on any disposal of its shares in the Company.

THE ABOVE PARAGRAPHS ARE A GENERAL GUIDE ONLY AND ARE NOT EXHAUSTIVE. IF YOU ARE IN ANY DOUBT AS TO YOUR TAXATION POSITION YOU SHOULD CONSULT AN APPROPRIATE PROFESSIONAL ADVISER WITHOUT DELAY.

8. THE PUBLIC OFFERS OF SECURITIES REGULATIONS 1995

The Offer is deemed not to be an offer of securities to the general public in the United Kingdom and qualifies for exemption from the POS Regulations under paragraph 7(2)(e) of those Regulations, as the securities in the Company are being offered only to members of the Club and the members can reasonably be regarded as having a common interest with each other and with the Club in the affairs of the Club and in what is to be done with the proceeds of the offer.

Although the Company qualifies for exemption and is not required to issue a prospectus under the POS Regulations, the Directors have made every reasonable effort, subject to the exceptions below, to ensure that the contents of this document are in line with best reporting practice and contain the information recommended by section 9(1) and 9(2) of the POS Regulations (general duty of disclosure in Offer documents).

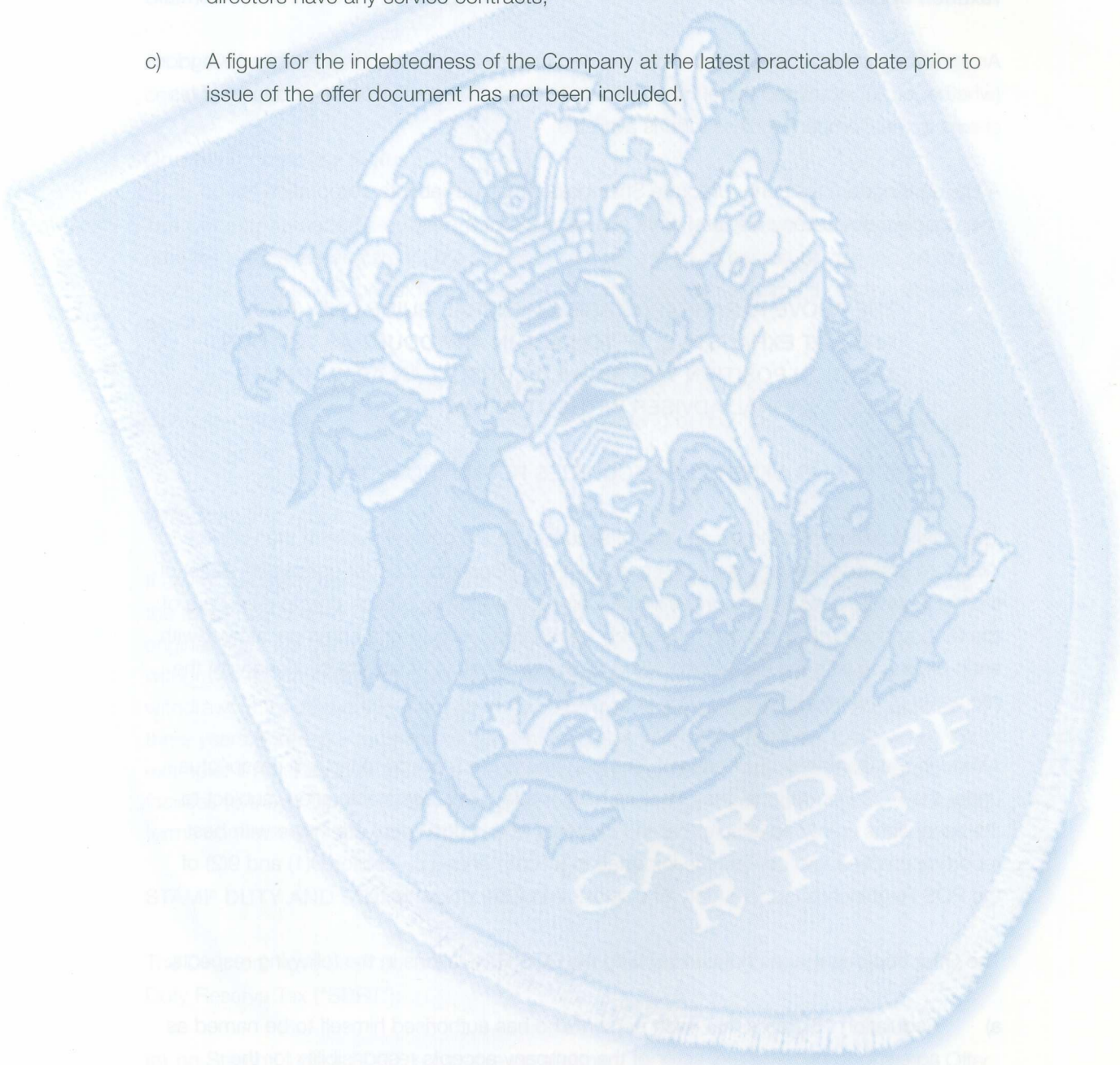
The Offer document does not comply with the POS Regulations in the following respects:

- a) Regulation 13 states that each person who has authorised himself to be named as agreeing to become a director of the company accepts responsibility for the contents of the Offer document. The proposed directors named on pages 23 & 24 have not accepted responsibility for the contents of this Offer document and nothing in this document should be construed as imposing such liability;

CARDIFF RUGBY FOOTBALL CLUB LIMITED

- b) A concise description of the executive directors' existing or proposed service contracts together with details of the aggregate remuneration paid over the last 12 months and the aggregate amount payable for the current financial year have not been disclosed. At this time the terms on which the executive directors are employed are considered commercially sensitive. None of the non executive directors have any service contracts;

- c) A figure for the indebtedness of the Company at the latest practicable date prior to issue of the offer document has not been included.



CARDIFF RUGBY FOOTBALL CLUB LIMITED**SECTION VIII - TERMS AND CONDITIONS OF APPLICATION FOR ORDINARY SHARES**

1. If you complete and return an Application Form, you are:
 - (a) offering to purchase the number of shares you specify at £1 per Ordinary Share, subject to the terms and conditions found in the Company's articles of association;
 - (b) warranting that your cheque or banker's draft will be honoured on first presentation;
 - (c) authorising the Company to despatch to your address, as recorded by the Company in its register of members, share certificates and correspondence concerning this Offer;
 - (d) agreeing that your offer is irrevocable;
 - (e) confirming that in making your application, you are not relying upon any information or representations in relation to the Company or its financial position other than that contained within this document and you are accordingly agreeing that no person responsible solely or jointly for this document or any part thereof will have any liability for any such other information or representations;
 - (f) confirming that you have read the information contained in this document in conjunction with paragraphs 2, 3 and 4 below.
2. The Company reserves the right to present for payment on receipt all cheques or banker's drafts and to retain surplus application moneys pending clearance of the successful applicants' cheques or drafts.
3. The Company reserves the right to reject any application in whole or in part.
4. If your application is not accepted, or if any contract created by acceptance does not become unconditional, or if your application is accepted for fewer than the number of Ordinary Shares for which you applied, your application moneys or the balance of the amount paid on application will be returned to you without interest by post at the risk of the applicant.
5. Application monies will be kept in a designated account at Barclays Bank plc pending the passing at the extraordinary general meeting of the Club of a resolution approving the subscription by the Club. If the resolution is not passed by simple majority at the meeting on 14th May 1997 or at any adjournment of such meeting the Offer will be withdrawn and all monies will be refunded to Members within seven days thereafter without interest by returning applicant's cheques or bankers drafts or a crossed cheque through the post at the risk of the applicant. Any interest earned on the monies in the designated account will be retained for the benefit of the Company.
6. This offer is restricted to Members. Members are defined as all members of the Club whether entitled or not to attend and vote at general meetings of the Club.
7. The Company takes no responsibility for applications or money that are sent by post.

CARDIFF RUGBY FOOTBALL CLUB LIMITED

8. If the value of an application is £10,000 or more (or is one of a series of linked applications the aggregate value of which exceeds that amount), the verification of identity requirements of the Money Laundering Regulations 1993 will apply and verification of the identity of the applicant(s) may be required. A failure to provide the necessary evidence of identity may result in the rejection of your application or in delays in the despatch of a share certificate or the return of the application moneys. In order to avoid this, you should ideally make payment by means of a cheque drawn by the person named in Box 4 of the Application Form. If this is not practicable and you use a cheque drawn by a third party or a building society cheque or banker's draft, you should:-

- (a) write the name and address of the person named in Box 4 of the Application Form on the back of the cheque, building society cheque or banker's draft;
- (b) if a building society cheque or banker's draft is used, ask the building society to endorse on the cheque or banker's draft the name and account number of the person whose building society or bank account is being debited. The bank or building society endorsement should be overlaid with the branch stamp.

If within a reasonable period of time following a request for verification of identity the Company Secretary has not received satisfactory evidence, he may at his absolute discretion reject your application in which event the application moneys will be returned without interest to the account at the drawee bank from which such moneys were originally debited.

CARDIFF RUGBY FOOTBALL CLUB LIMITED**PROCEDURE FOR APPLICATION**

1. Insert in BOX 1 of the Application Form the number of new Ordinary Shares (in figures) for which you are applying. Applications must be for a minimum of 200 Ordinary Shares and in multiples of 100 Ordinary Shares thereafter. There is no upper limit on the level of application that can be made (subject to scaling down).
2. Insert in BOX 2 (in figures) the amount of your cheque or banker's draft. This should be the Offer Price of £1.00 multiplied by the number of shares inserted in BOX 1.

Example

Number of Shares	Amount you must pay
200	£200
500	£500
1,000	£1,000
10,000	£10,000
20,000	£20,000
50,000	£50,000
100,000	£100,000

3. Sign and date the Application Form in BOX 3. The Application Form may be completed and signed by someone else on your behalf if duly authorised to do so but the power of attorney or form of authority (or a duly certified copy of it) must be enclosed for inspection. If you are a corporation, the Application Form should be signed by a duly authorised director or other officer in accordance with your articles of association or other regulations under the Companies Act.
4. Insert in BOX 4 your full name and address in BLOCK CAPITALS.

You should pin your cheque/banker's draft to your completed Application Form. Cheques and banker's drafts must be payable to "Cardiff Rugby Football Club Limited - Share Offer". No receipt will be issued for this payment. Cheques and banker's drafts must be drawn in sterling on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank or building society which is either a settlement member of the Cheque Credit Clearing Company Limited or the CHAPS & Town Clearing Company Limited, or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided for the members of either of these companies, and must bear the appropriate sort code number in the top right hand corner.

You may use a cheque or banker's draft issued by your own building society or any bank branch in the United Kingdom or the Channel Islands or the Isle of Man, or, if you wish, a personal cheque drawn by someone else but any moneys to be returned will be done by returning the cheque to the applicant or by sending a cheque crossed "A/C payee" in favour of the person in Box 4. If the cheque, building society cheque

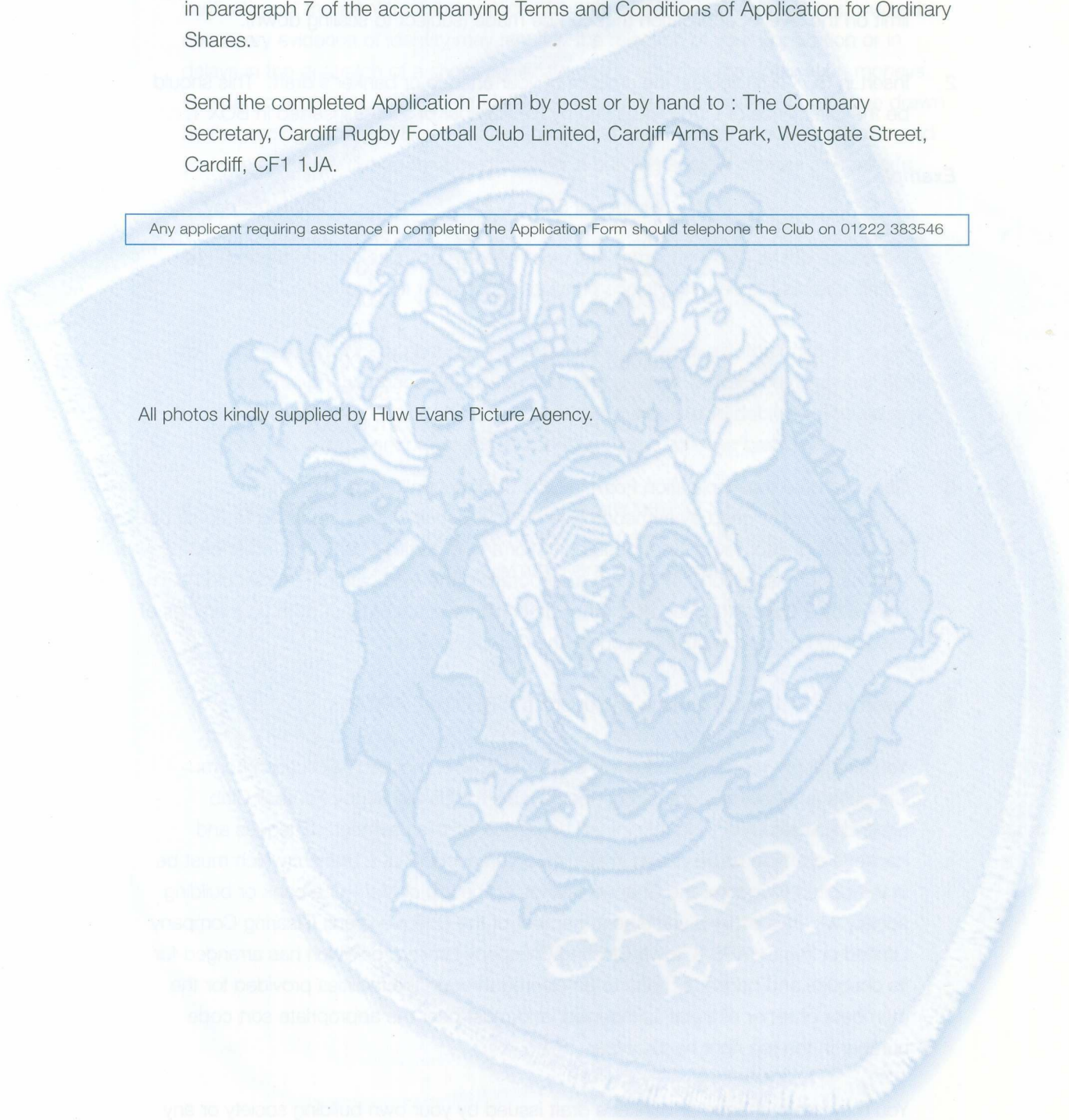
CARDIFF RUGBY FOOTBALL CLUB LIMITED

of banker's draft is drawn by someone other than the applicant(s), (i) the name and address of the person named in Box 4 must be written on the back, and (ii) if the value is £10,000 or more you should read carefully, and follow the guidelines set out in paragraph 7 of the accompanying Terms and Conditions of Application for Ordinary Shares.

Send the completed Application Form by post or by hand to : The Company Secretary, Cardiff Rugby Football Club Limited, Cardiff Arms Park, Westgate Street, Cardiff, CF1 1JA.

Any applicant requiring assistance in completing the Application Form should telephone the Club on 01222 383546

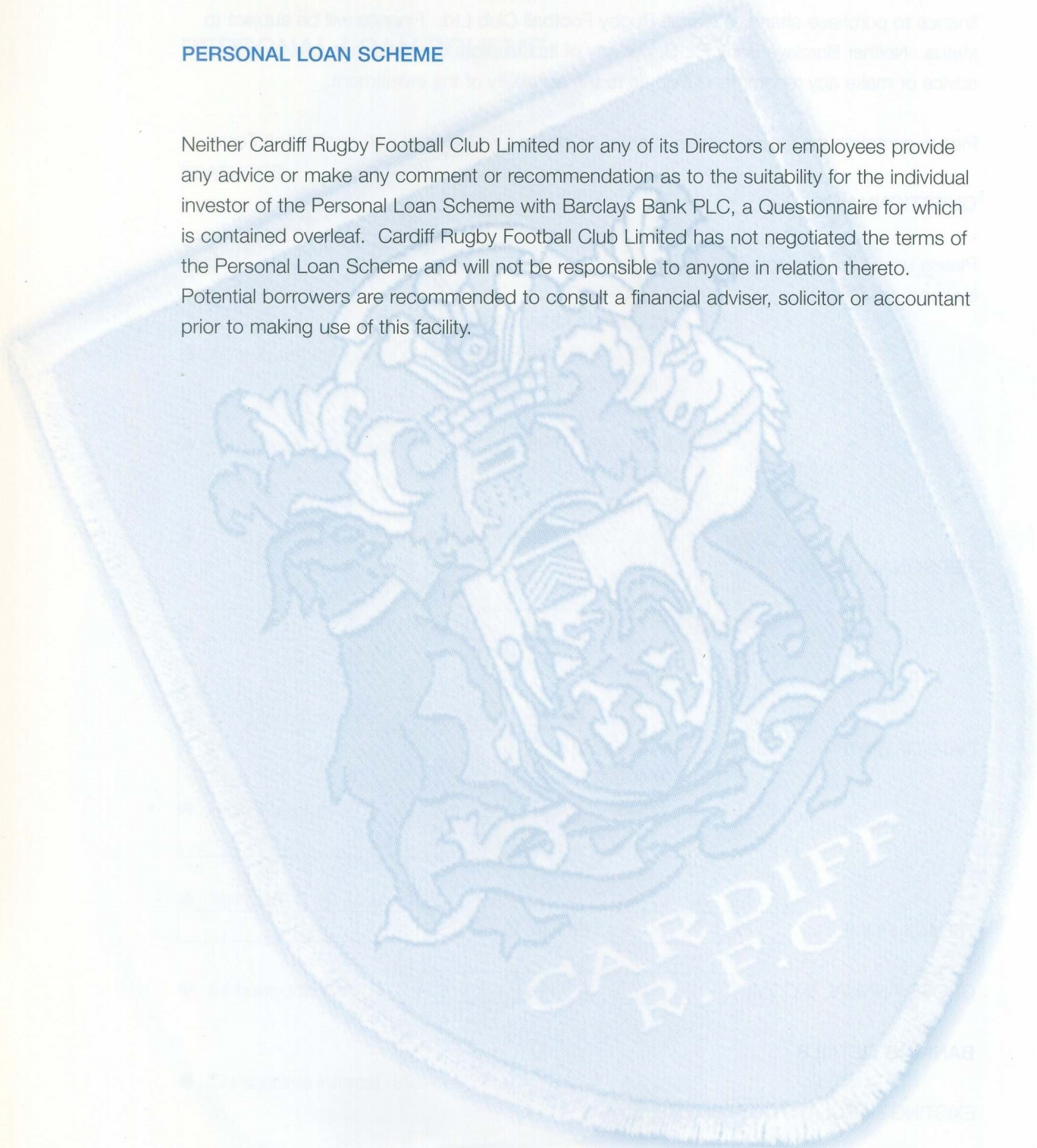
All photos kindly supplied by Huw Evans Picture Agency.





PERSONAL LOAN SCHEME

Neither Cardiff Rugby Football Club Limited nor any of its Directors or employees provide any advice or make any comment or recommendation as to the suitability for the individual investor of the Personal Loan Scheme with Barclays Bank PLC, a Questionnaire for which is contained overleaf. Cardiff Rugby Football Club Limited has not negotiated the terms of the Personal Loan Scheme and will not be responsible to anyone in relation thereto. Potential borrowers are recommended to consult a financial adviser, solicitor or accountant prior to making use of this facility.



CARDIFF RUGBY FOOTBALL CLUB LIMITED

Barclays Bank P.L.C. will be pleased to consider any application, from individuals, for loan finance to purchase shares in Cardiff Rugby Football Club Ltd. Finance will be subject to status. Neither Barclays Bank P.L.C. nor any of its Directors or employees can provide any advice or make any recommendation as to the suitability of the investment.

Please complete the Questionnaire in order to obtain the relevant Loan application Form.

QUESTIONNAIRE

Please use Block Capitals and return by hand or post to:

SIMON PERRY
CUSTOMER SERVICES MANAGER
BARCLAYS BANK P.L.C.
ST MARY STREET BRANCH
P O BOX 69
121 QUEEN STREET
CARDIFF
CF1 1SG

PERSONAL DETAILS

TITLE SURNAME FIRST NAMES

DATE OF BIRTH ADDRESS (INCLUDE POSTCODE)

TEL NO. HOME TEL NO. BUSINESS

GROSS ANNUAL INCOME

BANKING DETAILS

EXISTING BARCLAYS CUSTOMERS

SORT CODE ACCOUNT NO

NON BARCLAYS CUSTOMERS PLEASE TICK



BARCLAYS

PERSONAL LOAN SCHEME

FEATURES

- Agreement of Loan is subject to status
- Minimum £100 maximum £30,000
- Term minimum 12 months maximum 5 years
- Unsecured
- No deposit required, 100% funding available
- Payment protection available
- Ability to repay early without penalty
- 24 hour decision
- Competitive interest rates

CARDIFF RUGBY FOOTBALL CLUB LIMITED

APPLICATION FORM

This Application Form should be completed and sent to the Company Secretary, Cardiff Rugby Football Club Limited, Cardiff Arms Park, Westgate Street, Cardiff (Tel: 01222 383546) so as to arrive as soon as possible. The subscription list will open at 10.00 a.m. on 29th April 1997 and may be closed at any time thereafter and in any event by 3.00 p.m. on 30th May 1997.

CARDIFF RUGBY FOOTBALL CLUB LIMITED

(Registered office : Cardiff Arms Park, Westgate Street, Cardiff, CF1 1JA)

Issue of up to 4,999,998 Ordinary Shares of £1 each at £1 per share

IMPORTANT - Before completing this Application Form you should carefully read the Procedure for Application on page 51 and the Terms and Conditions set out on page 49 and page 50 of the Share Offer document dated 28th April 1997. If you need further copies of the Share Document offer which includes an Application Form, please call Cardiff Rugby Football Club Limited on 01222 383546. Definitions used in the Share Offer document shall have the same meaning in this Application Form.

For internal use only

For Internal Use Only

Box 1	I/we offer to subscribe for		new Ordinary Shares at £1.00 each
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in the Company on the terms and subject to the conditions set out
in the share offer document

Box 2	I/we attach a cheque or banker's draft payable to "Cardiff Rugby Football Club Limited - Share Offer" for the total amount payable of	£
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Box 3	Signature	Date
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Box 4	Forename(s) (in full)			
	Surname:		Mr. Mrs. Miss. Ms.	
	Address (in full)		
	Postcode		Daytime Tel No.	

1. Application No.	_____
2. Date received	_____
3. Membership No.	_____
4. Amount received £	_____
5. Cheque No.	_____
6. Signature	_____
7. Shares allotted	_____
8. Share certificate	_____



CARDIFF RUGBY FOOTBALL CLUB LIMITED



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