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This document comprises a prospectus (the “Prospectus”) for the purposes of Article 3 of European Union Directive 2003/71/EC, as amended (the “Prospectus Directive”) relating to Hostelworld Group plc (the “Company”) prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the “FCA”) made under section 73A of the FSMA. The Prospectus will be made available to the public in accordance with the Prospectus Rules. The Company has requested that the FCA provide a certificate of approval and a copy of this Prospectus to the Central Bank of Ireland in connection with the Company’s applications to admit the Shares to listing on the secondary listing segment of the Official List of the Irish Stock Exchange plc (the “Irish Stock Exchange”) and to trading on the Irish Stock Exchange’s Main Securities Market.

Applications have been made to (i) the FCA for all of the Shares, issued and to be issued in connection with the Offer to be admitted to the premium listing segment of the Official List of the FCA; (ii) the Irish Stock Exchange for all of the Shares to be admitted to the secondary listing segment of the Official List of the Irish Stock Exchange; (iii) the London Stock Exchange plc (the “London Stock Exchange”) for all of the Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities; and (iv) the Irish Stock Exchange for all of the Shares to be admitted to trading on its Main Securities Market (such applications together being, “Admission”). Conditional dealings in the Shares are expected to commence on the London Stock Exchange’s main market for listed securities and the Main Securities Market of the Irish Stock Exchange at 8.00 a.m. on 28 October 2015. It is expected that Admission will become effective, and that unconditional dealings in the Shares will commence at 8.00 a.m. on 2 November 2015. Dealings on the London Stock Exchange’s main market for listed securities and the Main Securities Market of the Irish Stock Exchange before Admission will only be settled if Admission takes place. **All dealings before the commencement of unconditional dealings will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned. No application is currently intended to be made for the Shares to be admitted to listing or dealt with on any other exchange.**

The directors of the Company, whose names appear on page 37 of this Prospectus (the “Directors”), and the Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and the Company (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

Prospective investors should read this document in its entirety and, in particular, the “Risk Factors” in Part 1 for a discussion of certain risks and other factors that should be considered prior to any investment in the Shares.



Hostelworld Group plc

(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 9818705)

Offer of 71,718,432 Shares of €0.01 nominal value each
at an Offer Price of 185 pence per Share

Admission to the premium listing segment of the Official List of the FCA
and the secondary listing segment of the Official List of the Irish Stock Exchange
Admission to trading on the Main Market of the London Stock Exchange
and the Main Securities Market of the Irish Stock Exchange

UK Sponsor, Global Coordinator and Joint Bookrunner
Numis Securities Limited

Irish Sponsor and Joint Bookrunner
Davy

EXPECTED ORDINARY SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION

Issued and fully paid	
Number	Nominal Value
95,570,778	€955,707.78

This Prospectus does not constitute or form part of an offer to sell, or the solicitation of an offer to buy or subscribe for, Shares, to any person in any jurisdiction to whom, or in which, such offer or solicitation is unlawful.

The Shares have not been, and will not be, registered under the US Securities Act. The Shares will be offered (i) in the United States only to qualified institutional buyers (“QIBs”), as defined in Rule 144A under the US Securities Act (“Rule 144A”) pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, and (ii) to institutional investors outside of the United States in reliance on Regulation S under the US Securities Act. No actions have been taken to allow a public offering of the Shares under the applicable securities laws of any jurisdiction, including Australia, Canada, Japan or South Africa. Subject to certain exceptions, the Shares may not be offered or sold in any jurisdiction, or to or for the account or benefit of any national, resident or citizen of any jurisdiction, including Australia, Canada, Japan or South Africa. This document does not constitute an offer of, or the solicitation of an offer to subscribe for or purchase, any of the Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

Neither the US Securities and Exchange Commission, nor any securities regulatory authority of any state of the United States, has approved the Shares or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States.

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J&E Davy (“Davy”) is authorised and regulated in Ireland by the Central Bank of Ireland. Davy is acting exclusively for the Company and no one else in connection with the Offer and Irish Admission. Davy will not regard any other person (whether or not a recipient of this document) as a client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients, or for the giving of advice in relation to the Offer or any transaction, matter, or arrangement referred to in this document. Apart from the responsibilities and liabilities, if any, which may be imposed on Davy by the Central Bank of Ireland, neither Davy nor any of its respective affiliates accepts any responsibility whatsoever for the contents of this document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Shares, the Offer or Irish Admission. Davy and each of its respective affiliates, each accordingly disclaim all and any liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this document or any such statement. No representation or warranty express or implied, is made by Davy or any of its respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this document.

Information not contained in this document

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised by the Company, the Directors, Numis, Davy or any other person. Neither the delivery of this document nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct as of any time subsequent to the date hereof.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Available information for investors in the United States

For so long as any of the Shares are in issue and are “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act, the Company will, during any period in which it is not subject to section 13 or 15(d) under the US Securities Exchange Act of 1934, as amended (the “US Exchange Act”), nor exempt from reporting under the US Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of a Share, or to any prospective purchaser of a Share designated by such holder or beneficial owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the US Securities Act.

Service of process and enforcement of civil liabilities

All of the Directors are residents of countries other than the United States. The Company is incorporated outside the United States and its assets are located outside the United States. As a result, it may not be possible for Shareholders to effect service of process within the United States upon the Directors or on the Company, or to obtain discovery of relevant documents and/or the testimony of witnesses. Shareholders based in the US may have difficulties enforcing in courts outside the United States judgments obtained in US courts against some of the Directors or the Company (including actions under the civil liability provisions of the US securities laws). In addition, an award or awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in the United Kingdom. Shareholders may also have difficulty enforcing liabilities under the US securities laws in legal actions originally brought in jurisdictions located outside the United States.

No incorporation of website information

The contents of the Company’s websites, including any hyperlinks to or from such websites, do not form part of this document.

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SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A—E (A.1—E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element might be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the mention of the words “not applicable”.

Section A – Introduction and warnings

Element		
A.1	Introduction and warning	<p>This summary should be read as an introduction to this Prospectus.</p> <p>Any decision to invest in the securities should be based on consideration of this Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating this Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	Subsequent resale of securities or final placement of securities through financial intermediaries	Not applicable. No consent has been given by the Company or any person responsible for drawing up this Prospectus to the use of the Prospectus for subsequent resale or final placement of securities by financial intermediaries.

Section B – Issuer

B.1	Legal and commercial name	Hostelworld Group plc (the “Company”).
B.2	Domicile, legal form, legislation and country of incorporation	The Company is incorporated in England and Wales under the Companies Act 2006 and is tax resident in Ireland.
B.3	Current operations, principal activities and markets	<p>The Group, which was established in 1999, operates the world’s leading hostel-focused online booking platform. The Group offers a simple and comprehensive online booking experience facilitating transactions between customers and suppliers of hostels and other forms of budget accommodation. The Group’s business is focused on the hostels and budget accommodation sector of online travel, which the Directors believe allows it to deliver a tailored value proposition to both customers and accommodation providers that is not provided by generalist online travel agents (“OTAs”). The Group owns and operates multiple customer websites and apps through Hostelworld, its flagship and leading brand, along with supporting brands Hostelbookers, which the Group acquired in</p>

		<p>August 2013, and Hostels.com, which the Group acquired in 2003. Hostelworld has historically been the primary source of traffic and driver of revenue for the Group, and is the focus of the Group's ongoing brand and marketing initiatives. The Group's brands, in particular Hostelworld, typically rank in leading positions in Google organic search results for hostel searches in key destinations.¹</p> <p>Nearly all of the Group's revenue is generated from customer bookings concluded through its websites and apps. The Group operates an efficient business model whereby this revenue is generated from a commission payable by the accommodation provider but collected by the Group directly from the customer in the form of a non-refundable deposit made at the time of booking, which is generally in the range of 12 per cent. to 20 per cent. of the total booking value. The Group generated net revenue of €79.3 million, had Adjusted EBITDA of €27.0 million and Adjusted EBIT of €25.9 million for the year ended 31 December 2014, and generated net revenue of €43.9 million, had Adjusted EBITDA of €10.0 million and Adjusted EBIT of €8.9 million for the six months ended 30 June 2015.</p> <p>The Group is seeking to position itself as the leading brand for young and independent travellers seeking a social travel experience. The Group offers a market leading customer proposition by:</p> <ul style="list-style-type: none"> ● providing a simple and comprehensive online booking experience; ● focusing on hostels, which the Directors believe appeal to young travellers due to the opportunity to meet and interact with other international travellers while offering affordable beds in central locations within most of the world's major cities; ● maintaining a leading global hostel database with over 12,600 hostels and approximately 21,000 other forms of budget accommodation available in more than 170 countries as of 31 August 2015; and ● maintaining an extensive customer-generated review database consisting of approximately 8 million post-stay customer reviews since 2005, with more than 400,000 reviews added in the first six months of 2015. <p>The Directors believe that the Group is a key distribution channel for hostels world-wide offering them a market leading proposition by providing:</p> <ul style="list-style-type: none"> ● the world's leading hostel-focused online booking platform that assists them in maximising occupancy throughout the year; ● a lower cost distribution channel than most other major OTAs, starting at a base commission rate of 12 per cent.; ● access to a global customer base with an attractive demographic profile; ● access to Backpack Online, the Group's online property management system that automates key functions for accommodation providers such as check-in, cash reconciliation and inventory management; and ● access to the Group's booking engine technology for use on the accommodation provider's own website. <p>The Group has invested in an in-house technology platform that underlies and powers the Group's websites and apps. As part of the Group's "mobile first" strategy, it has made and is continuing to make significant investment into iOS and Android smart-phone and tablet Apps, which it views as key to future growth. As a result of this investment and the growing trend in booking using mobile devices, the Group estimates that more than 38 per cent. of Hostelworld's total bookings originated from mobile devices</p>
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¹ Company data based on AWR Cloud tracking.

		(including tablets) in the first half of 2015 compared to just 12 per cent. in 2012. In the second quarter of 2015, the Group launched its responsive website design on smartphones and tablets for the Hostelworld brand. The Group expects to launch a newly rebranded and responsive Hostelbookers website by the end of 2015, following the completion of its migration to the Hostelworld technology platform.
B.4a	Significant recent trends affecting the Group and its industry	<p>The global travel market was valued at over US\$1.3 trillion in 2014, and over US\$400 billion of turnover in the global travel market is expected to be generated online in 2015. In 2013, OTAs generated gross booking revenue of approximately US\$150 billion. Although online travel penetration rates vary widely across geographies and countries, the proportion of online travel gross booking revenue as a percentage of gross booking revenue for the entire global travel market reached 33 per cent. in 2014. The growth of mobile distribution channels has been a key driver of growth in the online travel market.</p> <p>The Group specifically operates in a sector of the online travel market as a specialist OTA focused on hostels and other forms of budget accommodation that the Directors believe appeal to younger consumers, primarily of the “millennial” generation. The Directors believe that hostel-focused OTAs are an important distribution channel for hostels and other forms of budget accommodation, as they offer a tailored value proposition and provide access to a pool of consumers that value the hostel product which are not generally provided by the generalist OTAs. The Directors believe that the growth of mobile distribution channels and the increased shift from offline to online booking channels is magnified in the Group’s target millennial demographic due to their familiarity with and frequent use of the internet, tablets and mobile devices and that this will drive significant growth and demand in the hostel-focused sector of the online travel market.</p>
B.5	Description of the Group	Following the Share Capital Reorganisation and conditional on, and with effect from, Admission, the Company will become the holding company of the Group. Prior to completion of the Share Capital Reorganisation, the term “Group” refers to H&F Wings Lux 2 S.à r.l. (“ H&F 2 ”) and each of its consolidated subsidiaries and subsidiary undertakings; thereafter, the term “Group” refers to the Company and its consolidated subsidiaries and subsidiary undertakings from time to time.
B.6	Notifiable interests, different voting rights and controlling interests	As at 27 October 2015, being the latest practicable date prior to the publication of this Prospectus, in so far as is known to the Company, only the persons identified below will, on Admission, be directly or indirectly interested in 3 per cent. or more of the Company’s issued share capital. The interests in Shares of such persons as at the date of this Prospectus, together with a corresponding estimate of their interests in Shares immediately following Admission are set out below.

		Interests as at the date of this Prospectus		Interests immediately following Admission	
		No.	% of total issue	No.	% of issued
	Shareholder				
	H&F Wings Lux 1 S.à r.l. ⁽¹⁾⁽²⁾	1	50%	18,952,478	19.8%
	Wings MgtEquityCo Nominee	1	50%	1	0.0%
	Woodford Investment Management LLP	—	—	13,500,000	14.1%
	Miton Asset Management	—	—	5,750,000	6.0%
	Santander Asset Management UK Limited	—	—	5,300,000	5.5%
	Unicorn Asset Management Limited.....	—	—	4,700,000	4.9%
	Allianz Global Investors Europe GmbH.	—	—	4,150,000	4.3%
	Investors Group Management Ltd.....	—	—	4,000,000	4.2%
	Baillie Gifford & Co	—	—	3,150,000	3.3%
	<p>(1) As at the date of this Prospectus, H&F 1 holds a combination of preferred equity certificates and preferred shares in H&F 2 and the Duffy Family Shareholders hold preferred equity certificates in H&F 2 that entitle them to 79.3 per cent. and 19.1 per cent., respectively, of the aggregate value of H&F 2 immediately prior to Admission.</p> <p>(2) Assuming completion of the Share Capital Reorganisation, H&F 1 will receive 18,952,477 Shares and €145,756,593.21 as consideration for the sale of its preferred shares and redemption and transfer of its preferred equity certificates in H&F 2, and the Duffy Family Shareholders will receive 4,555,654 Shares and €35,035,856.72 for the redemption and transfer of their preferred equity certificates in H&F 2.</p> <p>The Company is not aware of any person who, immediately following Admission, will directly or indirectly, jointly or severally, exercise control over the Company.</p> <p>At Admission, all of the Shares will have the same voting rights.</p>				

B.7	Selected historical key financial information	The table below sets out the summary financial information of the Group for the three years ended 31 December 2012, 2013 and 2014 and for the six months ended 30 June 2014 and 2015. The information has been prepared in accordance with IFRS.				
	Consolidated Statement of Profit and Loss					
		For the year ended 31 December			For the six months ended 30 June	
		2012	2013	2014	2014	2015
		<i>(€ thousands)</i>				
			<i>(audited)</i>		<i>(unaudited)</i>	<i>(audited)</i>
Net revenue		52,045	57,180	79,265	40,654	43,915
Administrative expenses		(29,464)	(43,921)	(57,677)	(27,503)	(34,158)
Depreciation and amortization expenses		(13,447)	(14,052)	(13,443)	(6,674)	(6,084)
Impairment losses		—	—	(50,692)	—	—
Operating profit		9,134	(793)	(42,547)	6,477	3,673
Financial income		21	3	17	—	—
Financial expenses		(25,328)	(28,823)	(34,479)	(17,179)	(18,322)
Loss before tax		(16,173)	(29,613)	(77,009)	(10,702)	(14,649)
Income tax (charge)/benefit....		34	205	4,826	(122)	(133)
Loss for the period		(16,139)	(29,408)	(72,183)	(10,824)	(14,782)
Adjusted profit measures						
Adjusted EBITDA ⁽¹⁾		23,297	20,819	26,995	13,341	10,048
Adjusted EBIT ⁽²⁾		22,862	20,285	25,920	12,896	8,925
<div><div>(1) The Group uses Adjusted EBITDA to show profit without the impact of non-cash and non-recurring items. The reconciliation from loss for the period to Adjusted EBITA is included in part 9 “Operating and Financial Review”.</div><div>(2) The Group defines Adjusted EBIT as Adjusted EBITDA less (i) depreciation on property, plant and equipment and (ii) amortisation of capitalised development costs (excluding amortisation of IP and brand assets acquired through acquisition).</div></div>						

Consolidated Statement of Financial Position

	As at 31 December			As at 30 June 2015
	2012	2013	2014	
	(€ thousands) (audited)			
ASSETS				
Total non-current assets.....	174,320	229,715	168,120	165,628
Total current assets.....	4,468	7,509	22,996	17,552
Total assets.....	178,788	237,224	191,116	183,180
EQUITY				
Total equity attributable to equity holders of the parent.....	(49,048)	(72,287)	(144,188)	(158,581)
LIABILITIES				
Total non-current liabilities	193,194	266,397	288,602	309,067
Total current liabilities.....	34,642	43,114	46,702	32,694
Total liabilities.....	227,836	309,511	335,304	341,761
Total equity and liabilities	178,788	237,224	191,116	183,180

Consolidated Statement of Cash Flows

	For the year ended 31 December			For the six months ended 30 June	
	2012	2013	2014	2014	2015
	(€ thousands) (audited)			(unaudited)	(audited)
Net cash from operating activities	20,964	10,964	24,802	13,279	8,236
Net cash (used in)/from investing activities	(369)	3,520	(2,108)	(1,193)	(3,733)
Net cash used in financing activities	(37,489)	(12,256)	(7,874)	(7,874)	(13,784)
Net increase/(decrease) in cash and cash equivalents.....	(16,894)	2,228	14,820	4,212	(9,281)
Cash and cash equivalents at the end of the year	2,523	4,823	19,942	9,213	10,985

Certain significant changes to the Group's financial condition and results of operations occurred during the years ended 31 December 2012, 2013 and 2014 and the six months ended 30 June 2015. These changes are set out below.

Net revenue increased €5.1 million or 9.8 per cent., from €52.1 million for the year ended 31 December 2012 to €57.2 million for the year ended 31 December 2013 and increased by a further €22.1 million, or 38.6 per cent., to €79.3 million in the year ended 31 December 2014. For the six months ended 30 June 2015, net revenue increased by €3.3 million, or 8.1 per cent., to €43.9 million from €40.7 million in the six months ended 30 June 2014. The increase in net revenue for the period under review was driven primarily by the acquisition of Hostelbookers in August 2013 and increased booking volumes, primarily through the Hostelworld brand.

The Group’s loss for the period increased by €13.3 million, or 82.2 per cent., from €16.1 million for the year ended 31 December 2012 to €29.4 million for the year ended 31 December 2013 and increased by a further €42.8 million to €72.2 million for the year ended 31 December 2014. For the six months ended 30 June 2015, the Group’s loss for the period increased by €4.0 million, or 37.0 per cent., to €14.8 million from €10.8 million for the six months ended 30 June 2014. This was driven primarily by an impairment charge of €50.7 million in 2014 in relation to the acquisition of Hostelbookers, and an increase in selling, marketing and staff expenses during the period under review.

Since 30 June 2015 (being the end of the period covered by the selected historical key financial information set out in the tables above), there has been no significant change in the financial condition or operating results of the Group.

B.8

Selected key *pro forma* financial information

The unaudited consolidated *pro forma* net asset statement has been prepared to illustrate the effect of the share offer on the consolidated net assets of the Group as at 30 June 2015 as if it had taken place on that date. The unaudited *pro forma* net asset statement is based on the audited consolidated net liabilities of the Group as at 30 June 2015 and has been prepared in a manner consistent with the accounting policies to be adopted by the Group in preparing its financial statements for the six month period ending 30 June 2015.

The unaudited *pro forma* information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and therefore does not represent the Group’s actual financial position or results, nor is it indicative of results that may or may not be achieved in the future. The unaudited consolidated *pro forma* statement of net assets is compiled on the basis as set out in the notes below and in accordance with the requirements of Annex II of the Prospectus Directive Regulation.

	As at 30 June 2015 Note 1	Net Proceeds of the Offer receivable by the Company Note 2	Adjustments Reorganis- ation Note 3	Unaudited <i>pro forma</i> total Note 4
Total non-current assets.....	165,628	—	—	165,628
Total current assets	17,552	173,748	(176,462)	14,838
Total assets	183,180	173,748	(176,462)	180,466
Total non-current liabilities.....	309,067	—	(306,152)	2,915
Total current liabilities	32,694	—	(18,302)	14,392
Total liabilities	341,761	—	(324,454)	17,307
Net Assets	(158,581)	173,748	147,992	163,159

Note 1: The net liabilities of the Group have been extracted without material adjustment from the Group’s audited consolidated financial statements.

Note 2: The adjustment reflects the receipts by the Company of the net proceeds from the Offer of €183.9 million, through the issue of new shares after deducting underwriting fees and other fees and expenses of the Offer expected to be €10.1 million.

Note 3: The adjustment reflects the reorganisation of the financing structure of the Group encompassing the acquisition of the existing ordinary shares in H&F 2 for €1, the acquisition of the existing preferred shares in H&F 2 for €7.5 million and the redemption of the preferred equity certificates of €134.1 million and related accrued interest of €34.8

		<p>million, which will be paid from the proceeds of the Offer and existing cash within the Group with a waiver of the remaining amounts due on the preferred equity certificates of €86.8 million. Preferred equity certificates to the value of €61.1 million will be settled in return for the issue of ordinary shares.</p> <p>Note 4: The unaudited <i>pro forma</i> statement of net assets does not constitute financial statements within the meaning of Company Law. No adjustment has been made to reflect any change in trading performance of the Group since 30 June 2015.</p>
B.9	Profit forecast	Not applicable: There is no profit forecast or estimate.
B.10	Qualifications in the audit report	Not applicable: there are no qualifications to the accountant's report on the historical financial information.
B.11	Insufficient working capital	In the opinion of the Company, taking into account the facilities available to the Group, the working capital available to the Group is sufficient for the Group's present requirements, that is for at least the next 12 months following the date of this Prospectus.

Section C – Securities

Element		
C.1	Description of type and class of securities being offered	<p>Pursuant to the Offer, the Company will offer, in aggregate, 71,718,432 Shares (the “Offer Shares”).</p> <p>When admitted to trading, the Shares will be registered with ISIN GB00BYYN4225, UK SEDOL number BYYN422 and Irish SEDOL number BYZ9Y96, and it is expected that the Shares will be traded under the ticker HSW. The Shares, together with the two existing ordinary shares, will, on Admission, constitute the entire issued and to be issued ordinary share capital of the Company.</p>
C.2	Currency of securities	Euro.
C.3	Number of Shares in issue and par value	On Admission, there will be 95,570,778 fully paid Shares of €0.01 nominal value each in issue and 50,000 redeemable preference shares of £1.00 each in issue. The redeemable preference shares will be redeemed on Admission.
C.4	Rights attaching to the Shares	<p>The rights attaching to the Shares will be uniform in all respects and they will form a single class for all purposes, including with respect to voting and for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.</p> <p>Subject to any rights and restrictions attached to any shares, on a show of hands every Shareholder who is present in person shall have one vote and on a poll every Shareholder present in person or by proxy shall have one vote per Share.</p> <p>Except as provided by the rights and restriction attached to any class of shares, Shareholders will under general law be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings.</p>
C.5	Restrictions on free transferability of the Shares	Not applicable: the Shares will be freely transferable upon Admission.

C.6	Admission	<p>Application has been made to (i) the FCA for all of the Shares to be admitted to the premium listing segment of the Official List of the FCA; (ii) the Irish Stock Exchange for all of the Shares to be admitted to the secondary listing segment of the Official List of the Irish Stock Exchange; (iii) the London Stock Exchange for all of the Shares to be admitted to trading on the London Stock Exchange's main market for listed securities and (iv) the Irish Stock Exchange for all of the Shares to be admitted to trading on its Main Securities Market.</p>
C.7	Dividend policy	<p>The Directors intend to adopt a dividend policy which reflects the strong cash flow generation and long-term earnings potential of the Group, targeting an annual dividend of approximately 70 per cent. to 80 per cent. of the Company's adjusted profit after tax, subject to the discretion of the Directors and the Company having sufficient distributable reserves. The Directors intend that the Company pay an interim dividend and a final dividend to be announced at the time of the interim and preliminary results, in the approximate proportions of one-thirds and two-thirds, respectively.</p> <p>Subject to sufficient distributable reserves being available, the Directors intend to declare a dividend in respect of the period ended 31 December 2015, payable before 30 June 2016. The first dividend payment will reflect the Group's dividend policy, and will be pro-rated for the period of the financial year that it is admitted to listing.</p> <p>Because the Company is tax resident in Ireland, dividend payments are subject to dividend withholding tax in Ireland at the standard rate of Irish income tax. Certain categories of Shareholders not resident in Ireland are entitled to an exemption from the withholding tax if, prior to payment of the dividend, the Company has received all relevant documentation required for the exemption to apply. Shareholders resident in Ireland are generally not entitled to an exemption from the withholding tax.</p> <p>The Group may revise its dividend policy from time to time.</p>

Section D – Risks

Element		
D.1	Key information on the key risks specific to the issuer and its industry	<p>The Group operates in a competitive environment in an industry that is rapidly changing. The Group competes with a variety of participants in the global online travel and accommodations market, some of whom have access to greater financial, marketing, personnel and other resources than the Group. At the same time, the Group operates in a market where technology, product offerings and customer demand are rapidly changing and evolving. The Group may not be able to compete effectively against new or existing competitors or keep pace with changes in its industry, which could have a material adverse effect on its results of operations.</p> <p>The success of the Group's business depends on the strength of its brand and its ability to attract a sufficient volume of customer traffic that completes bookings on its websites and apps. While the Group is increasing investment in brand awareness, in particular for its Hostelworld brand, there can be no assurance that such measures will be successful in increasing volumes of customer traffic. If the Group were to experience a decline in customer traffic or the percentage of customers completing bookings, for whatever reason, this could have a material adverse effect on its business and results of operations.</p>

		<p>A significant portion of the Group's customers access its websites through search engines. Such traffic can be generated through either organic search or sponsored PPC listings. Any changes to search engines' algorithms or terms of service could result in the Group's websites being excluded from or listed lower in organic search results, which would negatively impact customer traffic volumes. Separately, if the costs associated with sponsored PPC listings were to increase significantly, this could negatively affect the Group's profitability.</p> <p>As part of its business, the Group collects a significant amount of customer information and is subject to regulation on data protection in a number of jurisdictions, which is becoming increasingly restrictive and complex. Changes to such regulation could result in greater compliance costs and could limit certain of the Group's business practices, which could have a material adverse effect on its business. Additionally, any significant security breaches or operating failures that result in the disclosure of sensitive customer details, could damage the Group's reputation among customers and expose it to liability.</p>
D.3	Key information on the key risks specific to the securities	<p>There is no existing market for the Shares and an active trading market for the Shares may not develop or be sustained.</p> <p>Moreover, even if a market develops, the Shares could be subject to market price volatility and the market price of the Shares may decline in response to developments that are unrelated to the Company's operating performance, or as a result of sales of substantial amounts of Shares, for example, following the expiry of the lock-up period, or the issuance of additional Shares in the future, and shareholders could earn a negative or no return on their investment in the Company.</p> <p>Shareholders in the United States or other jurisdictions may not be able to participate in future equity offerings.</p>

Section E – Offer

Element		
E.1	Net proceeds and expenses	<p>Pursuant to the Offer, the Company will receive total gross proceeds of approximately £132.7 million (€183.9 million)² from the sale of Offer Shares, which is subject to underwriting commissions and other estimated fees and expenses of approximately £7.3 million (€10.1 million) (inclusive of amounts in respect of VAT) resulting in total estimated net proceeds from the Offer of £125.4 million (€173.8 million)².</p> <p>No expenses will be charged by the Company to any investor who purchases Offer Shares.</p>
E.2a	Reasons for the Offer and use of proceeds	<p>The Directors believe that the Offer will:</p> <ul style="list-style-type: none"> ● diversify the shareholder base and create a liquid market in the Shares; ● raise brand awareness and enhance the Group's profile with investors, business partners and customers; ● enable access to capital markets if necessary for future growth; and ● assist in the incentivisation and retention of key management and employees.

² Based on an exchange rate of pounds sterling to euro of £1.00 : €1.3857 (Source: Bloomberg as at 12.00 p.m. on 27 October 2015).

		<p>The Company intends to use the net proceeds it receives from the Offer, to acquire the existing ordinary shares and preferred shares of H&F 2 conditional upon and with effect from Admission and to facilitate the redemption of preferred equity certificates (including accrued and unpaid interest) issued by H&F 2.</p>
E.3	Terms and conditions of the Offer	<p>The Offer consists of an institutional offer only. In the Offer, Shares will be offered (i) to certain institutional investors in the United Kingdom, Ireland and elsewhere outside the United States and (ii) in the United States only to QIBs in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.</p> <p>The Shares allocated under the Offer have been underwritten, subject to certain conditions, by Numis and Davy. All Shares sold pursuant to the Offer will be sold, payable in full, at the Offer Price.</p> <p>It is expected that Admission will become effective, and that unconditional dealings in the Shares will commence on the London Stock Exchange's main market for listed securities and the Irish Stock Exchange's Main Securities Market, at 8.00 a.m. on 2 November 2015. Settlement of dealings from that date will be on a two-day rolling basis. Prior to Admission, conditional dealings in the Shares are expected to commence on the London Stock Exchange's main market for listed securities and the Irish Stock Exchange's Main Securities Market at 8.00 a.m. on 28 October 2015. The earliest date for such settlement of such dealings will be 2 November 2015.</p>
E.4	Interests material to the Offer	<p>There are no interests, including conflicting interests, that are material to the Offer, other than as disclosed in B.6 above.</p>
E.5	Selling Shareholders and lock up arrangements	<p>The Offer Shares are being offered by the Company.</p> <p>Pursuant to the Underwriting Agreement, the Company has agreed that, subject to certain exceptions, during the period commencing on the date of the Underwriting Agreement and ending 180 days after the date of Admission, it will not, without the prior written consent of Numis, issue, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Shares or any new ordinary shares in the Company (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.</p> <p>Pursuant to the Underwriting Agreement, subject to certain exceptions, the Directors have agreed to refrain from selling any of their Shares for a period commencing on the date of the Underwriting Agreement and ending 365 days after the date of Admission, without the consent of Numis.</p> <p>Pursuant to Lock-in Deeds, subject to certain exceptions, John O'Donnell, Otto Rosenberger and Paul Halpenny (being members of Senior Management who will hold Shares on Admission) have agreed to refrain from selling any of their Shares for a period commencing on the date of the relevant Lock-in Deed and ending 365 days after the date of Admission, and H&F 1 and the Ex-Hostelbookers Shareholders have agreed to refrain from selling any of their Shares for a period commencing on the date of the relevant Lock-in Deed and ending 180 days after the date of Admission, in each case without the consent of Numis.</p>
E.6	Dilution	<p>The Offer Shares will represent 75.0 per cent. of the Company's issued share capital and Shares issued to the Existing Shareholders as part of the Share Capital Reorganisation will represent 25.0 per cent. of the Company's issued share capital with effect from Admission.</p>

E.7	Expenses charged to investor	Not applicable. No expenses will be charged by the Company to any investor who purchases Shares pursuant to the Offer.
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PART 1

RISK FACTORS

An investment in the Shares involves risk. Prior to investing in the Shares, you should carefully consider risks associated with any investment in securities and, in particular, the Shares, as well as the Group's business and the industry in which it operates, together with all other information contained in this document including, in particular, the risk factors described below. The risk factors set out below do not purport to be a complete list or explanation of all the risks involved in investing in the Shares or that may adversely affect the Group's business. Other risks and uncertainties relating to an investment in the Shares and to the Group's business that are not currently known to us, or that the Group currently deems immaterial, may also have an adverse effect on its results of operations, financial condition and business prospects. If any such risks occur, the price of the Shares may decline and you could lose all or part of your investment. You should consider carefully whether an investment in the Shares is suitable for you in light of the information in this document and your personal circumstances.

Prospective investors should note that the risks relating to the Group, its industry and the Shares summarised in the section of this document entitled "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this document headed "Summary" but also, among other things, the additional risks and uncertainties described below.

Risks relating to the Group's business and industry

The Group's business could be negatively affected by successful new market entrants or by existing competitors significantly increasing their market share

The Group's continued success depends, among other factors, upon its ability to compete effectively against existing and new competitors in the global online travel and accommodation market, some of which have or may have greater financial, marketing, personnel or other resources than the Group. The Group competes with a variety of participants in the global online travel and accommodation market who vary in size and in the scope and breadth of the services which they offer.

In the broader global online travel and accommodation market, the Group's competitors include OTAs, such as Booking.com, Expedia, Agoda, Orbitz, Ctrip, Airbnb and HomeAway. The Group also competes with online search companies such as Google and Bing, and with other online travel search and price comparison services, such as TripAdvisor and Trivago. Meta search providers could also become OTAs by offering a range of services such as booking engines for accommodation providers themselves.

Within the online hostels and budget accommodation sector, the Group competes with a number of direct competitors, including Hostelling International, a not-for-profit organisation, and its website hihostels.com, hostelsclub.com and gomio.com. The Group could also face increased direct competition from hostel chains and accommodation providers as a result of an increase in the number of hostel chains and franchises that offer direct online booking through their own websites and apps and/or such competitors offering services on more favourable terms than those available through the Group.

Competitive pressures created by the Group's present competitors or new market entrants could have a material adverse effect on the Company's business, financial condition and results of operations. If the Group cannot compete effectively against such existing and new competitors, it may lose the ability to attract customers to the Group's websites and/or maintain or grow its accommodation provider and affiliate network, which could have a material adverse effect on the Group's business, financial condition and results of operation.

The Group could be adversely affected by a prolonged or substantial decrease in the number of customers travelling

The Group's revenue is derived from the hostels and budget accommodation sector of the broader global online travel and accommodation market. Its revenue is directly related to the number of customers travelling and could be materially adversely affected by declines in, or disruptions to, worldwide travel, in particular travel into, or from, the United Kingdom, Europe, North America, Asia and Australia which are the main regions from where customer bookings are made or the Group's principal accommodation providers are located. Travel may be disrupted by a number of factors entirely outside the Group's control including:

- Global security issues, political instability, acts or threats of terrorism, hostilities or war or other political issues.
- General economic conditions, in particular in the United Kingdom, Europe, North America, Asia or Australia, including increases in the level of consumer debt, inflationary pressures, reduction in housing prices or recessions which may affect employment levels or the amount of disposable income consumers have available to spend on travel.
- Epidemics or pandemics, such as avian flu, SARS or Ebola outbreaks.
- Natural or man-made disasters such as volcanic ash clouds, hurricanes, earthquakes, tsunamis or nuclear accidents.
- The financial condition of travel suppliers, including the airline industry and accommodation providers and the impact of such financial condition on the cost and availability of air travel and accommodation and occupancy rates.
- Increased cost of travel to customers whether due to currency fluctuations, fuel price escalation, taxes, increased regulation or otherwise.
- Work stoppages or labour unrest affecting airlines or other travel services.
- Increased security measures which could reduce the appeal of, or demand for, airline and other forms of travel.

A prolonged or substantial decrease in the number of customers travelling for these reasons, or any other reasons that could affect travel bookings either in the hostels and budget accommodation segment of the global travel market or in the geographical regions where significant numbers of the Group's customers reside or where the Group's principal accommodation providers are located, could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may be unable to attract a sufficient volume of customer traffic to the Group's websites and apps

The Group's success is dependent on its ability to attract customers to the Group's websites and apps to make bookings. To attract customers to the Group's websites and apps, the Group relies on online marketing and brand recognition to drive direct-to-site traffic and to execute its online marketing strategies.

A number of factors could negatively affect the volume of customer traffic to the Group's websites and apps, including:

- The entry into the market of a significant competitor or the successful growth of an existing hostel-focused OTA or generalist OTA competitor.
- The failure or ineffectiveness of the Group's marketing initiatives to attract customers successfully or otherwise build brand strength with the Group's key customer demographics.
- The failure to identify in a timely manner worldwide or regional trends in the hostels and budget accommodation segment of the global travel market (including the emergence of new online payment methods or a decline in popularity of hostels relative to other types of accommodation) and to respond as appropriate.
- A failure to keep pace with mobile innovation or anticipate emerging technologies, including the growth in importance of new social networks, in so far as such technologies impact customer internet usage and search habits.
- Changes to the business models of search engines and websites, which the Group relies on to drive customer traffic, such as Google and Tripadvisor.
- Significant data or security breaches or other negative publicity that affect customer confidence in the Group's key brands or online commerce generally.

- IT failures that cause the Group's websites to be unavailable for significant periods of time.
- A decline in customers travelling for any of the reasons set out in the preceding risk factor, or otherwise.
- A failure to respond to different customer preferences and requirements in the Asian market, in particular the Chinese customer market.
- Inability to maintain competitive commission rates.
- A failure to maintain, or grow, its accommodation provider network resulting in less choice for customers.
- The failure of the Group to invest successfully in the design, content and usability of websites and apps in order to enhance the customer experience and attract more customer traffic.
- A change in the laws and regulations surrounding consumer privacy that limit the Group's ability to track consumer behaviour and place cookies or tracking pixels on its websites and apps or target direct advertising to its target demographic effectively.

In addition, a significant decline in the volume of customer traffic to the Group's websites and apps would undermine the attractiveness of the Group's offerings to existing or new accommodation providers, resulting in fewer destination options for customers and a possible further decline in traffic. If one or more of these factors were to occur and there was a resulting decline in traffic to the Group's websites or apps, in particular Hostelworld, the Group's business, financial condition and results of operations could be materially adversely affected.

Furthermore, the Group already incurs significant costs on generating customer traffic using its pay-per-click ("PPC") marketing strategies. In the event that the Group's direct-to-site traffic as a proportion of total traffic was to decrease or the Group's search engine optimisation ("SEO") strategy to attract non-paid organic traffic was to become less effective, the Group could become more reliant on sponsored PPC listings and the associated direct costs of PPC to generate traffic to the Group's websites and apps, resulting in a negative effect on its operating profit margins, which could have a material adverse effect on the Group's business, financial condition and results of operation.

A significant proportion of customers who visit the Group's websites and apps may not complete bookings and generate revenue for the Group

To maintain and grow its online bookings business, the Group must not only attract a large volume of customer traffic to its websites and apps but must also ensure that a significant proportion of customers complete bookings, thereby generating revenue for the Group. A number of factors could negatively affect the proportion of customers completing revenue-generating transactions upon visiting a Group website or app ("**conversion rate**"), including:

- The loss of contracted accommodation providers. Currently, customers benefit from having the ability to search for, and reserve beds in, hostels and other forms of alternative budget accommodation in over 33,000 properties located in approximately 170 countries. A decline in available accommodation could negatively affect the conversion rate and diminish the volume of customer traffic to the Group's websites or apps.
- IT failures that cause the Group's websites to be unavailable for significant periods of time.
- The failure of the Group to invest successfully in the design, content and usability of the Group's websites and apps in order to enhance the customer experience, attract more customer traffic and encourage more conversions.

If any one or more of these, or other, factors were to cause the conversion rate to decline, revenue could decrease and/or revenue growth could slow compared to previous periods. As a result, the Group's business, financial condition and results of operations could be materially adversely affected.

The Group may not be successful at keeping up with rapid technological changes or may fail or be unable to adequately address changes in customer or market trends

The Group operates in markets where technology, industry standards, product offerings and customer demand are rapidly evolving, and the Group may not be able to keep up with these rapid changes.

The Directors believe that online travel booking through mobile devices, either via mobile apps or the Group's websites through mobile browsers, will continue to grow rapidly, and the Group has sought to address this demand through the development of apps for various mobile devices, in particular iOS

and Android, and through the optimisation of its websites for access by mobile devices. The Group's future success will depend on its ongoing ability to adapt to rapidly changing technologies, including mobile devices and other technologies which the Group or the market has not yet encountered, to adapt its products to evolving industry standards and to improve the performance, features and reliability of its service in response to competitive service offerings and the evolving demands of the marketplace, which could have a material adverse effect on the Group's business, financial condition and results of operation.

Moreover, the increased use of mobile devices could enable device companies that have substantial market shares in the mobile devices industry and that control the operating systems of these devices, such as Apple's iOS and Google's Android, to launch products and services that compete directly with those offered by the Group. Apple and Google have significant experience producing and developing mobile apps and have access to greater resources than the Group. To the extent that Apple, Google or other companies with a large share of the mobile devices industry use their mobile operating systems or app distribution channels to distribute or favour their own online travel offerings, the Group's business could be materially adversely affected.

The Group could incur a significant increase in the cost of sponsored PPC listings to attract customer traffic to the Group's websites and apps

The Group, in part, relies on sponsored PPC listings to deliver customers to the Group's websites and apps. According to Group data, in 2014, approximately 22 per cent. of traffic to the Group's websites was referred from sponsored PPC listings, with a significant majority of such PPC referrals originating from Google. PPC costs are a significant component of the Group's cost per booking and such costs increased by 35.5 per cent. for the six months ended 30 June 2015 compared to the same period in 2014 due to higher bid prices for key search terms driven by greater competition for top search rankings, in particular on Google where cost per click of search terms increased by 17 per cent. in the first half of 2015 (38 per cent. in the first half of 2014). Part of the Group's strategy is to drive customer traffic to its websites through lower cost channels in order to reduce its reliance on PPC listings and its exposure to PPC cost inflation. However, there can be no assurance that such initiatives will be successful or that the rate of PPC cost inflation will not increase significantly going forward, any of which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's PPC team is responsible for managing the Group's PPC strategy. In order to place its website listings with a search engine, the Group bids on keywords it believes that potential customers in its target market would type into a search bar when looking for a product or service. Under the current bidding system, a website's position within the paid search results for particular keywords is determined by the revenue expected to be earned by the search engine from the listing with those expected to earn the greatest revenue for the search engine listed at the top of the sponsored listings table. A search engine's revenue is determined by the bid price for the search term (i.e., cost-per-click) multiplied by the click-through rate of the sponsored listing (i.e., the predicted propensity of internet users to actually click on the sponsored link). The click-through rate is influenced by the strength of the website brand and the popularity of the website. Therefore, if the Group's reputation were to suffer negative publicity, or if its market share were to decline materially or any other factor impacted its brand, it might have to submit higher bids in order to purchase certain key words on search engines to generate traffic to the Group's websites, which could have a material adverse effect on its business, financial condition and results of operation.

Any changes to search engines' algorithms or terms of services could cause the Group's websites to be excluded from or ranked lower in the organic search results of search engines

A significant number of customers access the Group's own websites by clicking on a link contained in search engines' organic listings. Group data shows that, in 2014, approximately 26 per cent. of customer traffic to the Group's websites and apps was referred from organic search results, with a significant majority of such organic search referrals originating from Google. Customers who visit the Group's websites in this manner typically result in higher gross margins for the Group as there are no direct costs and minimal allocated Group costs associated with this form of marketing. Search engines typically do not accept payments to rank websites in their organic listings and instead rely on algorithms to determine which websites are included in the results of a search query. The Group undertakes SEO activities to attempt to enhance the rankings and relevance of the Group's websites in organic search results.

Search engines frequently modify their algorithms and other ranking criteria to prevent their organic listings from being manipulated which could impair the Group's SEO activities. These algorithms and ranking criteria may be confidential or proprietary information and the Group may not have complete information on the methods used to rank the Group's websites. In addition, if a search engine was to modify its terms of service or interpret existing or modified terms of service in a manner such that the Group's SEO activities may be deemed to violate such terms, the Group's websites could be excluded from the search engine's organic listings. If the Group is unable to quickly recognise and adapt its techniques to modifications in search engine algorithms, if its SEO activities were to violate a search engine's terms of service or if the effectiveness of the Group's SEO activities were adversely affected for any other reason (including, for example, as a result of the migration of Hostelbookers to the Hostelworld technology platform or a search engine giving greater prominence to local search results over global results or otherwise making organic search results less visible), the Group could suffer a significant decrease in traffic to the Group's websites from organic search results listings (in particular Hostels.com which is marketed online primarily using SEO); in turn, such a decrease could cause the number of customers making bookings on the Group's websites and apps to fall which would have a material adverse effect on the Group's business, financial condition and results of operation.

Additionally, or alternatively, the Group could become more reliant on sponsored PPC listings and the associated costs of PPC to generate traffic to the Group's websites, resulting in a negative effect on its operating profit margins.

The Group may fail to maintain the reputation and strength of its brands, in particular Hostelworld

The Group's business and, in particular, its ability to generate customer traffic to its websites and apps as well as maintaining existing accommodation provider and third-party affiliate relationships and adding new accommodation providers and affiliates to its network, depends on the strength and visibility of its brands. The Hostelworld brand, in particular, has historically been, and is expected to continue to be, the leading driver of revenue growth for the Group.

A number of factors could negatively affect the strength of the Group's brands, including:

- The failure or ineffectiveness of the Group's online or offline marketing and brand initiative, including a failure to keep pace with new social marketing developments.
- The failure to identify in a timely manner worldwide or regional trends in the hostels and budget accommodation segment of the global travel market (including the emergence of new regional markets, such as emerging markets in Asia, and new online payment methods) and to respond effectively.
- The inability of the Group's online marketing and brand initiatives to reach its target audience caused by regulatory developments or new government regulation or the ability of consumers to block out advertising directed towards them through products such as ad blockers and customisation via ad choice programmes.
- Data or security breaches or negative publicity that affect customer confidence in the Group's brands or online commerce generally.
- IT failures that cause the Group's websites to be unavailable for significant periods of time.
- A failure to maintain, or grow, its accommodation provider network resulting in less choice for customers.
- An accident or incident involving a customer at a property booked through the Group that could generate negative publicity for the Group or hostels generally.
- A decline in the quality of accommodation or service offered by accommodation providers.
- The failure of the Group to invest successfully in the design, content and usability of the Group's websites and apps in order to enhance the customer experience and attract more customer traffic.

The Group has historically marketed Hostelworld, and its supporting brands, to existing and potential customers, using both online and offline strategies, and in the first half of 2015 launched a significant mass media advertising campaign for Hostelworld in the United Kingdom. A failure of the Group to attract or increase customer traffic or to maintain its brand strength in the global online travel and accommodation market as a result of its marketing and branding initiative could have a material adverse effect on the Group's business, financial condition and results of operations.

Any significant decline in the number, geographical diversity, type or quality of the Group's contracted accommodation providers could reduce the number of visitors to, and customers who complete bookings through, the Group's websites and apps

The Group's offering, and value proposition, to customers is driven by the number, location and type of accommodation providers with beds available for reservation. The Group's direct contracts with hostel and alternative budget accommodation providers, who together represent over 33,000 properties in approximately 170 countries, enables the Group to make available a wide variety of hostels and budget accommodation options across a wide geographic spectrum for reservation by customers.

The Group's contracts with accommodation providers may either be terminated at will or provide for a short notice period of termination of 28 days depending on the version of the contract signed. Termination by a significant number of accommodation providers overall, or by a significant number of accommodation providers in key locations, such as the United Kingdom, Europe, North America, Asia or Australia, or, in particular, the Group's top 20 cities by customer bookings, could reduce the scope of the Group's offering to customers. A reduced scope could result in the Group's offering, and value proposition, becoming less attractive to customers as well as to existing or new accommodation providers, which could have a material adverse effect on the Group's business, financial condition and results of operation.

The Group is exposed to risks associated with gathering and protecting customer information and with online commerce security

In processing transactions through the Group's IT platforms, the Group receives and stores a large volume of personally identifiable information, including credit card information, and the Group uses information collected online for purposes of advertising to visitors to its websites. Security breaches, whether instigated internally or externally on the Group's systems or other internet-based systems, could significantly harm the Group's business. The Group incurs, and expects to continue to incur, substantial expense to protect itself against, and remedy, security breaches and their consequences. The Group relies on licensed encryption and authentication technology to effect secure transmission of confidential customer information, including credit or debit card numbers. However, advances in technology or other developments could result in a compromise or breach of the technology that the Group uses to protect customer and transaction data.

Despite the Group's protections referenced in the paragraph above, it is possible that computer circumvention capabilities, new discoveries or advances or other developments, including the Group's own acts or omissions, could result in a party (whether internal, external, an affiliate or unrelated third party) compromising or circumventing the Group's security systems and obtaining access to customer transaction/personal data or the Group's proprietary information or causing significant interruptions to the Group's operations. The Group cannot guarantee that the security measures referenced above will prevent data breaches, or that third-party service providers will be successful in implementing security systems to prevent data breaches. Failure to continue to improve the Group's security standards or a data breach in any of the Group's businesses, or in the systems of third parties upon which the Group relies, could expose the Group to a risk of loss or litigation and possible liability and could significantly harm its business. The Group's insurance may not be adequate to reimburse it for losses caused by security breaches.

Security breaches or operating failures that cause the disclosure of, or failure to adequately protect, payment card details may impact the Group's ability to comply with standards under the Payment Card Industry Data Security Standards, which may lead to the loss of the Group's accreditation, increased insurance costs and/or increased processing costs for credit card transactions. Breaches could also damage the Group's reputation and cause customers and potential customers to lose confidence in its security, which would have a negative effect on the value of the Group's brands and the demand for its products. Moreover, public perception concerning general security and privacy on the internet could adversely affect customers' willingness to use the Group's websites. A publicised breach of security, even if it only affects other companies conducting business over the internet, could inhibit customers' willingness to provide private information or effect commercial transactions on the internet and, therefore, demand for the Group's services, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's processing, storage, use and disclosure of personal data could give rise to liabilities as a result of governmental and/or industry regulation, conflicting legal requirements and differing views of personal privacy rights by regulators

Customer information, which for the Group consists of customers located in approximately 200 different countries, is subject to legislation, regulation and industry policies in numerous jurisdictions around the world which in many instances is becoming increasingly restrictive and complex. For example, in January 2012 the European Union proposed a major reform of the EU legal framework on the protection of personal data which is expected to be adopted by the European Union in 2017 and take effect after a further two years, likely with direct implementation in the EU member states. This new legal framework may result in a greater compliance burden for businesses with users in Europe, such as the Group's, which could increase compliance costs for the Group and, if the Group fails to comply with the new requirements, significant fines. The new framework may also constrain certain of the Group's current or future business practices, including with respect to how the Group uses its customer data and information, which could limit the Group's growth prospects or otherwise have a material adverse effect on its business, financial condition and results of operations. Moreover, the Group's failure to comply with any of these requirements or interpretations could have a material adverse effect on the Group's reputation and operations, and subject it to litigation.

As privacy and data protection become more sensitive issues for regulators and customers, the Group may also become exposed to potential liabilities as a result of differing views between regulators or courts on the protections that should apply to travel and/or online data. These and other privacy and security developments, such as the ruling by the European Court of Justice on 6 October 2015 relating to the transfer of personal data to entities, including service providers, in the United States, are difficult to anticipate and could materially adversely affect the Group's business, financial condition and results of operations.

The Group is subject to risks relating to the receipt and processing of online payments

The Group's customers may choose from a range of payment methods, including credit cards and debit cards. If the Group offers new payment options to its customers, it may be subject to additional regulations and compliance requirements. The Group pays interchange and other fees for the processing of credit and debit card payments, which may increase over time and raise operating costs and lower margins. The Group relies on third parties to provide payment processing services, and if these companies become unwilling or unable to provide these services or increase the costs of providing such services, the Group's operations may be disrupted and its operating costs could increase. The Group is also subject to payment card association operating rules, certification requirements, Payment Card Industry Data Security Standards ("PCI DSS") and rules governing electronic funds transfers, which could change or be reinterpreted to make them difficult or impossible to comply with. If the Group fails to comply with these rules or requirements, it may be subject to fines or higher transactions fees and in extreme cases may lose its ability to accept credit or debit card payments from customers, process electronic funds transfers or facilitate other types of online payments.

Any significant failure of the Group's payment processing systems, whether caused by a systems failure or otherwise, will adversely affect the Group's revenue in the short term and may result in the loss of customers or in damage to the Group's reputation, which may have a material adverse effect on the Group's business, financial condition and results of operations.

A failure to protect the Group's intellectual property rights could reduce the value of the Group's services and brand

The Group relies on a combination of trademark registrations in Ireland, the United Kingdom, the EU, the United States and Australia as well as domain name registrations to protect its proprietary rights in its trademarks and domain names. Separately, the Group relies on a combination of copyright, database rights, the law protecting confidential information and contractual restrictions to protect its intellectual property rights in its internally developed technology.

There can be no assurance that third parties, including parties to whom the Group discloses proprietary knowledge, information and technology under licensing or other arrangements, will not attempt to misappropriate or challenge the Group's right to such knowledge, information and technology. Even if the Group discovers evidence of infringement, misappropriation or intellectual property piracy, its recourse may be limited or could require it to pursue litigation, which could

involve substantial legal fees, costs and expenses and diversion of management's attention from the operation of the business.

To the extent that the Group's brands, technologies and databases are not protected by intellectual property rights, third parties, including competitors, may be able to commercialise or otherwise use the Group's brands, technologies and/or databases without compensating the Group. The Group also faces the risk that existing or new competitors may independently develop similar or alternative technologies that are equal or superior to the Group's technology without infringing the Group's intellectual property rights, or may design around the Group's proprietary technologies, which could have a material adverse effect on the Group's business, financial condition and results of operation.

The Group may be subject to intellectual property rights claims which could be costly to defend and may also be compelled to bring intellectual property rights claims which could be costly to instigate and pursue

Persons may enter into litigation based on allegations of infringement or other violations of intellectual property rights in order to enforce their patents, copyrights, databases or trade marks. As the Group faces increasing competition, the possibility of being subject to intellectual property rights claims grows.

The Group's technologies may not be able to withstand any third party claims or rights against their use. Any intellectual property claims, with or without merit, could be time-consuming, expensive to litigate or settle and could divert management's attention. If the Group were found to be in violation of a third party's intellectual property rights, it may be required to pay compensation, including damages, or be subject to injunctions that prevent it from using certain technologies. The Group may have to seek a licence for such allegedly infringing technology, which may not be available, or may not be available on reasonable terms and may significantly increase its operating expenses. As a result, the Group may also be required to develop alternative non-infringing technology, which could require significant effort and expense. If the Group cannot licence or develop technology for the aspects of its technologies that are found to infringe third parties' intellectual property rights, it may be forced to limit its product and service offerings and may be unable to compete effectively.

Third parties may also file trade mark infringement and related claims against the Group alleging the unauthorised use of their intellectual property. Although the Group includes customary protections as regards its intellectual property rights in its contracts with employees, consultants and third parties with whom it conducts business, it could be subject to potential claims as to the ownership or co-ownership of certain intellectual property used by the Group. The Group also may be compelled to bring claims to protect its intellectual property rights which could be costly to instigate and pursue. Any of these events could materially adversely affect the Group's business, financial condition and results of operations.

A failure, or interruption, of the Group's information technology and communications systems could damage its reputation

The Group's business depends on the performance, reliability and availability of its information technology and communications systems. Any damage to or failure of its systems could result in disruptions to the Group's websites and apps, which could reduce its revenue and profits, and damage its brands and relationships with customers, accommodation providers and affiliates. The Group's systems are vulnerable to damage or interruption from power loss, telecommunications failures, computer viruses, computer denial of service attacks or other attempts to harm its systems, natural disasters, including floods and fires, vandalism and general hardware and/or software faults. The Group's disaster recovery plans may not address adequately every potential event and its insurance policies may not cover every loss (including losses resulting from business interruption) or damage that it suffers fully, or at all. As of the date of this Prospectus, the Group's disaster recovery plans with respect to Hostelbookers are not as detailed as those in place for Hostelworld, but this is expected to be resolved upon the completion of the migration of Hostelbookers to Hostelworld's technology platform expected to take place by the end of 2015 at which time it would be covered by the Hostelworld's disaster recovery plan.

The Group's main headquarters building is located on a single geographic site in Dublin, Ireland and its hardware platforms are hosted in data centres located in separate sites in Dublin, Ireland, and the UK. These buildings are vulnerable to natural disasters, including floods and fires, power loss and telecommunications failures. The systems within these buildings are further vulnerable to, among other possibilities, systems outages or failures, damage from computer viruses and computer denial of service attacks. Those buildings are also subject to break-ins or intentional acts of vandalism. While

the Group has a disaster recovery plan, such plan does not account for all eventualities and may not be up-to-date with industry best practice at any given time. The occurrence of a natural disaster or other unanticipated problems at the Group's headquarters or at a data centre could result in lengthy interruptions to the Group's service, thereby harming its reputation and business.

The Group relies on third party service providers, including data centre and bandwidth providers, to host and operate the Group's websites. In particular, the operation of the Hostelbookers.com website and technology platform is dependent upon a single co-location and internet connection service provider which is entitled on 90 days' notice to terminate its agreement with the Group. A failure or interruption in the services provided by third parties, or a termination by them of the agreements under which they have agreed to provide services to the Group, could harm its operations and reputation. In addition, other than standard contractual protections as to service levels, the Group has no control over the availability or quality of services provided by these third parties, including whether they, in turn, rely on third party service providers to provide services to the Group, which increases the Group's vulnerability to service problems. Any disruption in the network access or co-location services provided by these parties or any failure or inability of these providers to handle current or higher customer traffic or transaction volumes could significantly harm the Group's business. The Group has experienced and may in the future experience disruptions or delays in these services. If these providers were to suffer financial or other difficulties, their services to the Group could be interrupted or discontinued and replacement providers may be uneconomical or unavailable. Any of these events could damage its reputation and have a material adverse effect on the Group's business, financial condition and results of operations.

The disruption of search engines, such as Google, could have a material adverse effect on business, financial condition and results of operations of the Group. Group data shows that, in 2014, approximately 26 per cent. of traffic to the Group's websites was referred from organic search results and approximately 22 per cent. of traffic to the Group's websites was referred from sponsored PPC listings, with a significant majority of such organic search and PPC referrals originating from Google.

A failure by the Directors to execute the Group's strategy in an effective manner could have a material adverse effect on the Group's business, financial condition and results of operations

The Group has experienced growth over the past few years which has placed, and may continue to place, significant demands and strains on its resources, systems, internal controls and Senior Management. In order to sustain this growth, and successfully execute its growth strategy, the Group will need to: (i) successfully implement its brand and marketing initiative; (ii) maintain investment in its technology platform; (iii) continue to optimise and enhance its pricing model; and (iv) successfully expand into growing markets, in particular the Asian market.

Certain factors may undermine the Group's abilities to execute its growth strategy, including but not limited to the following:

- A prolonged or substantial decrease in the number of customers travelling.
- A failure by the Group to attract a sufficient volume of customer traffic to the Group's websites.
- A failure by a significant proportion of customers who visit the Group's websites to complete revenue generating transactions.
- A failure to have sufficient allocation of beds for sale in the right destinations on the specific nights that customers want to book.
- A failure by accommodation providers to participate in the "Elevate" programme or the Group's premium listing feature or a failure of customers to complete bookings with accommodation providers utilising such features.
- A failure by the Group to successfully compete with new market entrants or existing competitors.
- A difficulty in scaling its brand globally including, a failure to increase brand awareness through its brand marketing initiative.
- A failure to attract or retain accommodation providers.
- A failure, or delays to the completion, of the migration of Hostelbookers to the Hostelworld technology platform and subsequent relaunch of the Hostelbookers brand.
- A failure to keep pace with technological and mobile innovation.

- A failure by the Group to compete successfully in new and emerging destinations.
- Legal and regulatory developments with respect to e-commerce and online business in any of the jurisdictions in which the Group operates, including changes to taxation of online transactions.

The costs associated with implementing the Group's strategy may, whether such strategy is successful or not, cause a decrease in the Group's operating profit margin. In addition, the time required to execute such strategy could divert the Group management's attention from other business concerns.

A failure by the Directors to execute the Group's strategy, or to manage any associated growth, could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's success depends on retaining, or replacing, capable senior management and technical staff and to recruit, or retain, specialist online advertising staff required to implement Group strategy

Although the Group's business is intended to be successfully operated by a small senior management team, the loss of one, or more, members of this senior management team, in particular the Group's Chief Executive Officer, Feargal Mooney, the Group's Chief Financial Officer, Mari Hurley, the Group's Chief Technology Officer, John O'Donnell, the Group's Chief Marketing Officer, Otto Rosenberger, the Group's HR Director, Stuart Priday and/or the Group's Director of Supply, Paul Halpenny, and the inability of the Group to find a suitable replacement or replacements, could have a material adverse effect on its business.

The Group's business also requires skilled ecommerce staff for the provision of its services. There is currently strong competition for such qualified employees in the marketplace; the loss of a substantial number of qualified skilled ecommerce staff or a failure by the Group to attract, train and retain additional ecommerce staff could harm the Group's business, financial condition and results of operation.

The Group's business may be adversely affected by the development of laws, rules and regulations relating to consumer protection and e-commerce operations and failure to comply with, or changes to, such laws, rules and regulations and other legal uncertainties

Nearly all of the Group's revenue is generated from transactions which take place through the Group's websites and apps. There is a large and growing body of law and regulation pertaining to the internet and e-commerce, which can vary significantly by jurisdiction. As the Group's business is global in scope, the Group is subject to uncertainties arising from different legal and regulatory approaches to e-commerce and online business. These laws, rules and decisions can relate to topics including:

- liability for information retrieved from or transmitted over the internet;
- consumer protection and trade standards in online and e-commerce;
- package holiday and leisure travel regulation;
- online editorial and user-generated content;
- behavioural targeting, area-specific and online advertising;
- taxation;
- liability for third-party activities;
- the quality of products and services; and
- data protection and tax treatment.

The growth and development of e-commerce and the online travel market, along with negative publicity and allegations of unfair business practices, particularly in relation to the fees charged to customers, have prompted calls for more stringent customer protection laws and more aggressive enforcement efforts by regulatory authorities in the United Kingdom, Ireland and the rest of the European Union. As a result, regulators may impose additional burdens on online businesses generally, such as requirements of greater transparency as to pricing and terms and conditions. Such changes may result in proceedings against the Group alleging unfair business practices or in more onerous operational procedures resulting from obligations to make more thorough disclosures about operations.

Moreover, consumer protection agencies in the United Kingdom and the rest of the European Union have increased their oversight of the transparent depiction of prices, fees and taxes as well as their efforts to enforce existing standards. Additional or more restrictive requirements may result in

increased compliance costs for the Group, reduced revenue and/or reduced sales. More generally, failure to comply with these and similar laws and regulations may subject the Group to fines or harm its reputation. In addition, although there is a general trend towards increased consumer protection, specific laws and rules may vary between Ireland, the United Kingdom and the rest of the European Union, making compliance more complex and expensive. Any such developments could have a material adverse effect on the Group's business, financial condition and results of operations.

In addition, the taxation of e-commerce businesses, is constantly being evaluated and developed by tax authorities around the world. While the basic principles of e-commerce taxation are still not yet firmly established, it is generally (but not universally) accepted by many tax authorities that the underlying tax principles applying to traditional businesses apply equally to e-commerce businesses. The Group's policy is to arrange its affairs within the constraints of e-commerce with a view to managing and mitigating its exposure to tax on its operations outside the jurisdictions in which the members of the Group are incorporated or domiciled. For as long as the taxation of e-commerce businesses continues to evolve (and given the fact that the legal position underpinning the tax analysis could differ between jurisdictions), however, the Group (along with other online businesses) will remain susceptible to possible changes in law or to possible challenges from tax authorities under existing law, which may result in an adverse effect on the amount of tax payable by the Group (whether in relation to past periods or the future).

The taxation of online transactions remains unsettled in the United States, in particular, and the Group does not currently collect sales or other similar taxes in respect of transactions conducted through its websites or apps in the United States. The issue of whether to require e-commerce businesses to collect sales tax in US states where they have no physical presence has been a matter of significant debate in many US states and at the federal level, and a number of proposals have been made that could impose such taxes on the sale of products and services online. Such proposals, if adopted, could adversely affect the Group's profit margin and impair the growth of its business in the United States.

The Group's business and financial performance could be negatively impacted by adverse tax events

The Group's business is subject to specific tax, including VAT, rules and the Group accounts for taxes in all jurisdictions it considers relevant. Due to the nature of the Group's business, tax authorities in other jurisdictions may consider that taxes are due in their jurisdiction, for example because the customer is resident in that jurisdiction or the travel service is deemed to be supplied in such jurisdiction. If those tax authorities take a different view than the Group as to the basis on which the Group is subject to tax, it could result in the Group having to account for tax that it currently does not collect or pay, which could have a material adverse effect on the Group's financial condition and results of operation if it could not reclaim taxes already accounted for in the jurisdictions the Group considers relevant. For example, the Group made an unprompted voluntary disclosure in 2013 noting an adjustment for Irish sales VAT that had not been previously accounted for with respect to booking fees collected, and the Group paid Irish Revenue €1.8 million, together with €80,000 interest. While this issue has been resolved historically without any penalties or fines imposed and is not considered to be an issue going forward based on current law following a change in EU law in 2015, any increases in applicable tax rates or changes to the basis on which tax is due in any jurisdictions where the Group is subject to tax could have a material adverse effect on the Group's financial condition and results of operation.

The Group may be subject to changes in tax law resulting from OECD consultations

In 2013, the Organisation for Economic Co-operation and Development ("OECD") published its Action Plan on Base Erosion and Profit Shifting ("BEPS") and began a consultation process. The BEPS project is ongoing, however, the final package of reports on the BEPS action plan were issued on 5 October 2015 setting out recommendations and areas of further work to be undertaken in 2016 and 2017.

The timing and form of any changes to local and/or EU tax legislation in the territories in which the group operates remain uncertain. Changes to tax laws based on recommendations made by the OECD in relation to BEPS may result in additional reporting and disclosure obligations for investors and a risk of additional tax being suffered by the Company or its underlying subsidiaries.

The UK government has unilaterally taken action in respect of BEPS by introducing through Part 3 of the Finance Act 2015 a tax on "diverted profits". Where the necessary conditions are met, diverted profits tax is charged at 25 per cent. on the amount of the diverted profits. The Group has been

advised that while the charging provisions should not ultimately result in a diverted profits tax exposure, an obligation to notify HMRC of the Group's analysis may ultimately arise. The imposition of any charge to diverted profits tax could materially increase tax levied on Group revenues and thus the ability to pay dividends and returns to Shareholders.

The Group could face liability for information on the Group's websites

The law relating to the liability of online services companies for information carried on, hosted by or disseminated through, the Group's websites is currently unclear and there is a risk that the Group could be liable for material posted on the Group's websites. The Group makes travel related information available on its websites. The information is generated mainly from three sources: (i) in house generated content which is made available via travel guides, photographs, video and podcasts; (ii) customers who are encouraged via online social networks and discussion forums to interact and to seek dialogue with other customers and users and to post messages and content (including photographs) on travel related topics such as their travel experiences and reviews on hostels and budget accommodation booked through the Group; and (iii) content provided by accommodation providers.

Claims could be made under the laws of the United Kingdom, Ireland or another jurisdiction for defamation, libel, negligence, copyright or trade mark infringement, invasion of privacy or other claims based on the nature and content of the information disseminated.

Third parties who are the subject of the Group's publications or user generated content posted or uploaded onto the websites may assert claims of defamation or other injury. These types of claims have been brought, sometimes successfully, against providers of online services as well as print publications. If litigation were successfully brought against the Group, its insurance policies may not cover any loss fully, or at all. Any of these events could have a material adverse effect on the Group's business, financial condition and results of operation.

The Group also allows third parties to advertise their products and services on the Group's websites and include links to such third party websites. Providers of travel services or other third parties referred to on the websites could assert that information concerning them on the Group's own websites contains errors or omissions and third parties could seek damages for losses incurred if customers rely upon incorrect information published by the Group. The Group could also be subject to claims that persons posting information on the Group's websites do not have the right to post such information or are infringing the rights of third parties. Any of these events could have a material adverse effect on the Group's business, financial condition and results of operation. Even if these claims do not result in liability to the Group, it could incur significant costs in investigating and defending itself against these claims.

The Group could face liability for defects in its software products

The Group provides Backpack Online, its online property management system, to certain contracted accommodation providers. In addition, the Group provides affiliates and certain accommodation providers with the technology to incorporate accommodation search and reservation functionality on their own websites. If the Group supplied defective software (including if the software contained a virus) the use of which caused loss or damage to an affiliate or accommodation provider, the Group could be subject to claims from such affiliate or accommodation provider. If a litigation claim were successfully brought against the Group, the insurance policies may not cover any loss fully, or at all. Any such event could have a material adverse effect on the Group's business, financial condition and the results of its operations.

The Group may acquire, or invest in, other businesses or companies which could cause it to incur substantial expenses and which could divert the management's attention from other business concerns

The Group may in the future seek to acquire companies, businesses or interests in companies or businesses which the Directors believe may further the Group's strategy. The pursuit of potential acquisitions may cause the Group to incur various expenses whether or not such acquisitions are completed. If the Group does acquire additional businesses or companies, it may not be able to integrate an acquired business or company successfully or manage the combined business following the acquisition or achieve the anticipated benefits from the acquisition. In addition, if the Group were to undertake a significant acquisition or the acquisition of a direct competitor, such acquisition could attract regulatory scrutiny from competition authorities and could as a result bear substantial additional costs or fail to gain regulatory approval or require the Group to comply with undertakings set by a regulator.

The costs associated with the pursuit of potential acquisitions, whether successful or not, and the costs of business integration, if successful, may cause a decrease in the Group's operating profit margin. Additionally, the time required to pursue such acquisitions and/or integrate new businesses into the Group could divert the Group management's attention from other business concerns. Any of the above factors could have a material adverse effect on the Group's business, financial condition and results of operations.

If the consideration paid by the Group for any such acquisitions, or investments, is in the form of Shares, the shareholdings of investors in the Company would be diluted.

The Group is exposed to risks associated with currency fluctuations

The Group reports its results in euro, and the euro is also its functional currency. Therefore, its presentation of consolidated financial statements and results of operations may be affected by both the transaction and translation effects of foreign currency exchange rate fluctuations. The Group is exposed to transaction effects when it incurs costs or generates revenue in a different currency, in particular the US dollar and British pound sterling. As the Group's business expands into new markets which do not use the euro, such as the Asian market, its exposure to foreign currency exchange rate fluctuations will increase. The Group is also exposed to currency fluctuation when it converts currencies through its operations into currencies required to pay for its fixed costs and services, which could result in a gain or loss depending on fluctuations in exchange rates.

Risks relating to the Offer and the Shares

There is no existing market for the Shares and an active trading market for the Shares may not develop or be sustained.

Prior to Admission, there has been no public trading market for the Shares. Although the Company has applied to (i) the FCA for all of the Shares to be admitted to the premium listing segment of the Official List of the FCA; (ii) the Irish Stock Exchange for all of the Shares to be admitted to the secondary listing segment of the Official List of the Irish Stock Exchange; (iii) the London Stock Exchange for all of the Shares to be admitted to trading on the London Stock Exchange's main market for listed securities and (iv) the Irish Stock Exchange for all of the Shares to be admitted to trading on its Main Securities Market, it can give no assurance that an active trading market for the Shares will develop or, if developed, could be sustained following the closing of the Offer. If an active trading market is not developed or maintained, the liquidity and trading price of the Shares could be adversely affected.

The share price of publicly traded companies can be highly volatile, including for reasons related to differences between expected and actual operating performance, corporate and strategic actions taken by such companies or their competitors, speculation and general market conditions and regulatory changes.

Prospective investors should be aware that, following Admission, the value of an investment in the Shares may decrease abruptly which may prevent Shareholders from being able to sell their Shares at or above the price they paid for them and the Offer Price may not be indicative of prices that will prevail in the trading market. The price of the Shares may fall in response to any number of events including market appraisal of the Group's strategy, if the Group's operating results and/or prospects are below the expectations of market analysts or Shareholders, or in response to regulatory changes affecting the Group's operations. In addition, stock markets have, from time to time, and especially in recent years, experienced significant price and volume fluctuations which have affected the market price of securities.

A number of factors, some of which are outside of the Group's control, may impact the price and performance of the Shares, including:

- prevailing economic conditions and conditions or trends in the market generally;
- differences between the Group's expected and actual operating performance as well as between the expected and actual performance of the online travel market generally;
- strategic actions by the Group or the Group's competitors, such as mergers, acquisitions, divestitures, partnerships and restructurings;
- speculation, whether or not well founded, about possible changes in the Group's management team;
- the publication of research reports by analysts or failure to meet analysts' forecasts; and regulatory changes.

The market price of the Shares could be negatively affected by sales of substantial amounts of such shares in the public markets, including following the expiry of the lock-up period, or the perception that these sales could occur.

Following Admission, except as a result of the sale of Shares pursuant to the Offer or pursuant to certain other customary exceptions, the Company, H&F 1 and the Ex-Hostelbookers Shareholders, the Directors and John O'Donnell, Otto Rosenberger and Paul Halpenny (being members of Senior Management who will hold Shares on Admission have agreed to refrain from selling any of their Shares for a period commencing on the date of the Underwriting Agreement or the Lock-in Deeds (as applicable) and ending 180 days (or, in the case of the Directors, John O'Donnell, Otto Rosenberger and Paul Halpenny, 365 days) after the date of Admission, without the consent of Numis. It is impossible to predict whether, following the termination of the lock-up restrictions put in place in connection with the Offer, a substantial amount of Shares will be sold in the open market by those subject to such restrictions. Any sales of substantial amounts of Shares in the public market by the Company, or the perception that such sales might occur, could result in a material adverse effect on the market price of the Shares. This may make it more difficult for Shareholders to sell Shares at a time and price that they deem appropriate, and could also impede the Company's ability to issue equity securities in the future.

There is no guarantee that the Group will pay dividends.

As a holding company, the Company's ability to pay dividends (including any special dividends) in the future is affected by a number of factors, principally the generation of distributable profits within the Group and the receipt of sufficient dividends from its subsidiaries. Under English law, a company can only pay cash dividends to the extent that it has distributable reserves and cash available for this purpose. In addition, the Company may not pay dividends if the Directors believe this would cause the Company to be inadequately capitalised or if, for any other reason, the Directors conclude it would not be in the best interests of the Company. Any change in the tax rates applicable to the Group's profits in the territories in which it operates or the tax treatment of dividends or interest received by the Company may reduce the amounts available for dividends to Shareholders. (The Facility Letter described in paragraph 11 of Part 13 "Additional Information" restricts the maximum dividend the Company is allowed to pay to 80 per cent. of adjusted profit after tax). The dividend policy mentioned in Part 9 "Operating and Financial Review" of this Prospectus should not be construed as a dividend forecast.

Future issuances of Shares may dilute the holdings of Shareholders and may depress the price of the Shares.

Other than in connection with Admission and awards under the LTIP, the Company has no current plans for an offering of new Shares. The Company has agreed, subject to certain exceptions, to refrain from issuing any new Shares for a period of 180 days following Admission, without the consent of Numis. It is possible that the Company may decide to offer additional Shares in the future following the expiry of the lock-up restriction or that an exemption to the lock-up will apply or that Numis will consent to waive the lock-up. Future offerings of new Shares could dilute the holdings of existing Shareholders, adversely affect the prevailing market price of the Shares and could impair the Group's ability to raise capital through future sales of equity securities.

Changes in taxation legislation or the interpretation of tax legislation could affect the Company's ability to provide returns to Shareholders.

Any change in taxation legislation or the interpretation of taxation legislation could affect the Company's ability to provide returns to Shareholders. Statements in this Prospectus concerning the taxation of investors in the Shares are based on current tax law and practice in the UK and Ireland, which are subject to change. The taxation of an investment in the Company depends on the individual circumstances of the relevant investor.

Shareholders may have difficulty in effecting service of process on the Company or the Directors in the US, in enforcing US judgments in the UK or in enforcing US securities laws in UK courts.

All of the Directors are residents of countries other than the United States. The Company is incorporated outside the United States and its assets are located outside the United States. As a result, it may not be possible for Shareholders to effect service of process within the United States upon the Directors or on the Company, or to obtain discovery of relevant documents and/or the testimony of witnesses. Shareholders based in the US may have difficulties enforcing in courts outside the United States judgments obtained in US courts against some of the Directors or the Company

(including actions under the civil liability provisions of the US securities laws). Shareholders may also have difficulty enforcing liabilities under the US securities laws in legal actions originally brought in jurisdictions located outside the United States.

An investment in Shares by an investor whose principal currency is not the euro may be affected by exchange rate fluctuations.

The Shares are, and any dividends to be paid in respect of them will be, denominated in euro, and the Shares will trade in pounds sterling and euro. An investment in Shares by an investor whose principal currency is not the euro or pounds sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of the euro or pounds sterling in relation to such foreign currency will reduce the value of the investment in the Shares to such foreign currency, and any depreciation of the euro in relation to pounds sterling or other foreign currency will reduce the value of any dividends in relation to pounds sterling or such foreign currency.

Shareholders outside the United Kingdom may not be able to participate in future equity offerings.

The Articles provide for pre-emptive rights to be granted to Shareholders on future equity offerings, unless such rights are disapplied by a shareholder resolution. However, securities laws of certain jurisdictions outside the United Kingdom may restrict the Group's ability to allow participation by Shareholders located in such jurisdictions in future equity offerings. In particular, Shareholders in the United States may not be entitled to exercise their pre-emption rights unless such an offering is registered under the US Securities Act or made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The holdings of Shareholders located outside the United Kingdom who are not able to participate in any future equity offerings could be diluted by any such offerings.

PART 2

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

Investors should only rely on the information in this document. No person has been authorised to give any information or to make any representations in connection with the Offer, other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors, Numis or Davy. No representation or warranty, express or implied, is made by Numis, Davy or any selling agent as to the accuracy or completeness of such information, and nothing contained in this document is, or shall be relied upon as, a promise or representation by Numis, Davy or any selling agent as to the past, present or future. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to FSMA, neither the delivery of this document nor any subscription of Shares pursuant to the Offer shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Group since the date of this document or that the information contained herein is correct as of any time subsequent to its date.

The contents of this document are not to be construed as legal, business or tax advice. Each prospective investor should consult his or her own lawyer, financial adviser or tax adviser for legal, financial or tax advice. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Offer, including the merits and risks involved.

Prior to making any decision as to whether to subscribe for or purchase the Shares, prospective investors should read this document. Investors should ensure that they read the whole of this document and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination of the Company and the terms of this document, including the risks involved.

Investors who subscribe for or purchase Shares in the Offer will be deemed to have acknowledged that: (i) they have not relied on Numis, Davy or any person affiliated with either of them in connection with any investigation of the accuracy of any information contained in this document or their investment decision; and (ii) they have relied on the information contained in this Prospectus, and no person has been authorised to give any information or to make any representation concerning the Group or the Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Directors, Numis or Davy.

None of the Company, the Directors, Numis, Davy or any of their representatives is making any representation to any offeree, subscriber or purchaser of the Shares regarding the legality of an investment by such offeree, subscriber or purchaser.

In connection with the Offer, Numis, Davy and any of their respective affiliates, acting as investors for their own accounts, may subscribe for and/or acquire Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in this document to the Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, dealing or placing by, Numis, Davy and any of their respective affiliates acting as investors for their own accounts. Neither Numis nor Davy intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

The Group

Prior to completion of the Share Capital Reorganisation described in paragraph 1.8 of Part 13 “*Additional Information*”, the term “Group” refers to H&F 2 and each of its consolidated subsidiaries and subsidiary undertakings; thereafter it refers to the Company and its consolidated subsidiaries and subsidiary undertakings from time to time. References to Hostelworld, Hostelbookers and Hostels.com are to their respective brands, including websites and apps, unless otherwise noted.

Share Capital Reorganisation

Save as otherwise specified in this Prospectus (including at paragraph 1.10 of Part 13 “*Additional Information*”), all of the information in this Prospectus is presented as if the Share Capital Reorganisation had already taken place as at the date of publication of this Prospectus. The Share Capital Reorganisation will be completed conditional on, and with effect from, Admission.

Presentation of financial information

Unless otherwise stated, the financial information in this document has been prepared in accordance with International Financial Reporting Standards as adopted by the EU (“**IFRS**”). The significant IFRS accounting policies applied in the financial information of the Company are applied consistently in the financial information in this document.

Financial information

The financial information included in Part 11 “*Financial Information*” is covered by the respective accountant’s reports included in Sections A and B, which were prepared in accordance with standards for Investment Reporting issued by the Auditing Practice Board and requirements of Annex I and Annex II of Commission Regulation (EC) No 309/2004.

None of the financial information used in this document has been audited in accordance with auditing standards generally accepted in the United States of America (“**US GAAS**”) or auditing standards of the Public Company Accounting Oversight Board (United States) (“**PCAOB**”). US GAAS and the auditing standards of the PCAOB do not provide for the expression of an opinion on accounting standards which have not been finalised and are still subject to modification, as is the case with accounting standards as adopted for use in the EU and included in Part 11 “*Financial Information*”. Accordingly, it would not be possible to express any opinion on the financial information in Part 11 “*Financial Information*” under US GAAS or the auditing standards of the PCAOB. In addition, there could be other differences between the auditing standards issued by the Auditing Practices Board in the United Kingdom and those required by US GAAS or the auditing standards of the PCAOB. Potential investors should consult their own professional advisers to gain an understanding of the financial information in Part 11 “*Financial Information*” and the implications of differences between the auditing standards noted herein.

Non-IFRS/Non-GAAP Measures

The financial information included in this document is not intended to comply with the US Securities and Exchange Commission reporting requirements. Compliance with such requirements would entail the modification or exclusion of certain financial measures, including Adjusted EBITDA, and the presentation of certain other information that is not included herein, which are not measures under IFRS or under generally accepted accounting principles in the United States (“**US GAAP**”).

EBITDA and Adjusted EBITDA

Certain parts of this document contain references to EBITDA, which is an acronym for earnings before interest, taxes, depreciation and amortisation. The Group uses EBITDA adjusted for certain one-off or exceptional items including (i) impairment losses, (ii) M&A activity costs, (iii) holding company administration costs, (iv) redundancy costs and (v) establishment expenses (“**Adjusted EBITDA**”) to show earnings without the impact of non-cash and non-recurring items. EBITDA and Adjusted EBITDA are not measurements of performance under IFRS or US GAAP and should not be considered by prospective investors as an alternative to (a) profit/(loss) as a measure of the Group’s operating performance, (b) net cash flow from operating, investing and financing activities as a measure of its ability to meet its cash requirements, or (c) any other measure of performance under IFRS or US GAAP. The Directors believe that Adjusted EBITDA is a meaningful measure of the Group’s performance on a consolidated basis and better reflects the underlying performance of the Group, because non-cash items and non-recurring items can vary significantly from period to period depending on the circumstances and the accounting methods applied. All companies may not calculate EBITDA and Adjusted EBITDA on a consistent basis and the presentation of Adjusted EBITDA in this Prospectus may not be comparable to measures used by other companies under the same or a similar name. Accordingly, you should not place undue reliance on the EBITDA and Adjusted EBITDA data contained, discussed or analysed in this Prospectus.

The table below sets forth the Group's EBITDA and Adjusted EBITDA and reconciliation to loss for the period for the period under review:

	For the year ended 31 December			For the six months ended 30 June	
	2012	2013	2014	2014	2015
	(€ thousands)				
		(audited)		(unaudited)	(audited)
Loss for the period	(16,139)	(29,408)	(72,183)	(10,824)	(14,782)
Depreciation and amortisation.....	13,447	14,052	13,443	6,674	6,084
Financial income	(21)	(3)	(17)	—	—
Financial expenses	25,328	28,823	34,479	17,179	18,322
Income tax (charge)/benefit	(34)	(205)	(4,826)	122	133
EBITDA	22,581	13,259	(29,104)	13,151	9,757
Impairment losses	—	—	50,692	—	—
M&A costs	416	6,652	3,879	(5)	(727)
Holding company administration costs.....	104	187	274	95	84
Redundancy costs.....	196	721	1,263	84	211
Establishment expenses	—	—	(9)	16	723
Total adjustments	716	7,560	56,099	190	291
Adjusted EBITDA	23,297	20,819	26,995	13,341	10,048

Adjusted EBIT

Certain parts of this document contain references to adjusted EBIT, which the Group defines as Adjusted EBITDA less (i) depreciation on property plant and equipment and (ii) amortisation of capitalised development costs (excluding amortisation of IP and brand assets acquired through acquisition) (“**Adjusted EBIT**”). Adjusted EBIT is not a measurement of performance under IFRS or US GAAP and should not be considered by prospective investors as an alternative to (a) profit/(loss) as a measure of the Group's operating performance, (b) net cash flow from operating, investing and financing activities as a measure of its ability to meet its cash requirements, or (c) any other measure of performance under IFRS or US GAAP. The Directors believe that Adjusted EBIT is a meaningful measure of the Group's financial performance, because it excludes finance costs in relation to the Group's capital structure and excludes amortisation charges in relation to acquisitions. All companies may not calculate Adjusted EBIT on a consistent basis and the presentation of Adjusted EBIT in this Prospectus may not be comparable to measures used by other companies under the same or a similar name. Accordingly, you should not place undue reliance on the Adjusted EBIT data contained, discussed or analysed in this Prospectus.

The table below sets forth the Group's Adjusted EBIT for the period under review:

	For the year ended 31 December			For the six months ended 30 June	
	2012	2013	2014	2014	2015
	(€ thousands)				
		(audited)		(unaudited)	(audited)
Adjusted EBITDA	23,297	20,819	26,995	13,341	10,048
Depreciation	(435)	(534)	(659)	(332)	(382)
Amortisation of capitalised development costs	—	—	(416)	(113)	(741)
Adjusted EBIT	22,862	20,285	25,920	12,896	8,925

Adjusted Free Cash Flow

Certain parts of this document contain references to adjusted free cash flow, which the Group defines as free cash flow before financing activities adjusted for financial expenses, M&A costs and impairment costs (“**Adjusted Free Cash Flow**”). Adjusted Free Cash Flow is not a measurement of performance under IFRS or US GAAP and should not be considered by prospective investors as an alternative measure of performance under IFRS or US GAAP. All companies may not calculate Adjusted Free Cash Flow on a consistent basis and the presentation of Adjusted Free Cash Flow in this Prospectus may not be comparable to measures used by other companies under the same or a similar name. Accordingly, you should not place undue reliance on the Adjusted Free Cash Flow data contained, discussed or analysed in this Prospectus.

The table below sets forth the Group’s Adjusted Free Cash Flow and conversion for the period under review:

	For the year ended 31 December			For the six months ended 30 June	
	2012	2013	2014	2014	2015
	(€ thousands)				
		(audited)		(unaudited)	(audited)
EBITDA	22,581	13,259	(29,104)	13,151	9,757
Impairment	—	—	50,692	—	—
Loss on disposal of assets	—	—	—	—	130
Working capital	1,055	(1,435)	4,112	463	(1,520)
Cash generated from operations	23,636	11,824	25,700	13,614	8,367
Tax/financial income paid/received..	(2,672)	(860)	(898)	(335)	(131)
Capex	(369)	(570)	(2,108)	(1,193)	(3,733)
Change in long-term investments	—	4,090	—	—	—
Free cash flow before financing activities	20,595	14,484	22,694	12,086	4,503
<i>Adjustments to free cash flow:</i>					
Financial expenses	1,928	788	100	112	—
M&A Costs	44	5,618	1,215	—	2,394
Establishment costs	—	—	—	—	670
Total Adjustments	1,972	6,406	1,315	112	3,064
Adjusted free cash flow	22,567	20,890	24,009	12,198	7,567
<i>Adjusted free cash conversion %⁽¹⁾ ..</i>	<i>97%</i>	<i>100%</i>	<i>89%</i>	<i>91%</i>	<i>75%</i>

(1) Adjusted free cash conversion shown as a percentage of Adjusted EBITDA.

Operational data

The Group presents certain operational data in this document. Such data as presented in this document may not be comparable to similarly titled data presented by other companies in the Group’s industry and, while the method of calculation may differ across the Group’s industry, the Directors believe that such data is important to understanding the Group’s performance from period to period and that such data facilitates comparison with the Group’s peers. This operational data is not intended to be a substitute for any IFRS measures of performance. The operational data is based on the Company’s estimates and is not part of the Group’s financial statements and has not been audited or otherwise reviewed by outside auditors, consultants or experts.

Unaudited operational information in relation to the Group is derived from the following sources: (i) unaudited accounting records for the relevant accounting periods and specified accounting framework presented; (ii) internal financial reporting systems supporting the preparation of financial statements; and (iii) the Group’s other business operating systems and records.

Currency presentation

Unless otherwise indicated, references to the “euro” or “€” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended. The Company prepares its financial statements in euro. All references in this document to “sterling”, “pounds sterling”, “GBP”, “£”, or “pence” are to the lawful currency of the United Kingdom. All references to “US dollars” or “US\$” are to the lawful currency of the United States.

Roundings

Certain data in this document, including financial, statistical, and operating information has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100 per cent.

Market, economic and industry data

Unless the source is otherwise stated, the market, economic and industry data in this Prospectus constitute the Directors’ estimates, using underlying data from independent third parties. The Company obtained market data and certain industry forecasts used in this Prospectus from internal surveys, reports and studies, where appropriate, as well as third-party market research, publicly available information and industry publications, including publications and data compiled by Phocuswright and WYSE Travel Confederation.

The Company confirms that this information and any other information extracted from third-party sources has been accurately reproduced and, so far as the Group is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render such reproduced information inaccurate or misleading.

Where third-party information has been used in this Prospectus, the source of such information has been identified.

Definitions

Certain terms used in this document, including all capitalised terms, are defined in Part 14 “*Definitions*”. Certain technical and other items used in this document are explained in Part 15 “*Glossary*”.

Information regarding forward-looking statements

This document includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Group’s control and all of which are based on the Directors’ current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as “believe”, “expects”, “may”, “will”, “could”, “should”, “shall”, “risk”, “intends”, “estimates”, “aims”, “plans”, “predicts”, “continues”, “assumes”, “positioned”, “targets” or “anticipates” or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors or the Group concerning, among other things, the results of operations, financial condition, prospects, growth, strategies, and dividend policy of the Group and the industry in which it operates. In particular, the statements under the headings “Summary”, “Risk Factors”, “The Business” and “Operating and Financial Review” regarding the Company’s strategy and other future events or prospects include forward-looking statements.

These forward-looking statements and other statements contained in this document regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements. Such forward-looking statements contained in this document speak only as of the date of this document. The Company, the Directors, Numis and Davy expressly disclaim any obligation or undertaking to update these forward-looking statements contained in the document to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are

based unless required to do so by applicable law, the Prospectus Rules, the Listing Rules or the Disclosure and Transparency Rules of the FCA. Prospective investors should specifically consider the factors identified in this Prospectus which could cause actual results to differ from those indicated in or suggested by the forward-looking statements in this Prospectus before making an investment decision.

PART 3

DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS

Directors	Richard Segal Feargal Mooney Mari Hurley Michael Cawley Andy McCue
Company Secretary	Mari Hurley
Registered office of the Company	High Holborn House, 52-54 High Holborn, London, WC1V 6RL, United Kingdom
Principal place of business	Second Floor, Number One, Central Park, Leopardstown, Dublin 18, Ireland
UK Sponsor, Global Coordinator and Joint Bookrunner	Numis Securities Limited London Stock Exchange Building, 10 Paternoster Square, London, EC4M 7LT, United Kingdom
Irish Sponsor and Joint Bookrunner	J&E Davy Davy House, 49 Dawson Street, Dublin 2, Ireland
English and US legal advisers to the Company	Travers Smith LLP 10 Snow Hill, London, EC1A 2AL, United Kingdom
Irish legal advisers to the Company	McCann FitzGerald Riverside One, Sir John Rogerson's Quay, Dublin 2, D02 X576, Ireland
English and US legal advisers to Global Coordinator, UK Sponsor, Joint Bookrunners and Irish Sponsor	Herbert Smith Freehills LLP Exchange House, Primrose Street, London, EC2A 2EG, United Kingdom
Reporting Accountant and Independent Auditor	Deloitte Earlsfort Terrace, Dublin 2, Ireland
Tax advisers to the Company	Ernst & Young LLP 1 More London Place, London, SE1 2AF, United Kingdom
UK Registrar	Computershare Investor Services PLC The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ, United Kingdom
Irish Registrar	Computershare Investor Services (Ireland) Limited Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 15, Ireland

PART 4

EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND OFFER STATISTICS

Expected timetable of principal events

Announcement of Offer Price	7.00 a.m. on 28 October 2015
Commencement of conditional dealings on the London Stock Exchange and the Irish Stock Exchange.....	8.00 a.m. on 28 October 2015
Admission and commencement of unconditional dealings in the Shares on the London Stock Exchange and the Irish Stock Exchange	8.00 a.m. on 2 November 2015
Crediting of Shares to CREST accounts	2 November 2015
Despatch of definitive share certificates (where applicable).....	Week commencing 9 November 2015

It should be noted that, if Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned.

All times are London times. Each of the times and dates in the above timetable is subject to change without further notice.

Offer statistics

Offer Price (per Share)	185 pence
Maximum number of Shares in issue.....	95,570,778
Number of Offer Shares.....	71,718,432
Percentage of the issued share capital being offered in the Offer.....	75.0%
Market value of the Company at the Offer Price.....	£177.0 million (€245.0 million) ⁽²⁾
Proceeds of the Offer receivable by the Company ⁽¹⁾	£132.7 million (€183.9 million) ⁽²⁾

Notes:

- (1) The proceeds receivable by the Company are stated after deduction of the underwriting commissions and other fees and expenses of the Offer (including VAT) payable by the Company, which are currently expected to be approximately £10.1 million (€14.0 million)⁽²⁾.
- (2) Based on an exchange rate of pounds sterling to euro of £(1.00 : €1.3857) (Source: Bloomberg as at 12.00 p.m. on 27 October 2015).

PART 5

INDUSTRY OVERVIEW

Unless the source is otherwise stated, the market, economic and industry data in this section constitute the Directors' estimates, using underlying data from independent third parties. The Company obtained market data and certain industry forecasts used in this section from internal surveys, reports and studies, where appropriate, as well as third-party market research, publicly available information and industry publications, including publications and data compiled by Phocuswright and WYSE Travel Confederation. The Company confirms that this information and any other information extracted from third-party sources has been accurately reproduced and, so far as the Group is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render such reproduced information inaccurate or misleading.

The following is an overview of the global travel market, including the online travel market and outlook and trends for this sector. Within the global travel market, the Group operates as an OTA specifically in the hostel-focused online booking sector.

Global travel market

The global travel market was valued at over US\$1.3 trillion in 2014⁴, including the traditional sectors of flights, accommodation and ground transportation. Driven by a growing shift from offline to online, over US\$400 billion of turnover in the global travel market is expected to be generated online in 2015, and this number has grown at a compound annual growth rate of 10 per cent. since 2011.⁴

The travel market varies by geography, with Europe and North America being the most advanced markets with shares of 35 per cent. and 31 per cent. of the global online travel market in 2014, respectively.⁴ Asia is the most significant emerging travel market where an important growth driver has been the expansion of the consumer travel markets in China and South Korea, which the Directors believe are key growth opportunities going forward.

Online travel market

The online sector of the global travel market has grown significantly since 2011, and the Directors believe growth will continue in the online travel market in the near term. In 2013, OTAs generated gross booking revenue of approximately US\$150 billion.

Although online travel penetration rates vary widely across geographies and countries, the proportion of online travel gross booking revenue as a percentage of gross booking revenue for the entire global travel market (“**online penetration**”) reached approximately 33 per cent. in 2014⁴. Specifically, within the hotel (accommodation) segment, online bookings now account for 36 per cent. of total hotel sales in the United States and 33 per cent. in Europe⁴.

The Directors believe that the online travel industry is made up of the three key segments of flights, accommodation and ground transportation, as well as other specialist products such as bespoke holidays, expeditions, activities and travel insurance. Among the key segments, accommodation is understood to generally be higher margin than flights. Ground transportation has emerged as an important segment, but is generally viewed as a tertiary segment in the industry as it is often dealt with subsequent to the primary booking of flights and accommodation.

Online travel business models

Three different operating models are generally pursued by participants in the online travel market.

Direct access suppliers

Direct access suppliers consist of large scale operators (including the major hotel chains and airlines) that build their own online brands, leveraging their offline market position, through marketing and product initiatives using all available online channels with the goal of driving consumer traffic through direct access booking channels, such as their own brand website and mobile apps.

Online travel agents

OTAs serve as large scale aggregators of supply (i.e. providing large volumes of flights, accommodation or transportation), and they tend to offer the consumer significant choice at

⁴ Source: Phocuswright, Global Online Travel Overview Third Edition, July 2014 (via Phocuswright's webinar, The Year Ahead in Digital Travel, Feb 2015).

competitive rates, often with flexible payment and cancellation terms. OTAs typically generate revenue through commissions charged to suppliers based on consumer bookings made on the OTAs platform, although the specific business model varies by OTA. Suppliers generally benefit from using OTAs by increasing occupancy rates. Typically, suppliers can offer their product simultaneously on various platforms by using channel management software, meaning that OTAs typically do not have exclusivity over inventory, heightening the competition for customers.

Meta search affiliates

Meta search affiliates combine the inventory and link directly to the booking engines of both direct access suppliers and OTAs. The Directors believe that meta search affiliates have established a strong foothold in the online travel market through product innovation, aggressive online marketing and brand building efforts. Meta search affiliates generate revenue by either taking a share in the booking revenue or as a “cost-per-click” for the consumer traffic they drive to the direct access suppliers and OTAs. Two of the largest meta search brands, Tripadvisor and Trivago, predominantly use a cost-per-click business model using their own algorithms for the hostels segment. They are continuously introducing new products, for example Instant Booking on Tripadvisor, which may have different integration and revenue generating models. Google has also entered the meta search segment with its “Hotel Ads” product, which provides an interface for consumers to choose the date and location for booking accommodation and offering a subsequent click-through to the booking engines of the direct access supplier or OTAs. Other examples of meta search affiliates with regional strength include Kayak (North America), Hotelscombined (Asia Pacific) and Qunar (China).

In recent years, some meta search providers have also introduced white label booking engine solutions such as ‘Trip Advisor Instant Booking’ whereby the accommodation provider’s booking engine or the OTA serve as the merchant of record with varying degrees and sometimes very limited interaction with the consumer during the booking process.

Online accommodation segment

OTAs in the online accommodation segment can be divided into generalist OTAs, such as Booking.com and Expedia, that cover a broad market, and specialist OTAs, such as the Group, that have established themselves in niche areas. Additionally, businesses such as Airbnb, which launched in 2008, have since established themselves as an alternative accommodation provider to hotels and hostels as they have brought to market a new category of supply, mainly private rental accommodation in urban areas. The trend to offer alternative accommodation has continued with the recent launch of new operators, such as Housetrip and similar types of businesses.

Hostels and budget accommodation

The Group specifically operates in a sector of the online travel market as a specialist OTA focused on hostels and other forms of budget accommodation that the Directors believe appeal to younger consumers, primarily of the “millennial” generation. The Directors believe that hostel-focussed OTAs are an important distribution channel for hostels and other forms of budget accommodation, as they offer a tailored value proposition and provide access to a pool of consumers that value the hostel product which are not generally provided by the generalist OTAs.

The Directors believe that the hostels product has undergone a transformation over the past decade attracting significant external investment allowing accommodation providers to upgrade their inventory and improve the customer experience. There has been an increase in the number and size of branded chains, operating various hostels, mainly in key cities popular with young international travellers.

More recently a significant number of large scale hostels have opened in a number of key cities across the world. These large operations tend to include a variety of bed types, food & beverage facilities and a number of common lounge areas that foster the social side of a hostel stay. These properties tend to be finished with great attention to design and quality thus further appealing to the millennial traveller. A significant number of additional large scale properties have opened or are scheduled to open between 2015 and 2017, and the Directors believe that additional space for approximately 22,250 beds in key cities and approximately 10,470 beds in other destinations will have been created over the period.

The hostels and budget accommodation sector is also experiencing a strong uptake in the use of technology to help make better informed business decisions. The Directors understand that the usage of property management, channel management and, more recently, revenue and yield management

systems are becoming more common in the business. The Directors believe the use of such systems should improve both occupancy and yield on all distribution channels in the sector.

Online travel market trends

Macroeconomic trends

The recovering macroeconomic environment following on from the global financial crisis in 2008 and 2009 has led to online accommodation booking revenues returning to growth as many of the world's economies have generally recovered. Due to the discretionary nature of travel in general, the Directors believe there is a direct correlation between the macroeconomic environment and the strength of the online travel market. The Directors believe that this improved macroeconomic environment has driven the recent growth in the online travel market and that the long-term correlation and relationship between the global macroeconomic environment and growth in the online travel market is likely to continue.

Shift from offline to online

The global online travel market is expected to continue to grow globally across all travel categories, driven by emerging markets, such as the Asian market, but also by continued growth in advanced economies, such as the United States and Europe. Traditionally, the booking of accommodation, including hostels, was made offline directly through the accommodation provider or "high-street" travel agents. However, the development of online distribution channels has disrupted the travel industry's traditional offline sales channels, and the Directors believe that the proportion of consumers who are booking accommodation online (and via mobile) will continue to increase going forward.

In addition, the Directors believe that other structural trends have also driven the shift from offline to online accommodation bookings. This includes the growth of online travel booking among younger generations of travellers, including millennials, who the Directors believe are more likely to utilise online booking channels. Other factors contributing to this shift include the increasing ability of OTAs to cater to individual and bespoke travel products, the increased use and relevance of online social networks such as Facebook and review sites such as TripAdvisor and the emergence of mobile distribution channels.

Growth of mobile

The growth of mobile distribution channels has been a key driver of growth in the online travel market. Underlying this growth is the rising trend among consumers to use mobile devices not only for searching, but also for booking, travel products and services. The Directors believe that these trends will continue as consumers, particularly younger consumers, become increasingly accustomed to booking on mobile devices and OTAs make bookings and payments through mobile devices easier and more convenient.

Growth of youth travel

Young travellers, including the millennial generation, are expected to account for approximately US\$320 billion of annual global travel turnover and more than 300 million trips by 2020⁵.

⁵ Source: WYSE Travel Confederation, Youth & Student Travel – Industry Review No. 5 – Global Data, Statistics and Trends II, 2014 and WYSE Travel Confederation, The Power of Youth Travel, 2011.

The following table sets out the millennial population (16 to 34 years of age) of selected countries in 2012:

Country	Millennial Population
China.....	417,655,204
United States.....	81,627,033
Brazil.....	61,582,452
Japan.....	26,572,000
Germany	18,167,103
United Kingdom	15,995,155
France	15,211,957
South Korea.....	13,588,670
Argentina	12,657,260
Canada	8,896,871
Australia.....	6,071,925
Chile	5,226,769

Source: OECD Population Report, 2015.

The Directors believe that the growth of mobile distribution channels and the increased shift from offline to online booking channels is magnified in the Group's target millennial demographic due to their familiarity with and frequent use of the internet, tablets and mobile devices and that this will drive growth and demand in the hostel-focused sector of the online travel market.

PART 6

THE BUSINESS

Investors should read this Part 6 “The Business” in conjunction with the more detailed information contained in this document including the financial and other information appearing in Part 9 “Operating and Financial Review”. Where stated, financial information in this section has been extracted from Part 11 “Financial Information”.

Introduction to the Group

The Group, which was established in 1999, operates the world’s leading hostel-focused online booking platform. The Group offers a simple and comprehensive online booking experience facilitating transactions between customers and suppliers of hostels and other forms of budget accommodation. The Group’s business is focused on the hostels and budget accommodation sector of online travel, which the Directors believe allows it to deliver a tailored value proposition to both customers and accommodation providers that is not provided by generalist OTAs. The Group owns and operates multiple customer websites and apps through Hostelworld, its flagship and leading brand, along with supporting brands Hostelbookers, which the Group acquired in August 2013, and Hostels.com, which the Group acquired in 2003. Hostelworld has historically been the primary source of traffic and driver of revenue for the Group, and is the focus of the Group’s ongoing brand and marketing initiatives. The Group’s brands, in particular Hostelworld, typically rank in leading positions in Google organic search results for hostel searches in key destinations.⁶

Nearly all of the Group’s revenue is generated from customer bookings concluded through its websites and apps. The Group operates an efficient business model whereby this revenue is generated from a commission payable by the accommodation provider but collected by the Group directly from the customer in the form of a non-refundable deposit made at the time of booking, which is generally in the range of 12 per cent. to 20 per cent. of the total booking value. The Group generated net revenue of €79.3 million, had Adjusted EBITDA of €27.0 million and Adjusted EBIT of €25.9 million for the year ended 31 December 2014, and generated net revenue of €43.9 million, had Adjusted EBITDA of €10.0 million and Adjusted EBIT of €8.9 million for the six months ended 30 June 2015.

The Group is seeking to position itself as the leading brand for young and independent travellers seeking a social travel experience. The Group offers a market leading customer proposition by:

- providing a simple and comprehensive online booking experience;
- focusing on hostels, which the Directors believe appeal to young travellers due to the opportunity to meet and interact with other international travellers while offering affordable beds in central locations within most of the world’s major cities;
- maintaining a leading global hostel database with over 12,600 hostels and approximately 21,000 other forms of budget accommodation available in more than 170 countries as of 31 August 2015; and
- maintaining an extensive customer-generated review database consisting of approximately 8 million post-stay customer reviews since 2005, with more than 400,000 reviews added in the first six months of 2015.

The Directors believe that the Group is a key distribution channel for hostels world-wide offering them a market leading proposition by providing:

- the world’s leading hostel-focused online booking platform that assists them in maximising occupancy throughout the year;
- a lower cost distribution channel than most other major OTAs, starting at a base commission rate of 12 per cent.;
- access to a global customer base with an attractive demographic profile;
- access to Backpack Online, the Group’s online property management system that automates key functions for accommodation providers such as check-in, cash reconciliation and inventory management; and
- access to the Group’s booking engine technology for use on the accommodation provider’s own website.

⁶ Company data based on AWR Cloud tracking.

The Group has invested in an in-house technology platform that underlies and powers the Group's websites and apps. As part of the Group's "mobile first" strategy, it has made and is continuing to make significant investment into iOS and Android smart-phone and tablet Apps, which it views as key to future growth. As a result of this investment and the growing trend in booking using mobile devices, the Group estimates that more than 38 per cent. of Hostelworld's total bookings originated from mobile devices (including tablets) in the first half of 2015 compared to just 12 per cent. in 2012. In the second quarter of 2015, the Group launched its responsive website design on smartphones and tablets for the Hostelworld brand. The Group expects to launch a newly rebranded and responsive Hostelbookers website by the end of 2015, following the completion of its migration to the Hostelworld technology platform.

Key Strengths of the Group

Market leading customer proposition

The Group offers the world's leading hostel-focused online booking platform and is seeking to position itself as the leading brand for millennials and other travellers seeking a social travel experience. The Group considers that this demographic is characterised by a sense of adventure, community and social interaction. Hostels generally provide an opportunity to meet and interact with other international travellers while offering affordable beds in central locations within most of the world's major cities. For the year ended 31 December 2014, the Group had 7.1 million bookings made and approximately 155 million visits to its websites and apps. The appeal of the Group's offering to its target demographic is demonstrated by 90 per cent. of its customers being 35 years or under and 77 per cent. under the age of 30 in 2014.⁷

The Group offers a simple and comprehensive booking experience for customers with extensive proprietary and customer-generated content. The Group's customers have access to its leading global hostel database with over 12,600 hostels and approximately 21,000 other forms of budget accommodation available in more than 170 countries as at 31 August 2015. To assist customers in the booking process, the Group's websites and apps provide them with an extensive customer-generated review database consisting of approximately 8 million post-stay reviews since 2005 with more than 400,000 added in the first six months of 2015, as well as city guides and suggested travel itineraries.

The Group believes it has significant goodwill among customers and benefited from high net promoter scores⁸ of 61 for desktop and mobile site customers and 68 for mobile app customers during the period from 1 January 2015 to 31 May 2015⁹. This high level of customer satisfaction is also evidenced by growing customer repeat rates with 59 per cent. of customers booking on the Hostelworld platform in 2014 being repeat customers, compared to 58 per cent. and 57 per cent. in 2013 and 2012, respectively.¹⁰

Market leading proposition for accommodation providers

The Directors believe that the Group is a key distribution channel for hostels world-wide providing them with a market leading hostel-focused online booking platform that assists them to maximise occupancy throughout the year. The Directors believe the Group's brands offer a lower cost distribution channel for accommodation providers than most other major OTAs in the hostels and budget accommodation segment. Accommodation providers also have the option of raising their profile with customers through the Group's "Elevate" programme, launched in 2013, whereby the accommodation provider can pay a higher commission to raise its positioning and increase its prominence on Hostelworld's websites and apps. The Directors believe that the Group's long-standing partnerships with many key hostels provide it with a favourable allocation of beds from such hostels in major cities.

The Group believes its customer profile is more attractive to hostels and budget accommodation providers than generalist OTAs, as its customers generally represent a like-minded group of travellers who appreciate the hostel product and are seeking a social travel experience. This benefits the accommodation provider by giving them access to a large group of customers seeking the hostel

7 Hostelworld Net Promoter Survey concluded among 18,638 Hostelworld customers with data compiled between 1 September 2014 and 30 June 2015.

8 The net promoter score is an index ranging from -100 to 100 that measures the willingness of customers to recommend a company's products or services to others.

9 Hostelworld Net Promoter Score Survey, cumulative NPS over period 1 January 2015 to 31 May 2015.

10 A repeat customer is defined as a unique customer that has made more than one booking on Hostelworld irrespective of the original customer acquisition channel.

product, which minimises misunderstandings at the property and enhances the experience for both the customer and accommodation provider.

The Group additionally assists accommodation providers with a full-service product offering, including access to the Group's booking engine and free access to Backpack Online, the Group's online property management system. The Group also licences its booking engine technology for a fee per booking processed to accommodation providers for use on their own websites, which provides additional bookings for the Group while reducing technology and operating costs for the accommodation provider. Backpack Online assists accommodation providers with day-to-day management of their properties by automating key functions such as check-in, cash reconciliation and inventory management.

The Directors believe that the Group is also viewed by accommodation providers as a leader within the hostels sector. It is the organiser of several industry events and conferences, including such major industry-leading events as the annual Hostelworld Conference and the HosCARs Awards.

Well-invested In-house Technology Platform

The Group has a well-invested in-house technology platform which consists of a flexible, scalable and highly reliable architecture. The Group's in-house product development teams are key to the development of the Group's own open-source technology platform, which reduces the Group's dependency on licensed software and third party IT support and maintenance providers.

The Group's responsive web design projects have created a consistent customer experience on its websites and apps across desktop, tablet and mobile devices. As part of the Group's "mobile first" strategy, it has developed smart-phone booking apps in-house, and its new native suite of Hostelworld iOS and Android apps have received high ratings (averaging 3.9 for the second quarter of 2015). As a result of its investment in mobile technology and the growing trend to mobile devices, more than 30 per cent. of Hostelworld's bookings originated from mobile devices (including tablets) in 2014 compared to 21 per cent. and 12 per cent. in 2013 and 2012, respectively.

Operates in a Growth Market

The Group operates in a growth market, which the Directors believe has significant opportunities for further penetration of the hostels product. The Group has benefited from recent global growth in the online travel and accommodation market, which saw online accommodation bookings increase by 14 per cent. in the Asia-Pacific region, 9 per cent. in North America and 8 per cent. in Europe in 2014¹¹. The Directors also believe that the perception of hostels has improved among its target demographic and that there is an opportunity to increase the penetration of the hostels product. According to a Research Now Survey of 18 to 34 year olds located in seven key markets undertaken in January 2015, only 17 per cent. of respondents stated they have stayed in a hostel while 71 per cent. indicated they would consider doing so under certain circumstances.¹²

Experienced and Proven Management Team

The Group's Executive Directors and Senior Management team have extensive experience in both leading companies and in the online leisure, travel and hospitality sectors, including leadership roles at Paddy Power plc, Betfair plc, eHarmony.com, Best Western International Group, Ladbroke's plc and Sherry Fitzgerald Group. Taken together, the Group's Executive Directors and Senior Management have combined experience of 33 years in the online travel industry. The performance of the Executive Directors and Senior Management team is demonstrated by the growth of the business, including the strength of the Hostelworld brand and the successful acquisitions and integration of Hostels.com and Hostelbookers.

The Group's Chief Executive Officer, Feargal Mooney, has been with the Group since 2002 as Chief Operating Officer and Chief Financial Officer before being appointed Chief Executive Officer in 2008. Prior to joining the Group he held roles in financial planning and analysis at Baltimore Technologies and as a financial analyst at Pfizer Inc.

The Group's Chief Financial Officer, Mari Hurley, joined the Group in 2007 and prior to that she was the finance director of the Sherry Fitzgerald Group and held a role at Bear Stearns.

¹¹ Source: Phocuswright, Global Online Travel Overview Third Edition, July 2014 (via Phocuswright's webinar, The Year Ahead in Digital Travel, Feb 2015).

¹² Company data.

Apart from the Executive Directors, the Group's Senior Management team has been strengthened over the past five years in key positions with the addition of Paul Halpenny, the Group's Director of Supply; John O'Donnell, the Group's Chief Technology Officer; Stuart Priday, the Group's HR Director; and Otto Rosenberger, the Group's Chief Marketing Officer.

Attractive Financial Track Record with Strong Cash Conversion

The Group operates an efficient, light-touch business model, which has negative working capital requirements and has led to strong cash conversion. The Group's simple revenue model, whereby revenue is collected directly from the customer in the form of a non-refundable deposit at the time of booking, enables it to minimise refunds, debt collection and invoicing overhead. As a result, the Group has achieved attractive EBITDA margins and strong cash conversion with Adjusted EBITDA of €27.0 million and Adjusted Free Cash Flow of €24.0 million (89 per cent. of Adjusted EBITDA) for the year ended 31 December 2014.

Strategy of the Group

Brand and Marketing Investment

In the first half of 2015, the Group launched an investment programme to promote its global brand with an approximately 38 per cent. increase in its marketing spend for the six months ended 30 June 2015 compared to the same period in 2014. As the Group's business is global, its brand and marketing investment is expected to be spread across all relevant regions with strategies tailored to specific markets. In order to reach the Group's target demographic, its brand and marketing strategy will focus on (i) digital channels, targeting an increase in Free Channel bookings and will include an expansion of online display advertising and app usage; (ii) social channels and brand partnerships, including increased social media and promotional activity; (iii) CRM programme, expanding the reach and frequency of targeted customer communications; and (iv) brand building, focusing on the promotion of the Hostelworld brand and improving the general perception of hostels.

In the first half of 2015, the Group began its brand marketing initiative with its "Meet the World" mass media advertising campaign to increase Hostelworld's brand awareness in the United Kingdom comprising a multi-channel television campaign, a targeted cinema campaign, a national outdoor advertising campaign and increased social media and online activity. The Group expects to expand versions of its mass media advertising campaign to other key markets. The Directors believe there is a significant opportunity to increase Hostelworld's brand awareness among its target demographic and that the Group's business is already experiencing the effects of the increase in brand and marketing investment, as Hostelworld's spontaneous brand awareness among millennials in the United Kingdom increased by 30 per cent. from January 2015 to June 2015¹³ and monthly booking volumes across all nationalities increased by an average of 21 per cent. in June, July and August 2015 compared to the same months in 2014.

Investment in Technology

As part of its "mobile first" strategy, the Group expects to continue investment, from its cash resources, in its in-house iOS and Android product development teams and in its responsive web design projects for both Hostelworld and Hostelbookers. The Group's Hostelworld apps have over 1.4 million downloads as of 30 June 2015, and the Group intends to build on its successful app platforms by further optimising the functionality of its apps to provide a comprehensive travel experience for the customer by offering personalised and relevant services before, during and after their trip. As the Group's customer demographic is well-connected and accustomed to mobile technology, the Group views increasing mobile penetration through mobile website and app development as key to its future growth.

As part of its investment in technology, the Group also expects to complete the migration of Hostelbookers to the Hostelworld technology platform by the end of 2015 resulting in the full integration of all the Group's brands, and their respective accommodation provider databases, onto the Hostelworld technology platform, code base and reporting architecture. This will enable Hostelbookers to operate from the same platform as Hostelworld and Hostels.com and deliver an enhanced customer experience and achieve operational efficiencies for the Group. As part of this process, the Group will continue to eliminate elements of legacy architecture, which will increase the functionality of its technology platform across all of its brands.

¹³ Company data.

Flexible Pricing Model and Yield Optimisation

The Group intends to continue to work closely with accommodation providers to provide a flexible pricing model with opportunities to increase yields. As a result, the Group expects to realise potential new revenue optimisation from enhanced B2B products and additional services provided to accommodation providers. In particular, the Group is working with accommodation providers in the hostels sector to assist them in optimising bed and rooms sales through the Group's distribution channel and recently introduced revenue management services. In addition, it is intended that accommodation providers will be able to deliver a more flexible pricing and promotional deals model that is expected to increase bookings made through the Group and improve yields for the accommodation provider. The Group will continue to explore new revenue streams from B2B products and services for hostels, hostel groups and organisations.

In 2013, the Group adjusted its pricing model on Hostelworld through the introduction of the "Elevate" programme, which gives accommodation providers the opportunity to increase their prominence in search lists dynamically in exchange for a higher commission rate of up to 8 per cent. above the relevant base commission rate, and a premium listing feature, which enables accommodation providers to purchase fixed slots at the top of Hostelworld's results on a monthly cycle. As of 31 August 2015, 20.6 per cent. of the bookings delivered since 1 January 2015 to accommodation providers listed on Hostelworld were to properties participating in "Elevate" and 4.8 per cent. of properties had utilised the premium listing feature on a Group website between 1 January and 31 August 2015. The Group expects to further increase the penetration of these programmes among accommodation providers going forward, and this will especially be the case once they are available on Hostelbookers upon the completion of its migration to Hostelworld's technology platform expected by the end of 2015.

Geographic Expansion

The Group's strategy is to continue to grow its customer base and, as part of that strategy, intends to increase its presence and promote its brand in key markets where it sees significant growth opportunities. The Group will actively seek to expand in those markets where the offline to online travel shift is still emerging and where there is a significant penetration opportunity for the hostels and budget accommodation product.

As part of its geographic expansion, the Group is increasingly focused on growth in the Asian market, in particular consumer growth from South Korea and China. South Korea was the Group's fastest growing customer nationality and the sixth highest customer nationality by bookings for the Group for the six months ended 30 June 2015¹⁴. The Group will seek to continue to build on its momentum in South Korea through the implementation of a tailored growth strategy, including by locating dedicated personnel in the country. In China, the Group has benefited from growth in the supply of accommodation providers listing on the Group's websites and apps during the period under review and is seeking to grow its customer base in the country. While recognising the distinct nature of the Chinese customer market, the Group expects to increase customer demand through the implementation of a tailored growth strategy that is expected to include the addition of personnel in the country focused on expanding the Group's customer base as well as the development of a new standalone Chinese mobile app that is optimised for local search and social media functionality and features local payments methods.

History of the Group

The Group's business was established with the launch of the Hostelworld website in 1999 providing an online booking platform that enabled customers to book hostels and budget accommodation online and provided an affordable online distribution channel for hostels and budget accommodation providers.

In 2003, the Group acquired the Hostels.com business, which included the Hostels.com domain name.

In 2005, the Group acquired WorldRes, a hotel-focused OTA, which it subsequently sold in 2008 as part of the Group's strategy to refocus on its core hostels business.

In 2009, the Group was acquired by a partnership advised by Hellman & Friedman LLC (a US private equity firm) through H&F 1.

¹⁴ Based on the top 15 nationalities by booking volumes excluding data for Hostelbookers' customers as nationality is not requested on Hostelbookers' platform.

In 2013, the Group acquired the Hostelbookers business and expects to complete the migration of Hostelbookers onto the Hostelworld technology platform by the end of 2015, where it will continue to function as its own supporting brand for the Group.

During the course of 2013, the Group adjusted its pricing strategy through the introduction of the “Elevate” programme on the Hostelworld website, as well as a premium listing feature on its Hostelworld Platform enabling accommodation providers to purchase fixed slots at the top of the results page on a monthly cycle. The Group also eliminated customer booking fees on its websites and apps with the exception of fees charged on certain third-party affiliate booking platforms and an optional booking fee on Hostels.com.

In 2014, the Group released its new suite of Hostelworld smart-phone and tablet booking apps for iOS and Android.

In the first half of 2015, the Group launched its “Meet the World” advertising campaign in the United Kingdom as part of its global brand and marketing investment programme.

The Group’s Business

Business Model

Nearly all of the Group’s revenue is generated by commission fees owed to the Group by accommodation providers, which are collected in the form of deposits paid by customers. Upon a customer booking on one of the Group’s websites or apps, a deposit is collected from the customer at the time of booking. The Group’s standard commission rate is 12 per cent. of the total value of the accommodation booked, in the case of hostel bookings, or 15 per cent. of the total value of the accommodation booked, in the case of bookings for other forms of budget accommodation and for the majority of new accommodation providers, including hostels, listed on the Group’s websites and apps from September 2014. This deposit, which is collected by the Group on behalf of the accommodation provider, is then automatically set off against the equivalent amount of the commission owed by the accommodation provider and is retained by the Group. As a result, the Group’s standard business model does not require it to take any steps to secure payment from accommodation providers, since it is already in possession of the relevant fees.

In 2013, the Group adjusted its pricing model and launched the “Elevate” programme whereby it collects higher commission fees from accommodation providers, in the form of higher customer deposits, for certain bookings on Hostelworld and Hostels.com in exchange for giving that accommodation provider a higher search result ranking on Hostelworld. The “Elevate” programme is expected to be made available to accommodation providers on Hostelbookers once its migration to the Hostelworld’s technology platform is complete by the end of 2015. As part of the changes to its pricing model in 2013, the Group also introduced a premium listing feature on its Hostelworld platform enabling accommodation providers to purchase fixed slots at the top of the results page on a monthly cycle, and it eliminated the collection of customer booking fees except for fees charged on certain hostel booking engines, third-party affiliate booking platforms and an optional customer booking fee on Hostels.com. As part of the adjustments to its pricing model, the Group offered certain accommodation providers who maintain large booking volumes a discretionary special partner discount agreement, which provided them with a partial fee rebate and partnership marketing support.

When a customer completes a booking through an accommodation provider’s own website, for which the Group provides the booking engine technology, the Group collects the deposit directly from the customer at the time of booking and the accommodation provider receives a rebate equal to the deposit less the technology, data processing and transaction services fee retained by the Group. Rebates are paid to accommodation providers on a monthly basis in respect of such bookings, and revenue is recorded net of this rebate in the Group’s consolidated income statement. When a customer completes a booking through a third-party affiliate’s website, the Group pays an advertising charge to the relevant third-party affiliate which represents a portion of the revenue generated from the booking that originated on the third-party affiliate’s website. The amount of the advertising charge paid to third-party affiliates is primarily related to the volumes of bookings generated through the relevant third-party affiliate website.

The Group also generates some additional revenue from reservation cancellation protection fees and from advertising revenue on its websites.

The highly automated nature of the Group’s in-house technology platform was developed with a focus on removing the need for human input from the system:

- All bookings are made online and processed automatically using the Group's in-house technology, with the exception of certain large group bookings.
- Commission fees are automatically collected by the Group in the form of customer deposits at the time that a reservation is made.
- Contracts with new accommodation providers are concluded online using the Group's standard licence agreement. New accommodation providers can be added to the Group's accommodation provider network with minimal additional expense and new accommodation providers can have allocated beds listed on all relevant Group websites within 5 working days from the time of initial contact with the Group.
- Accommodation providers can control their allocation of beds and monitor the status of bookings on the Group's network using Backpack Online, the Group's extranet system or channel management technology.

As a result of the highly automated nature of the Group's accommodation reservation system and the advanced collection of commission fees in the form of customer deposits, the Group has been able to minimise administration costs, collection costs and credit risk.

The Directors believe that there is further scalability in the technology platform to handle a significant increase in bookings without the need for further material investment in the Group's technology infrastructure.

Relationships

The Group's principal business relationships comprise its relationships with customers, accommodation providers and third-party affiliates.

Customers

The Group owns and operates multiple customer websites and apps through Hostelworld, its leading brand, along with supporting brands Hostelbookers and Hostels.com. The Group's brands, in particular Hostelworld, typically rank in leading positions in Google organic search results for hostel searches in key destinations¹⁵. For the year ended 31 December 2014, the Group had 7.1 million bookings made and approximately 155 million visits to its websites and apps. Hostelworld, Hostelbookers and Hostels.com accounted for 62 per cent., 22 per cent. and 7 per cent. of all bookings made through the Group in 2014, respectively.

The Group seeks to position itself as the leading brand for millennials and other independent young travellers seeking a social travel experience with 90 per cent. of Hostelworld's customers being 35 years or under and 77 per cent. under the age of 30. According to the Group's Net Promoter Survey¹⁶ of Hostelworld customers, the significant majority of Hostelworld's customers are either students (32 per cent.), employed (32 per cent.) or taking a gap year (14 per cent.). Hostelworld's customer base is comprised of 60 per cent. female and 40 per cent. male customers, and 84 per cent. of its customers travel alone (49 per cent.) or in pairs (35 per cent.). The average trip length for Hostelworld customers varies from trips of up to a week (45 per cent.) to trips of over four weeks in length (32 per cent.). Hostelworld's customers tend to be spontaneous and mobile, with 48 per cent. booking accommodation within seven days of arrival.

¹⁵ Company data based on AWR Cloud tracking.

¹⁶ Hostelworld Net Promoter Survey conducted among 18,638 Hostelworld customers with data compiled between 1 September 2014 to 30 June 2015.

The Group's customer base is geographically diverse with Hostelworld's customers representing more than 200 different nationalities. The table below sets forth the geographic breakdown of customers by region as a percentage of bookings made in the 12 month period ended 30 June 2015¹⁷:

Customer Nationality	Percentage of Bookings Made
Europe (excluding United Kingdom).....	34%
North America	23%
Asia.....	14%
United Kingdom.....	11%
Oceania	9%
South America.....	8%
Africa.....	1%

The Group provides its customers with access to more than 33,000 properties (more than 12,600 contracted and online bookable hostels and an additional 21,000 other forms of budget accommodation) in more than 170 countries as of August 2015. For the year ended 31 December 2014, customer bookings for properties in the Group's top 10 and top 20 cities, a significant majority of which are located in Europe, accounted for 24 per cent. and 35 per cent. of total Group bookings, respectively, with no one city accounting for more than 5 per cent. of total Group bookings. The table below sets forth the breakdown of destinations by region as a percentage of bookings made by the Group's customers for the 12 month period ended 30 June 2015:

Customer destination	Percentage of Bookings Made
Europe (excluding United Kingdom).....	50%
Asia.....	17%
North America	10%
United Kingdom.....	8%
South America.....	8%
Oceania	6%
Africa.....	1%

The Directors believe that the Group offers a compelling value proposition for customers for the following reasons:

- As of 31 August 2015, the Group had a leading global hostel database of over 12,600 contracted and online bookable hostels and a further 21,000 other forms of budget accommodation offering affordable beds in most major cities in central locations in more than 170 countries.
- The Group's websites incorporate a post-stay accommodation reviews rating system for hostels and budget accommodation. The Group has an extensive review database of more than 8 million customer post-stay reviews since 2005 and collects reviews consisting of text opinions and category scores for cleanliness, staff, character, location, security and fun from customers who have stayed in accommodation booked through the Group. These reviews, together with the accommodation ratings (collated from the category scores), provide customers with a means of making relative evaluations on the merits of listed accommodation providers when seeking to make a reservation, which 60 per cent. of Hostelworld's customers say are a key factor in choosing accommodation.¹⁸
- The Group's websites and apps are available in a number of different languages. The Hostelworld website is available in 19 languages and the Hostelworld apps in 13 languages. The Hostelbookers and Hostels.com websites are each available in six languages, and Hostelbookers' mobile website and apps are also available in six languages.

¹⁷ Excludes data for Hostelbookers' customers as nationality is not requested on Hostelbookers' platform.

¹⁸ Hostelworld Net Promoter Survey conducted among 18,638 Hostelworld customers with data compiled from 1 September 2014 to 30 June 2015.

- The Group provides Hostelworld customers with a 100 per cent. booking guarantee and an additional US\$50 credit in the event of dishonoured bookings.
- Prices can be displayed in 97 browsing currencies with settlement in a choice of US dollars, euro or British pound sterling on the Hostelworld and Hostels.com websites, and in 25 different currencies on the Hostelbookers website with settlement in British pound sterling only.
- The Group's websites provide customers with an opportunity to join an online subscriber database, receive regular newsletters with details of other travel offers and other travel related information and access city guides and travel itineraries.

In addition to the Group's brands and the websites of accommodation providers for which the Group provides its booking engine technology to incorporate on their own websites, customers can reserve hostel and other forms of budget accommodation through the websites of the Group's approximately 950 third-party affiliates.¹⁹

Accommodation Providers

The Group is a key distribution channel for hostels world-wide. Its extensive global database includes hostels and other forms of budget accommodation, including hotels, bed and breakfasts, guesthouses, self-catering properties and tented accommodation. By contracting with the Group, accommodation providers' properties are made available for booking via the Group's websites and apps and through the websites of third-party affiliates.

The table below sets forth the geographic breakdown of the Group's accommodation providers by region as at 31 August 2015 with the percentage of bookings made for the 12 month period ended 30 June 2015:

Location	No. of Accommodation Providers⁽¹⁾	Percentage of Bookings Made into Destination
Europe (excluding United Kingdom).....	19,137	50%
Asia	8,266	17%
South America	3,783	8%
North America	2,546	10%
Africa	1,734	1%
Oceania.....	989	6%
United Kingdom	996	8%

(1) Group active property counts (August 2015).

The Directors believe that the Group offers a compelling value proposition for hostels and budget accommodation providers compared to generalist OTAs, as its customers represent a group of like-minded travellers seeking a social travel experience and appreciate the value of the hostel product. The Group's commission rates for accommodation providers, generally at 12 per cent. or 15 per cent. of the total booking value, which the Directors believe are cheaper than most other major OTAs in the hostel and budget accommodation sector. As part of the adjustments to its pricing model, the Group offered certain accommodation providers who maintain large booking volumes a discretionary special partner discount agreement, which provided them with a partial fee rebate and partnership marketing support.

The Group's hostel-focused product offering provides accommodation providers with customer service and sales teams familiar with hostels and budget accommodation, standardised contractual provisions that are tailored to small operators and key account management for long-standing relationships. Accommodation providers further benefit from being able to utilise the Group's information technology systems which include accommodation listing, booking facilities, customer reviews and "customer relations management" technologies which are designed to facilitate early resolution of issues which may arise.

The Group contracts with accommodation providers to provide them with marketing, information technology and data processing services and to promote beds in the accommodation for reservation by customers through the Group's websites and apps. Each contracted accommodation provider is

¹⁹ Based on affiliates that received at least one booking through either of the Group's affiliate platforms since 1 September 2014.

required to honour bookings made through the Group's network. Contracted accommodation providers are either required to make available to the Group a sufficient number of beds so that customers visiting the Group's websites and apps will have beds available for purchase or, in cases where they use a channel management system, provide the Group with access to all beds and rooms available online.

In recent years, hostels and budget accommodation providers have begun utilising channel management technology through a number of different providers, which enables the accommodation provider to upload all of its available beds onto a central database where multiple OTAs have access to every available bed with that accommodation provider. The introduction of channel management technology into the hostels and budget accommodation sector provides the Group with access to as many beds as are available with an accommodation provider. Therefore, the Group can focus on growing its customer base with greater assurance that it can satisfy such increasing demand, as it does not have to rely on contractual allocations of beds with such accommodation providers. Bookings made through the Group with accommodation providers using channel management technology represented 42 per cent. of the Group's total bookings in 2014.²⁰

In addition to direct bookings via the Group's websites and apps, the Group has also licensed its booking engine technology to 2,011 accommodation providers as at 30 June 2015²¹, which allows these accommodation providers to make available search and reservation functionality for their own properties on their own websites using the Group's technology. This arrangement provides the Group with additional bookings, while reducing technology and operating costs for the licensed accommodation provider through their access to the Group's online transaction processing system. Where such bookings are made through the accommodation provider's own website, the licence terms generally provide that such accommodation provider is entitled to a rebate of part of the commission fee on such bookings.

The Directors believe that, as well as being a key distribution channel for hostels, the Group provides free access to its online property management system, Backpack Online, which is used by 1,043 accommodation providers as at 10 August 2015. This system assists accommodation providers in performing day-to-day operational and management functions within their properties, including check-in, cash reconciliation, housekeeping reports and operational property management. Backpack Online is integrated with the Group's IT platform and allows accommodation providers to allocate beds to, and collect bookings from, the Group's network. While access to Backpack Online is free of charge (except for some charges applicable to accommodation providers that utilise its channel management functionality), accommodation providers are required, as a condition of use, to be registered with the Group and make a minimum of 15 per cent. of their total accommodation available on the Group's websites and apps. The Directors believe that Backpack Online can yield substantial efficiency gains and cost savings for accommodation providers that contract to use it.

Brand and Marketing

The Group's flagship brand Hostelworld and supporting brands Hostelbookers and Hostels.com are among the Group's most important assets. The Group's marketing strategy is built on its strong market position with a foundation of strong search engine marketing ("SEM"). The Group intends to continue to market its brands and reservation solutions to existing and potential customers, both online and offline, in order to generate customer traffic to its websites and to increase the conversion rate. The Group operates as a worldwide business and generally tailors its marketing methods to local market conditions.

In 2015, the Group adopted a marketing strategy focused on attracting more customers to the Hostelworld brand. As part of this strategy, the Group is diversifying its channel mix into social, mobile and online display advertising and strengthening its global customer relationship program to improve customer retention rates. In the first half of 2015, online marketing through non-paid channels generated the majority of customer traffic to the Group's websites.

The Group has begun an investment program to increase Hostelworld's brand awareness. The Directors believe that continued investment in brand awareness will improve the effectiveness of its marketing spend by driving traffic into non-paid channels and enable the Group to better manage costs and the cost inflation of PPC advertising in the travel industry. Following the introduction of its "Meet the World" advertising campaign in the United Kingdom in the first half of 2015, the

²⁰ Based on accommodation providers' software used to connect with Hostelworld and/or Hostelbookers platforms in August 2015.

²¹ Based on accommodation providers receiving at least one booking through the Group's booking engines for the year ended 31 December 2014.

Group intends to expand this brand advertising to other countries based on its effectiveness as determined by return on investment and marketing effectiveness analyses.

The Group uses the following principal online and offline marketing methods:

Digital Marketing

For the six months ended 30 June 2015, 60.5 per cent. of Hostelworld's total bookings came from non-paid traffic sources, including SEO, direct to website traffic, emails and referral and apps, an increase from 52.0 per cent. in 2012. The Group continues to improve its knowledge and use of digital analytics to understand customer behaviour and has dedicated teams of marketing and e-commerce specialists in place. The Directors believe that the shift of customers to mobile devices, the increased use of social media and an increase in brand awareness will further increase traffic to the Group's brands, and accordingly the Group increased mobile and paid social advertising in the first half of 2015.

Search Engine Marketing

The Group engages in SEM to promote traffic to its websites from search engines such as Google, Yahoo!, Bing, Baidu and Naver. Search engines are an important source of traffic to online reservation and associated travel websites such as those operated by the Group. Customers can arrive at the Group's websites from a search engine either through organic (also referred to as natural, algorithmic or SEO search results (for which the Group incurs minimal direct costs) or through sponsored PPC listings (for which the Group does incur direct costs). The organic search results are typically displayed below and to the left of sponsored listings after the customer has made a search enquiry through a search engine. The right hand side and top of the search engine's website is typically reserved for sponsored PPC listings according to the term searched. On mobile devices, search results are typically presented in one column with sponsored listings occupying the top one to three positions followed by organic search results.

Search Engine and App Store Optimisation

The Group's websites generally rank in leading positions on a high percentage of hostel-related keywords in organic search results. This is an important source of traffic for the Group and potential customers can arrive at the Group's websites through organic search results or through downloading apps from the Google Play or Apple iOS app stores with little or no cost to the Group.

Search engines, such as Google, do not charge websites to appear in organic search results but rather determine which websites appear in organic search results and their respective rankings according to algorithms. The more highly ranked the website in organic search results, the greater the probability that a user will visit that website rather than a competing lower ranked website.

The Group's SEO activities are focused on enhancing the rankings and relevance of the Group's websites in organic search results. Visitors to the Group's websites originating from organic search results entail minimal direct costs to the Group and, as a result, SEO activities are a particularly cost effective means of customer acquisition, although changes in search engines' algorithms (particularly Google's) can, from time to time, result in reduced rankings of the Group's websites for certain search terms.

Since the launch of its new native suite of Hostelworld apps, the Group has engaged in app store optimisation, which is focused on enhancing the ranking of its apps in the Google Play and Apple iOS app stores. At launch, the Group's iPad app was featured by Apple as one of the "Best New Apps", leading to strong initial growth in all Hostelworld app downloads, and which have increased by 29 per cent. in the first half of 2015 compared to the first half of 2014.

The Group has a structured team dedicated to SEO marketing, and the majority of the Group's SEO activities are undertaken by the Group's dedicated in-house SEM team utilising internally developed technology.

Pay-Per-Click ("PPC") Advertising

The Group has a dedicated in-house PPC marketing team that uses a bid management tool to manage campaigns on certain search engines, including Google and Bing. In contrast to SEO, PPC marketing focuses on sponsored or paid listings that are generated in response to search engine queries (i.e., paid search). For the year ended 31 December 2014, PPC marketing comprised 58 per cent. of the Group's total marketing expenditure.

The Group bids to appear in sponsored listings on search engines' results pages for certain relevant keyword searches. A website's position within the paid search results table for particular keywords is

determined by the revenue expected to be earned by the search engine from the listing. The search engine will display the sponsored listing from which it expects to earn the greatest revenue at the top of the sponsored listings table. A search engine's revenue from a listing is determined by the bid price for the search term (i.e., cost-per-click) multiplied by the click-through rate of the sponsored listing (i.e., the predicted propensity of internet users to actually click on the sponsored link). The click-through rate is in part influenced by brand awareness, since greater brand awareness will generally lead to a higher click-through rate. This means that well recognised brands can potentially attract visitors at a lower cost-per-click than lesser known brands because well recognised brands will generally attract increased volumes of clicks. The relevance of the explanatory text used beneath the actual link can also improve the click through rate and consequently reduce customer acquisition costs through PPC marketing.

The Group's dedicated PPC team bids on keywords they believe that potential customers in their target market would type into a search bar when looking for a product or service. Depending on the search engine, minimum prices per click paid by an advertiser typically start at €0.10 and may cost up to €3.00 or more. Very popular search terms can cost much more on popular search engines, such as Google.

The Group's dedicated PPC team uses internally developed technology and expertise and third party software and services to manage its PPC campaigns by bidding on keywords with search engines to drive traffic to its websites, predominantly to Hostelworld, but also to Hostelbookers and Hostels.com. In addition to general search engines, the Group also runs PPC campaigns on specialised travel search websites, such as Tripadvisor and Trivago. The Group currently runs PPC campaigns for approximately 2 million terms.

Social Media

As of 30 June 2015, Hostelworld had over 429,720 Facebook fans worldwide, over 48,568 followers on Twitter and 16,497 followers on Instagram. The Directors believe that social media is an important marketing channel where its target customers and current customers choose to seek information and recommendations from their peers and share advice, tips and information about their experiences. The Group's social media team uses social media to communicate with customers in a personal way, through pictures, videos, words and articles, either by direct two-way contact or through commenting, liking or sharing content. The Directors believe that the Group's use of social media assists it to build relationships with customers, raise awareness of the Group's brands, help change perceptions of hostels, promote the hostelling lifestyle and inspire customers to travel, all of which should convert into a higher proportion of non-paid bookings.

Biddable Media

The Group began investing significantly in biddable media advertising in the first half of 2015 by establishing an in-house trading desk team and relevant upgrades to its technology platform. Biddable media allows the advertiser to bid through an auction process on placements of banners (both moving or static) or videos placed on third-party websites. Such bids are placed either directly or through a biddable media platform that uses customer behavioural data tracked by cookies or pixels to select the most relevant placements of advertising online. Similarly to PPC advertising, the Group bids for placements and monitors delivery, click-through rates and bookings to manage marketing efficiencies. For the six months ended 30 June 2015, display advertising activity accounted for approximately 87 per cent. of paid for impressions on the Hostelworld website.

Affiliate Programme

The Group has relationships with a number of third-party affiliates and allows them to integrate the Group's booking engine on their websites, thereby enabling them to offer an accommodation booking service using the Group's booking engine technology. Additionally, the Group has relationships with these and other third-party affiliates that enable the Group to place accommodation availability and pricing content, as well as link banner advertising, on such third-party affiliate websites, which drives traffic to the Group's websites and additional bookings for the Group.

For the six months ended 30 June 2015, bookings through the Group originating from third-party affiliate websites (including PPC affiliates) accounted for approximately 11.3 per cent. of total Group bookings. In recent years, Hostelworld's efforts in promoting direct-to-site traffic and increasing awareness of Hostelworld's brands have resulted in bookings originating from third-party affiliate booking engines decreasing as a percentage of Hostelworld's total bookings.

Brand Marketing

The Group is committed to increasing brand awareness of its flagship brand Hostelworld through coordinated online and offline marketing campaigns, with the aim to increase customer acquisition and repeat rates. In the first half of 2015, the Group relaunched the Hostelworld brand globally with a new logo and strapline: 'Meet the World'.

The Group launched its first integrated brand marketing campaign in the United Kingdom on 1 June 2015, which comprised television, outdoor, cinema and online advertising targeted at its core millennial customer demographic. For the six months ended 30 June 2015, the Group invested approximately €3.2 million in the brand marketing campaign, and the Group plans to continue investing in offline and online brand marketing campaigns in selected key markets based on factors such as seasonality, market size, media cost, customer insights, penetration and growth potential for the hostels segment. Following the launch of this campaign, Hostelworld's spontaneous brand awareness among millennials in the United Kingdom increased by 30 per cent. from January 2015 to June 2015²² and monthly booking volumes across all nationalities increased by an average of 21 per cent. in June, July, August and September 2015 compared to the same months in 2014.

Customer Relationship Marketing

Repeat customers are an important source of revenue generation for the Group and made up 62 per cent. of Hostelworld's customer base for the 12 months ended 30 June 2015²³. Therefore, the Group places a high priority on developing its customer relationship marketing ("CRM") capabilities. The Group has invested in an in-house CRM team, as well as in supporting technology in messaging and campaign management systems, to send targeted, relevant communications with relative frequency to its customer base, which the Group believes has contributed to increased customer engagement rates. The Group runs CRM programmes across all of its brands and in 13 languages using both email and mobile app messages (also known as mobile push notifications).

The Group segments its customer base according to tenure, life time value, nationality, booking history and desired booking behaviour, and it tailors its CRM programme accordingly, employing a sophisticated control group methodology to seek to deliver incremental revenue and return on investment to the business.

The Group communicates with its customers at frequent "touchpoints", from welcoming and onboarding them to its services, assisting with their hostel search and selection and pre-trip planning, to offering post-trip repeat booking incentives. The Group runs a deals and incentives promotional programme whereby certain customers at certain times receive offers in the form of discounted rates or promotional credits, typically between US\$5 and US\$10 credited into their account for use with certain booking options.

For the six months ended 30 June 2015, the Group increased its output of one-to-one customer emails by a factor of 3.4 with open rates of emails improving by 79 per cent. and site visits from such emails increasing by 61 per cent. compared to the same period in 2014. Bookings by repeat customers on Hostelworld also increased by 15 per cent. in the same period.

Brand and Marketing Sponsorships

In 2015, the Group launched its brand and marketing sponsorship programme. As part of this programme, the Group has partnered with Global Degree, a YouTube channel run by a small team of travellers who intend to visit every country in the world before they reach the age of 30; with ASOS, providing style and accommodation tips for the European summer music festival season; and with V-Festival in the United Kingdom, where Hostelworld was the official meeting point of the festival, showcasing the hostel experience via a pop-up hostel.

Competition

The Group competes with a variety of participants in the global online travel and accommodation market who vary in size and in the scope and breadth of the services which they offer. The Directors believe that the market for travel reservation and search services will remain competitive with relatively low costs of entry.

In the broader global online travel and accommodation market, the Group's competitors include OTAs such as Booking.com, Agoda, Expedia, Orbitz, Ctrip, Airbnb and HomeAway. While some of

²² Company data.

²³ A repeat customer is defined as a unique customer that has made more than one booking on Hostelworld irrespective of the original customer acquisition channel.

the larger OTAs operate websites specialising in offering budget accommodation, for example Ratestogo.com operated by Orbitz, they generally feature a narrower range of hostels than the Group.

The Group also competes with:

- online search companies such as Google and Bing;
- traditional travel agencies, some of which specialise in youth travel, such as STA Travel;
- accommodation providers who market their accommodation directly;
- online travel search and price comparison services (generally referred to as “meta-search” services), such as TripAdvisor, trivago, Qunar and HotelsCombined; and
- other OTAs providing alternative forms of accommodation compared to more traditional hotels, B&B’s and hostels, such as Airbnb.

Within the online hostels and budget accommodation sector, a small number of direct online competitors have emerged who seek to compete with the Group on a like-for-like basis by adopting a revenue model materially similar to that of the Group. The Group’s key direct competitors are Hostelling International (formerly known as International Youth Hostel Federation (IYHF)), a not for profit association, and its website, hihostels.com; hostelsclub.com; gomio.com and hosteltimes.com. Of these, Hostelling International has developed its hihostels.com website as an international website for online bookings for its member hostels. While this website competes with the Group for customers, the Group’s brands feature a broader range of accommodation providers, including many Hostelling International hostels, whereas the hihostels.com website features only Hostelling International member hostels.

The Group competes in the online hostels and budget accommodation sector on the basis of the price, volume and variety (by type and by location) of hostels and other forms of budget accommodation it can offer to customers, as well as the extensive online distribution channel it provides for accommodation providers through the Group’s brands. The Directors believe that the market for the services the Group offers is highly competitive, and current and new competitors can launch new websites or apps at a relatively low cost. However, the Group has been in business since 1999 and has built an online customer base and accommodation provider network that the Directors believe would be difficult for any competitor to replicate.

Regulatory

The Group’s operations are subject to various laws and regulations, including regulations with respect to e-commerce and consumer data protection. As its operations are principally in Europe, the Group is subject to a number of EU regulations and national laws; and compliance with such regulations, as implemented in the relevant jurisdictions, and national laws is critical to its business.

The Group is currently subject to the Irish Data Protection Acts 1988 and 2003 and the UK Data Protection Act 1998 with respect to the Group’s processing, storage, use and disclosure of personal data. In general terms, these regulations limit the uses of personal data that the Group collects from its customers, including the purposes for which the data may be used and the circumstances in which the Group may communicate with its customers or disclose their personal data to third parties. The Group is generally obligated to adopt certain measures to protect customer data while it is in its protection. In January 2012, the European Union proposed a major reform of the legal framework on the protection of personal data which is expected to be adopted by the European Union in 2017 and take effect after a further two years, likely with direct implementation in the EU member states. This new legal framework may result in greater compliance obligations on the Group with respect to the collection and treatment of personal data.

As part of its business, the Group collects, processes and stores payment card details of its customers. As a matter of best practice, the Group’s Hostelworld business complies with the PCI DSS, which is an information security standard for organisations that handle cardholder information for the major debit and credit cards. Compliance with PCI DSS gives Hostelworld’s customers an additional level of assurance that it meets an industry standard level of security when it stores, processes and transmits customer cardholder data. The entire Group is expected to become PCI DSS compliant upon Hostelbookers migration to the Hostelworld technology platform expected to be completed by the end of 2015.

Operations and IT

General

The Group's in-house technology platform has been designed using industry-standard architecture to construct an environment which places a strong emphasis on security, reliability, agility, scalability and performance. The in-house platform powers the Group's websites and apps using responsive web design, delivers reservation and business efficiencies to accommodation providers and underpins the highly automated, global, scalable and low cost business model by which the Group provides search and booking solutions through the Group's websites and apps.

The Group's IT systems consist of: (i) bespoke software that has been developed in-house, which incorporates open source code; (ii) licensed external software used for front end and corporate back office services; (iii) the Group's databases; (iv) data centres located in London and Dublin; and (vi) hardware and IT services that house and support the software and databases used by the Group.

Proprietary Software

The Group's material software is primarily comprised of bespoke software incorporating open source code that was developed in-house by its product development teams, which reduces the Group's dependency on licensed software and third-party IT support and maintenance services.

Back-end software

The Group's core back-end software includes: (i) its back-end booking engine software which links with all of the Group's software systems to automatically check bed availability and pricing across the Group's contracted accommodation provider network, retrieve property information and make real-time bookings for properties; (ii) its licensed language translation system software; (iii) its payment processing software which facilitates, among other things, the charging of customers' credit cards; (iv) user identification software to control user access, including by accommodation providers; and (v) its site statistics software which was developed to track key metrics across the Group's brands.

Front-end software

The Group's front-end software consists of: (i) its customer facing websites and apps; (ii) Inbox, its online user interface with the Group's booking engine whereby accommodation providers can manage allocation of beds, rates and other information on the Group's systems; (iii) an administration website for third-party affiliates where such affiliates can monitor their reservation performance, update and customise their booking engines and access a variety of marketing and customer support tools; and (iv) the Group's corporate website, which provides general corporate information on the Group as well as its primary customer brands.

Other software

The Group has developed software to integrate its booking engine into accommodation providers' and third-party affiliates' websites. It also operates its own administration system software to manage its business on an ongoing basis and contains a large number of report functions which enable management and employees to analyse a wide variety of data with respect to the performance of the Group's business.

Hardware platform

The Group owns the hardware located in its offices and in its Dublin and London data centres, with the exception of equipment at its Rackspace data centre which serves Hostelbookers. The Group contracts with Telecity to house its London data centre, which is the Group's primary data centre. The Group contracts with BT to house its Dublin data centre, and this data centre operates as the Group's disaster recovery site.

Property management system

Backpack Online is the Group's property management system for hostels and budget accommodation. This web-enabled system automatically synchronises the accommodation provider's level of bed availability and bookings in real time with the Group's booking engine.

Backup and monitoring

The Group continuously monitors the functionality of its software, including its websites, and hardware platform using automated alerts and on-call support staff. The Group also uses a third-party service provider to monitor the functionality of its websites and ensure they are

responding appropriately around the world. The Group backs up all of its data daily with copies stored on every server in the Group's data centres.

Employees

The following table sets out the Group's average number of employees, including executive officers, by department for the years indicated:

	For the year ended 31 December			For the six months ended 30 June	
	2012	2013	2014	2014	2015
Average number of persons employed					
Properties.....	47	79	83	80	84
Technology and e-commerce	47	85	94	102	103
Marketing.....	19	64	57	51	43
HR and administration	5	9	8	6	7
Finance	7	10	12	11	10
Senior management	4	8	7	7	7
Total	129	255	261	257	254

The following table sets out the Group's average number of employees, including executive officers, by location for the years indicated:

	For the year ended 31 December			For the six months ended 30 June	
	2012	2013	2014	2014	2015
Average number of persons employed					
Dublin.....	117	132	148	152	163
London	—	108	98	92	77
Shanghai	8	10	11	11	11
Sydney	1	2	2	2	2
Brazil ⁽¹⁾	3	3	2	—	—
Total	129	255	261	257	253

(1) The Group closed its office in Brazil in August 2014.

The number of people employed by the Group as at 30 June 2015 was 262.

None of the Group's employees are covered by a collective bargaining agreement or represented by a labour organisation. To date, the Group has not experienced a labour-related work stoppage and it considers its relations with its employees to be good.

Intellectual Property

The Group relies on a combination of trademark registrations in Ireland, the United Kingdom, the European Union, the United States and Australia as well as world-wide domain name registrations to protect its proprietary rights in its trademarks, domain names, logos and straplines. The Group is not aware of any circumstances that could be expected to have a material adverse effect on its intellectual property.

Separately, the Group relies on a combination of copyright, database rights, the law protecting confidential information and contractual restrictions to protect its intellectual property rights in its internally developed technology. The Group includes customary protections as regards its intellectual property rights in its contracts with employees, consultants and third parties with whom it conducts business.

Properties*Ireland*

The Group has a lease of the second floor of Number One, Central Park, Leopardstown, Dublin 18, Ireland from 9 April 2015 for the duration of twenty years.

United Kingdom

The Group has a lease of the third floor of High Holborn House, 52-54 High Holborn, London, UK from 20 April 2015 for the duration of 10 years.

China

The Group has a lease for office space in Unit 303-304 of Building 2, No.425, Yanping Road Jing An District, Shanghai 12, Peoples Republic of China for a period of 2 years from 1 June 2015.

Australia

The Group has a licence of part of the premises at Level 8, 10 Bridge Street, Sydney under a non-exclusive licence to occupy for a period of 12 months from 2 March 2015.

PART 7

DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

Directors

The following table lists the names, positions and ages of the Directors:

Name	Age	Position
Richard Segal.....	52	Non-executive Chairman
Feargal Mooney.....	46	Chief Executive Officer
Mari Hurley	44	Chief Financial Officer
Michael Cawley.....	61	Senior Independent Non-executive Director
Andy McCue.....	40	Non-executive Director

The business address of each Director is Second Floor, Number One, Central Park, Leopardstown, Dublin 18, Ireland.

Richard Segal (Non-executive Chairman)

Richard is the Non-executive Chairman. He is also chairman of On The Beach Group plc and Encore Tickets. Previously, Richard was Chairman for Esporta and Barratts PriceLess, a founding partner of 3i Quoted Private Equity, a non-executive director at The Kyte Group, chief executive officer of PartyGaming Plc and Odeon Cinemas (where he led a management buy-out from the Rank Group) and managing director of Rank Group's entertainment sector. Richard has a BA in economics from Manchester University and is a member of the Institute of Chartered Accountants of England and Wales.

Feargal Mooney (Chief Executive Officer)

Feargal joined the Group in 2002 as Chief Operations Officer/Chief Financial Officer. In February 2008 he was appointed Chief Executive Officer. Prior to joining the Group, Feargal held a role in financial planning and analysis at Baltimore Technologies and previously held the position of financial analyst at Pfizer Inc. in New York. Feargal has a MSc in Investment & Treasury from Dublin City University and a Bachelor of Commerce from University College Galway. Feargal is a graduate of the Leadership 4 Growth Management Program at Stanford GSB. Feargal is a member of the CFA Institute.

Mari Hurley (Chief Financial Officer)

Mari joined the Group in May 2007. She was appointed to the board in July 2007 as the Chief Financial Officer. Prior to this, Mari was the Finance Director at Sherry FitzGerald Group and previously worked at Bear Stearns. She is also a non-executive director of Ervia and the National Asset Management Agency. Mari is a fellow of the Institute of Chartered Accountants in Ireland, and trained at Arthur Andersen & Co in Dublin. Mari has a Bachelor of Commerce degree from University College Cork and a Masters of Accounting from University College Dublin. Mari completed the Advanced Management Program at Harvard Business School in 2006.

Michael Cawley (Senior Independent Non-executive Director)

Michael joined the Company in October 2015 as Senior Independent Non-executive Director and Chairman of the Audit Committee. Michael is also a non-executive director of Ryanair, having joined the board in August 2014. Michael had previously served as deputy chief executive officer and chief operating officer of Ryanair from 2003 to March 2014 and before that as Ryanair's chief financial officer and commercial director from 1997. Michael also holds directorships in Paddy Power PLC and in Kingspan Group PLC. Prior to joining Ryanair, Michael was group finance director of Gowan Group Limited. Michael holds a Bachelor of Commerce degree and is a fellow of the Institute of Chartered Accountants in Ireland.

Andy McCue (Non-executive Director)

Andy joined the Company in October 2015 as a Non-executive Director and Chairman of the Remuneration Committee. Andy is currently the chief executive officer of Paddy Power PLC, having previously held the position of head of retail. Prior to this, Andy was a principal at OC&C Strategy Consultants for 2 years, and worked at Arthur Anderson Business Consulting for four years prior to

this. Andy has a MA in Economics and Management from the University of Cambridge, and a Masters in Finance from the London Business School.

Senior Management Team

The Company's current Senior Management, in addition to the Directors listed above, is as follows:

Name	Age	Position
John O'Donnell.....	51	Chief Technology Officer
Otto Rosenberger.....	44	Chief Marketing Officer
Paul Halpenny	50	Group Director of Supply
Stuart Priday.....	53	Group HR Director

The business address of each member of Senior Management is Second Floor, Number One, Central Park, Leopardstown, Dublin 18, Ireland.

John O'Donnell (Chief Technology Officer)

John joined the Group as Chief Technology Officer in June 2010 and currently leads the Technology, Product, Design, eCommerce and Large Group Bookings Teams. He previously led the Property Supply Team within the Group. Prior to joining the Group, John held the role of Head of Technology at Paddy Power plc for 10 years. John has also worked in New York as Technology Operations Manager for Lehman Brothers and was also responsible for the implementation of a newly developed trading platform (OptiMark) onto the Nasdaq Stock exchange in 1999.

Otto Rosenberger (Chief Marketing Officer)

Otto joined the Group in August 2014. Prior to this he was Global Sports Marketing Director at Betfair. Otto holds a Masters in International Business from Vienna University and a CEMS Masters in International Management. Otto previously was VP International at eHarmony, Commercial Director and board member at Rated People and in various leadership roles at BT and Proctor & Gamble.

Paul Halpenny (Group Director of Supply)

Paul joined the Group in August 2010 and leads the Property Supply Team. Paul has experience in leading large operational teams across the travel and hospitality sectors and has previously held roles at Best Western and Failte Ireland (National Tourism Development Authority).

Stuart Priday (Group HR Director)

Stuart joined the Group in November 2013. Stuart has extensive experience of leading HR teams across the leisure, travel & hospitality sectors and has previously held roles at Ladbrokes, Odeon and PartyGaming plc.

Corporate governance

UK Corporate Governance Code

The Board is committed to the highest standards of corporate governance and maintaining an effective framework for the control and management of the Company. Other than as set out below, on Admission, the Board will comply with the UK Corporate Governance Code and it intends to continue to comply with the UK Corporate Governance Code following Admission in each case as it applies to smaller companies. The UK Corporate Governance Code sets out a number of principles in relation to board leadership, effectiveness, accountability, remuneration and relations with shareholders.

As envisaged by the UK Corporate Governance Code, the Board has established three committees: an audit committee, a nomination committee and a remuneration committee. If the need should arise, the Board may set up additional committees as appropriate.

The UK Corporate Governance Code recommends that at least half the board of directors of a UK-listed company, excluding the chairman (who the Board considers was independent on appointment), should comprise non-executive directors determined by the Board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the director's judgement. The Board considers that Richard Segal was independent on his appointment as Chairman in July 2011. The Board also considers that, as the proposed

payment by H&F 1 to Richard Segal (described in paragraph 4 of Part 13 “*Additional Information*”) is a one-off payment to deliver a specified return to Richard Segal that was agreed following his appointment as Chairman of the Group in July 2011, it does not affect his independence. The Board considers that Michael Cawley and Andy McCue are Non-executive Directors who are independent in character and judgement and free from any relationship or circumstances which are likely to, or could appear to, affect their judgement. In considering this matter the Board has had regard to the fact that both Michael Cawley and Andy McCue are directors of Paddy Power PLC. As the Board will have two independent Non-executive Directors as well as the Chairman, the Board is satisfied that no individual will dominate the Board’s decision taking, no undue reliance will be placed on particular individuals, there will be sufficient challenge of the Executive Directors in meetings of the Board and the Board will be capable of operating effectively from Admission.

The Board has also established a number of committees whose terms of reference are documented formally and regularly reviewed.

Audit committee

The audit committee’s role is to assist the Board with the discharge of its responsibilities in relation to internal and external audits and controls, including reviewing the Group’s annual financial statements, considering the scope of the annual audit and the extent of the non audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the internal control systems in place within the Group. The audit committee will normally meet not less than twice a year.

The audit committee is chaired by Michael Cawley and its other members are Andy McCue and Richard Segal. The UK Corporate Governance Code recommends that all members of the audit committee be non-executive directors, independent in character and judgment and free from any relationship or circumstances which are likely to, or could appear to, affect their judgment. The Board considers that the Company complies with the requirements of the UK Corporate Governance Code in that regard. The UK Corporate Governance Code also recommends that at least one member of the committee shall have recent and relevant financial experience. The Board considers that the Company complies with the requirements of the UK Corporate Governance Code in that regard, with Michael Cawley having recent and relevant financial experience.

Nomination committee

The nomination committee assists the Board in determining the composition and make-up of the Board. It is also responsible for periodically reviewing the Board’s structure and identifying potential candidates to be appointed as Directors, as the need may arise. The nomination committee also determines succession plans for the Chairman and Chief Executive. The nomination committee will normally meet not less than twice a year.

The nomination committee is chaired by Richard Segal and its other members are Andy McCue and Michael Cawley. The UK Corporate Governance Code recommends that a majority of the nomination committee be non-executive directors, independent in character and judgment and free from any relationship or circumstances which are likely to, or could appear to, affect their judgment. The Board considers that the Company complies with the requirements of the UK Corporate Governance Code in that regard.

Remuneration committee

The remuneration committee recommends what policy the Company should adopt on executive remuneration, determines the levels of remuneration for each of the Directors and recommends and monitors the remuneration of members of Senior Management. The remuneration committee will also generate an annual remuneration report to be approved by the members of the Company at the annual general meeting. The remuneration committee will normally meet not less than twice a year.

The remuneration committee is chaired by Andy McCue and its other members are Richard Segal and Michael Cawley. The UK Corporate Governance Code recommends that all members of the remuneration committee be non-executive directors, independent in character and judgment and free from any relationship or circumstances which are likely to, or could appear to, affect their judgment. The Board considers that the Company complies with the requirements of the UK Corporate Governance Code in that regard.

Share dealing code

The Company has adopted, with effect from Admission, a code of securities dealings in relation to the Shares which is based on, and is at least as rigorous as, the model code as published in the Listing Rules. The code adopted will apply to the Directors, the Senior Management and other relevant employees of the Group.

Conflicts of interest

There are no actual or potential conflicts of interest between any duties owed by the Directors or the Senior Management to the Company and their private interests and/or other duties.

PART 8

SELECTED FINANCIAL INFORMATION

The selected financial information set out below has been extracted without material amendment from Section A of Part 11 “Financial Information” of this Prospectus, where it is shown with important notes describing some of the line items.

Consolidated Statement of Profit and Loss

	For the year ended 31 December			For the six months ended 30 June	
	2012	2013	2014	2014	2015
	(€ thousands)				
		(audited)		(unaudited)	(audited)
Net revenue	52,045	57,180	79,265	40,654	43,915
Administrative expenses	(29,464)	(43,921)	(57,677)	(27,503)	(34,158)
Depreciation and amortisation expenses	(13,447)	(14,052)	(13,443)	(6,674)	(6,084)
Impairment losses	—	—	(50,692)	—	—
Operating profit	9,134	(793)	(42,547)	6,477	3,673
Financial income	21	3	17	—	—
Financial expenses	(25,328)	(28,823)	(34,479)	(17,179)	(18,322)
Loss before tax	(16,173)	(29,613)	(77,009)	(10,702)	(14,649)
Income tax (charge)/benefit	34	205	4,826	(122)	(133)
Loss for the period	(16,139)	(29,408)	(72,183)	(10,824)	(14,782)
Adjusted profit measures					
Adjusted EBITDA ⁽¹⁾	23,297	20,819	26,995	13,341	10,048
Adjusted EBIT ⁽²⁾	22,862	20,285	25,920	12,896	8,925

(1) The Group uses Adjusted EBITDA to show profit without the impact of non-cash and non-recurring items.

(2) The Group defines Adjusted EBIT as Adjusted EBITDA less (i) depreciation on property, plant and equipment and (ii) amortisation of capitalised development costs (excluding amortisation of IP and brand assets acquired through acquisition).

Consolidated Statement of Financial Position

	As at 31 December			As at 30 June 2015
	2012	2013	2014	
	(€ thousands) (audited)			
ASSETS				
Goodwill	17,848	47,274	17,848	17,848
Other intangible assets.....	155,394	180,796	148,160	144,548
Property, plant and equipment.....	1,037	1,356	1,419	2,615
Deferred tax assets	41	289	693	617
Total non-current assets	174,320	229,715	168,120	165,628
Trade and other receivables	1,936	2,152	2,326	5,789
Corporation tax	9	534	728	778
Cash and cash equivalents.....	2,523	4,823	19,942	10,985
Total current assets	4,468	7,509	22,996	17,552
Total assets	178,788	237,224	191,116	183,180
EQUITY				
Issued capital	20	30	30	30
Share premium account.....	7,442	13,521	13,521	13,521
Foreign currency translation reserve	—	80	362	751
Accumulated losses.....	(56,510)	(85,918)	(158,101)	(172,883)
Total equity attributable to equity holders of the parent	(49,048)	(72,287)	(144,188)	(158,581)
LIABILITIES				
Borrowings	193,194	258,714	285,638	306,152
Deferred tax liabilities	—	7,683	2,964	2,915
Total non-current liabilities	193,194	266,397	288,602	309,067
Borrowings	28,250	34,756	34,278	18,302
Trade and other payables.....	6,381	8,059	12,345	14,288
Corporation tax	11	299	79	104
Total current liabilities	34,642	43,114	46,702	32,694
Total liabilities	227,836	309,511	335,304	341,761
Total equity and liabilities	178,788	237,224	191,116	183,180

Consolidated Statement of Cash Flows

	For the year ended 31 December			For the six months ended 30 June	
	2012	2013	2014	2014	2015
	<i>(€ thousands)</i>				
		<i>(audited)</i>		<i>(unaudited)</i>	<i>(audited)</i>
Cash flows from operating activities					
Loss before tax	(16,173)	(29,613)	(77,009)	(10,702)	(14,649)
Depreciation of property, plant and equipment	435	534	659	332	382
Amortisation of intangible assets	13,012	13,518	12,784	6,342	5,702
Impairment of intangible assets	—	—	50,692	—	—
Loss on disposal of property, plant and equipment	—	—	—	—	130
Financial income	(21)	(3)	(17)	—	—
Financial expense	25,328	28,823	34,479	17,179	18,322
Changes in working capital items:					
Increase/(decrease) in trade and other payables	1,178	(1,688)	4,286	2,107	1,943
(Increase)/decrease in trade and other receivables	(123)	253	(174)	(1,644)	(3,463)
<i>Cash generated from operations</i>	<i>23,636</i>	<i>11,824</i>	<i>25,700</i>	<i>13,614</i>	<i>8,367</i>
Interest paid	(2,428)	(753)	(203)	(182)	—
Interest received	21	3	16	—	—
Income tax received/(paid)	(265)	(110)	(711)	(153)	(131)
Net cash from operating activities	20,964	10,964	24,802	13,279	8,236
Cash flows from investing activities					
Acquisition/capitalisation of intangible assets	(14)	(23)	(1,414)	(647)	(2,082)
Acquisition of property, plant and equipment	(355)	(547)	(694)	(546)	(1,651)
Acquisition of subsidiary, net of cash acquired	—	4,090	—	—	—
Net cash (used in)/from investing activities	(369)	3,520	(2,108)	(1,193)	(3,733)
Cash flows from financing activities					
Repayment of intercompany loans ..	—	—	—	—	(13,784)
Increase in share premium	158	—	—	—	—
Repayment of bank loans	(37,647)	(12,256)	(7,874)	(7,874)	—
Net cash used in financing activities .	(37,489)	(12,256)	(7,874)	(7,874)	(13,784)
Net increase/(decrease) in cash and cash equivalents	(16,894)	2,228	14,820	4,212	(9,281)
Cash and cash equivalents at the beginning of the year	19,417	2,523	4,823	4,823	19,942
Effect of exchange rate changes on cash and cash equivalents	—	72	299	178	324
Cash and cash equivalents at the end of the year	2,523	4,823	19,942	9,213	10,985

Other Financial Data

Adjusted EBITDA

	For the year ended 31 December			For the six months ended 30 June	
	2012	2013	2014	2014	2015
	(€ thousands)				
		(audited)		(unaudited)	(audited)
Loss for the period	(16,139)	(29,408)	(72,183)	(10,824)	(14,782)
Depreciation and amortisation	13,447	14,052	13,443	6,674	6,084
Financial income	(21)	(3)	(17)	—	—
Financial expenses	25,328	28,823	34,479	17,179	18,322
Income tax (charge)/benefit	(34)	(205)	(4,826)	122	133
EBITDA	22,581	13,259	(29,104)	13,151	9,757
Impairment losses	—	—	50,692	—	—
M&A costs	416	6,652	3,879	(5)	(727)
Holding company administration costs	104	187	274	95	84
Redundancy costs	196	721	1,263	84	211
Establishment expenses	—	—	(9)	16	723
Total adjustments	716	7,560	56,099	190	291
Adjusted EBITDA	23,297	20,819	26,995	13,341	10,048

Adjusted EBIT

	For the year ended 31 December			For the six months ended 30 June	
	2012	2013	2014	2014	2015
	(€ thousands)				
		(audited)		(unaudited)	(audited)
Adjusted EBITDA	23,297	20,819	26,995	13,341	10,048
Depreciation	(435)	(534)	(659)	(332)	(382)
Amortisation of capitalised development costs	—	—	(416)	(113)	(741)
Adjusted EBIT	22,862	20,285	25,920	12,896	8,925

Adjusted Free Cash Flow

	For the year ended 31 December			For the six months ended 30 June	
	2012	2013	2014	2014	2015
		<i>(€ thousands)</i>			
		<i>(audited)</i>		<i>(unaudited)</i>	<i>(audited)</i>
EBITDA	22,581	13,259	(29,104)	13,151	9,757
Impairment	—	—	50,692	—	—
Loss on disposal of assets	—	—	—	—	130
Working capital	1,055	(1,435)	4,112	463	(1,520)
Cash generated from operations	23,636	11,824	25,700	13,614	8,367
Tax/financial income paid/received..	(2,672)	(860)	(898)	(335)	(131)
Capex	(369)	(570)	(2,108)	(1,193)	(3,733)
Change in long-term investments	—	4,090	—	—	—
Free cash flow before financing activities	20,595	14,484	22,694	12,086	4,503
<i>Adjustments to free cash flow:</i>					
Financial expenses	1,928	788	100	112	—
M&A Costs	44	5,618	1,215	—	2,394
Establishment costs	—	—	—	—	670
Total Adjustments	1,972	6,406	1,315	112	3,064
Adjusted free cash flow	22,567	20,890	24,009	12,198	7,567
<i>Adjusted free cash conversion %⁽¹⁾ ..</i>	<i>97%</i>	<i>100%</i>	<i>89%</i>	<i>91%</i>	<i>75%</i>

(1) Adjusted free cash conversion shown as a percentage of Adjusted EBITDA.

PART 9

OPERATING AND FINANCIAL REVIEW

This Part 9 “Operating and Financial Review” should be read in conjunction with Part 2 “Presentation of Financial and Other Information”, Part 5 “Industry Overview”, Part 6 “The Business” and Part 11 “Financial Information”. Prospective investors should read the entire document and not just rely on the summary information set out below. The financial information considered in this Part 9 “Operating and Financial Review” is extracted from the financial information set out in Part 11 “Financial Information”. The consolidated financial statements referred to in this discussion have been prepared in accordance with (i) IFRS as adopted by the EU, (ii) the requirements of the Prospectus Directive and (iii) the Listing Rules.

The following discussion of the Company’s results of operations and financial conditions contains forward-looking statements. The Company’s actual results could differ materially from those that it discusses in these forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this document, particularly under Part 1 “Risk Factors” and Part 2 “Presentation of Financial and Other Information”.

In addition, the following discussion of the Company’s results of operations and financial conditions contains the Directors’ estimates with respect to certain revenue and cost break-downs. These estimates are derived from management reporting systems and not from the Group’s financial accounting systems or financial accounting records and, therefore, are not subject to the same degree of internal controls as information derived from our financial accounting systems. The Directors’ estimates are unaudited and are not reviewed by the Group’s auditors. The Directors nonetheless believe that investors will find this information helpful in assessing the Group’s business.

Overview

The Group, which was established in 1999, operates the world’s leading hostel-focused online booking platform. The Group offers a simple and comprehensive online booking experience facilitating transactions between customers and suppliers of hostels and other forms of budget accommodation. The Group’s business is focused on the hostels and budget accommodation sector of online travel, which the Directors believe allows it to deliver a tailored value proposition to both customers and accommodation providers that is not provided by generalist OTAs. The Group owns and operates multiple customer websites and apps through Hostelworld, its flagship and leading brand, along with supporting brands Hostelbookers, which the Group acquired in August 2013, and Hostels.com, which the Group acquired in 2003. Hostelworld has historically been the primary source of traffic and driver of revenue for the Group, and is the focus of the Group’s ongoing brand and marketing initiatives. The Group’s brands, in particular Hostelworld, typically rank in leading positions in Google organic search results for hostel searches in key destinations²⁴.

Nearly all of the Group’s revenue is generated from customer bookings concluded through its websites and apps. The Group operates an efficient business model whereby this revenue is generated from a commission payable by the accommodation provider but collected by the Group directly from the customer in the form of a non-refundable deposit made at the time of booking, which is generally in the range of 12 per cent. to 20 per cent. of the total booking value. The Group generated net revenue of €79.3 million, had Adjusted EBITDA of €27.0 million and Adjusted EBIT of €25.9 million for the year ended 31 December 2014, and generated net revenue of €43.9 million, had Adjusted EBITDA of €10.0 million and Adjusted EBIT of €8.9 million for the six months ended 30 June 2015.

The Group is seeking to position itself as the leading brand for young and independent travellers seeking a social travel experience. The Group offers a market leading customer proposition by:

- providing a simple and comprehensive online booking experience;
- focusing on hostels, which the Directors believe appeal to young travellers due to the opportunity to meet and interact with other international travellers while offering affordable beds in central locations within most of the world’s major cities;
- maintaining a leading global hostel database with over 12,600 hostels and approximately 21,000 other forms of budget accommodation available in more than 170 countries as of 31 August 2015; and

²⁴ Company data based on AWR Cloud tracking.

- maintaining an extensive customer-generated review database consisting of approximately 8 million post-stay customer reviews since 2005, with more than 400,000 reviews added in the first six months of 2015.

The Directors believe that the Group is a key distribution channel for hostels world-wide offering them a market leading proposition by providing:

- the world's leading hostel-focused online booking platform that assists them in maximising occupancy throughout the year;
- a lower cost distribution channel than most other major OTAs, starting at a base commission rate of 12 per cent.;
- access to a global customer base with an attractive demographic profile;
- access to Backpack Online, the Group's online property management system that automates key functions for accommodation providers such as check-in, cash reconciliation and inventory management; and
- access to the Group's booking engine technology for use on the accommodation provider's own website.

The Group has invested in an in-house technology platform that underlies and powers the Group's websites and apps. As part of the Group's "mobile first" strategy, it has made and is continuing to make significant investment into iOS and Android smart-phone and tablet Apps, which it views as key to future growth. As a result of this investment and the growing trend in booking using mobile devices. The Group estimates that more than 38 per cent. of Hostelworld's total bookings originated from mobile devices (including tablets) in the first half of 2015 compared to just 12 per cent. in 2012. In the second quarter of 2015, the Group launched its responsive website design on smartphone and tablets for the Hostelworld brand. The Group expects to launch a newly rebranded and responsive Hostelbookers website by the end of 2015, following the completion of its migration to the Hostelworld technology platform.

Current Trading and Prospects

Since 30 June 2015, trading has continued in line with management expectations across the seasonally busy summer months in the northern hemisphere. The Group has experienced sustained growth in bookings for the Hostelworld brand, with bookings significantly ahead of the same period in 2014. This has been the case particularly in the UK where a positive impact from the Company's "Meet the World" marketing campaign has been seen. As a result of the increased focus on Hostelworld as the primary brand, Hostelbookers' bookings have continued to decline in the period, such that on a Group basis total bookings have been delivering moderate growth. Management is confident in the outlook for the year.

Principal Factors Affecting the Group's Results of Operations and Financial Condition

The Directors believe that the factors discussed below are the principal factors that have affected, and are expected to continue to affect, the Group's results of operations and financial condition.

Acquisition of Hostelbookers

In August 2013, the Group acquired Hostelbookers for consideration of €62.7 million, and the acquisition has had a significant impact on the Group's results of operations during the period under review and was a significant driver of net revenue and booking volumes since the date of the acquisition. Prior to the acquisition, Hostelbookers generated net revenue of €20.4 million and had EBITDA of €5.0 million for the year ended 31 December 2012 and generated net revenue of €22.1 million and had EBITDA of €3.1 million for the year ended 31 December 2013.²⁵ Following the acquisition on 12 August 2013, Hostelbookers generated net revenue for the Group of €7.6 million for the year ended 31 December 2013 and €21.5 million for the year ended 31 December 2014. On acquisition, Hostelbookers's intangible assets, including goodwill, domain names and technology, had a carrying value of €68.3 million. In 2014, following an impairment review, the Group incurred an impairment charge of €50.7 million on the carrying value of its intangible assets. The Group has

²⁵ The figures disclosed represent the full year trading information for Hostelbookers for the years indicated, which has been prepared using different accounting procedures than those used by the Group. The consolidated financial information in this Prospectus only includes financial information for Hostelbookers from the date of its acquisition by the Group. Hostelbookers' functional currency is pounds sterling and its results have been converted to euro using monthly average exchange rates obtained from the Central Bank of Ireland.

taken steps to address the performance of the Hostelbookers business by reducing PPC marketing for Hostelbookers and focusing on transitioning towards more non-paid traffic, and it will relaunch the Hostelbookers' brand following the completion of its migration to the Hostelworld technology platform expected to be completed by the end of 2015. The Directors believe the acquisition of Hostelbookers has overall benefited the Group by assisting the Group in consolidating its position in the hostel sector and giving the Group additional market share, as well as enabling a more efficient PPC strategy for the Group.

Booking volumes

Booking volumes represent the number of distinct bookings made by customers through the Group and are the primary means of revenue generation and growth in the Group's revenue. Bookings through the Group can be made through a number of channels, such as through (i) direct visits to the Group's websites and apps ("**Free Channel**"), (ii) visits to the Group's websites and apps via PPC advertising ("**PPC Channel**"), (iii) websites of accommodation providers that use the Group's booking engine ("**Booking Engine Channel**"), and (iv) websites of third-party affiliates ("**Affiliate Channel**"). Each booking channel has its own respective average booking value and associated costs.

The table below sets forth the Group's number of bookings by brand for the period under review:

	For the year ended 31 December			For the six months ended 30 June	
	2012	2013	2014	2014	2015
			(thousands)		
Hostelworld	3,755	4,001	4,448	2,241	2,556
Supporting brands.....	1,044	1,752	2,668	1,400	1,088
Group total.....	4,799	5,753	7,116	3,641	3,644

The Group's total booking volumes increased by 2.3 million bookings, or 48.3 per cent., to 7.1 million bookings for the year ended 31 December 2014 from 4.8 million bookings for the year ended 31 December 2012; and remained relatively stable in the six months ended 30 June 2015 compared to the same period in 2014. The overall increase in booking volumes during the period under review is primarily a result of the acquisition of Hostelbookers in August 2013, which contributed 0.9 million bookings in 2013 and 1.8 million bookings in 2014. The Hostelworld brand also experienced consistent growth in bookings during the period under review due primarily to growth in Free Channel bookings resulting from an increase in brand and marketing investment for the Hostelworld brand during the period under review.

The stable Group total booking volumes for the six months ended 30 June 2015 compared to the same period in 2014 was attributable to an increase in bookings through Hostelworld that was offset by a decline in bookings through Hostelbookers, with the decline due primarily to the impact of the Group's decision to focus on promoting Hostelworld as the Group's primary brand and its decision to scale back PPC investment in Hostelbookers. As a result, Hostelworld brand bookings increased by 14.1 per cent. for the six months ended 30 June 2015 compared to the same period in 2014, with monthly booking figures increasing compared to each month from the previous period. The Group intends to relaunch the Hostelbookers brand upon the completion of its migration to the Hostelworld technology platform expected by the end of 2015.

The Group's booking volumes are seasonal and peak between May and August during the summer travel period in the northern hemisphere. The Group typically experiences a smaller peak in bookings around the Easter travel period. During the period under review, approximately 40 per cent. of the Group's bookings were made between May and August each year.

The table below sets forth the number of bookings by channel for the Group during the period under review:

	For the year ended 31 December			For the six months ended 30 June	
	2012	2013	2014	2014	2015
			(thousands)		
Free.....	2,495	3,091	4,031	2,032	2,137
PPC.....	1,457	1,652	1,749	917	924
Affiliates	471	621	915	468	412
Booking Engine	377	389	421	224	171
Total bookings	4,799	5,753	7,116	3,641	3,644

The growth in the Group's booking volumes has been driven primarily by growth in Free Channel bookings, which reflects the Group's strategy to increase brand awareness of Hostelworld resulting in more bookings through its mobile apps and direct website visits. As the costs associated with PPC Channel bookings have increased significantly during the period under review, driven primarily by cost inflation and increased competition for PPC page rankings and positioning, the Group intends to increasingly focus on Free Channel bookings, which have lower customer acquisition costs and thus are more profitable for the Group.

Gross average booking value

Gross average booking value ("ABV") is defined as the average value to the Group of a distinct booking determined by (i) number of bednights booked; (ii) number of people represented in the booking; (iii) gross value of the bed(s) booked; (iv) commission rate charged by the Group; (v) any ancillary income derived from the customer, such as cancellation protection and (vi) changes in foreign currency exchange rates.

The table below sets forth the ABV for the Group during the period under review:

	For the year ended 31 December			For the six months ended 30 June	
	2012	2013	2014	2014	2015
			(€'s)		
Group ABV	11.46	10.34	11.52	11.56	12.61

The Group's ABV declined for the year ended 31 December 2013 compared to the same period in 2012 due to a number of factors, including: (i) the Group eliminated the customer booking fee in 2013; (ii) the shift towards mobile bookings negatively affected ABV, as mobile customers tend to book fewer bednights per booking and book at a later date; and (iii) the Group's geographic and property mix became more heavily weighted towards hostels and regions (i.e., Asia and South America) with lower bed prices.

The Group's ABV recovered to €11.52 for the year ended 31 December 2014 and increased further to €12.61 for the six months ended 30 June 2015, which was due primarily to favourable exchange rates as a result of a weakening euro and adjustments to the Group's pricing model taking effect. While the Group dropped its customer booking fee in 2013, it also modified its commission structure by increasing the base commission rate to 12 per cent. for hostels and 15 per cent. for all other existing properties and introduced a base commission rate of 15 per cent. for all new properties (including hostels) being listed on the Group's network, which became effective in 2014. ABV was further strengthened by the implementation of the Group's "Elevate" programme, whereby accommodation providers can increase the profile of properties in search results on the Group's websites by paying an increased commission rate. These changes have been partially offset by the growth in mobile bookings as a percentage of the Group's total bookings and an increase in bookings in regions with lower bednight prices. While the implementation of the Group's strategy with respect to mobile and geographic expansion has been effective in generating higher booking volumes, it has had a negative impact on the Group's ABV for the reasons described above.

Customer acquisition costs

The Group's customer acquisition costs are a key driver of its profitability and are reflected in the direct cost per booking made through the Group. Such costs are driven primarily by the channel through which the booking is received, for example, Free Channel or PPC Channel. PPC costs are a key component of the Group's customer acquisition costs and reflect the marketing spend with search engines, primarily Google, to direct traffic onto the Group's websites. The Group's strategy is to transition its bookings growth away from higher cost channels, such as PPC, and into lower cost Free Channel bookings by increasing brand awareness and mobile app bookings.

The table below sets forth the direct cost per booking for the Group during the period under review:

	For the year ended 31 December			For the six months ended 30 June	
	2012	2013	2014	2014	2015
			(€'s)		
Group direct cost per booking.....	2.8	3.3	3.9	4.1	4.7

The Group's direct cost per booking increased from €2.8 in the year ended 31 December 2012 to €4.7 in the six months ended 30 June 2015. The increase was attributed primarily to increased PPC costs as a result of higher bid prices for key search terms driven by greater competition for top search rankings, in particular on Google. The acquisition of Hostelbookers in August 2013 also contributed to the increase, as Hostelbookers' business was primarily focused on bookings growth and increasing market share through significant investment and reliance on PPC Channel bookings.

Marketing expenditure

Marketing expenditure is a significant cost as a percentage of net revenue and a significant factor affecting the Group's financial performance and results of operation during the period under review. The table below sets forth the Group's marketing costs, including as a percentage of net revenue, during the period under review:

	For the year ended 31 December			For the six months ended 30 June	
	2012	2013	2014	2014	2015
			(€ thousands)		
		(audited)		(unaudited)	(audited)
Marketing costs ⁽¹⁾	14,281	19,303	28,856	15,863	21,962
Marketing costs as % of net revenue	27%	34%	36%	39%	50%

(1) Marketing costs include marketing expense and marketing selling expense.

The Group's marketing costs have increased significantly during the period under review driven primarily by PPC cost inflation, as well as increases in affiliate advertising costs due to changes in commercial terms with TripAdvisor and Trivago. The Directors believe that marketing costs will account for approximately 45 per cent. to 50 per cent. of net revenue in the medium term going forward.

As part of its strategy to decrease reliance on PPC Channel bookings and expenditure, the Group has increased its brand investment, particularly in the Hostelworld brand, in order to increase customer brand awareness and drive bookings growth through Free Channel bookings, such as through direct website visits and mobile apps. In the first half of 2015, the Group launched an investment programme to promote its global brand, including €3.2 million invested in the launch of its "Meet the World" advertising campaign for the Hostelworld brand in the United Kingdom. Excluding this investment in the UK advertising campaign, the Group's marketing costs accounted for 43 per cent. of net revenue for the six months ended 30 June 2015.

The Directors believe the increase in brand investment in the first half of 2015 has been a significant factor in the growth of Hostelworld's monthly booking volumes by an average of 21 per cent. in June, July and August 2015 compared to the same months in 2014. The Directors believe the

effectiveness of its brand investment programme will be a significant factor affecting the Group's performance going forward.

Staff costs

Staff costs are a significant overhead cost for the Group and have increased during the period under review. Staff costs represented 20.9 per cent. of the Group's total administrative expenses for the six months ended 30 June 2015 and 28.2 per cent. for the year ended 31 December 2014.

The table below breaks down the Group's staff costs during the period under review:

	For the year ended 31 December			For the six months ended 30 June	
	2012	2013	2014	2014	2015
		(audited)	(€ thousands) (thousands)	(unaudited)	(audited)
Wages and salaries	7,573	9,625	14,499	6,645	7,960
Social security costs.....	909	1,136	1,559	767	829
Pensions costs	121	133	195	86	119
Other benefits	139	200	186	132	119
Total staff costs	8,742	11,094	16,439	7,630	9,027
Capitalised development costs.....	—	—	(1,414)	(647)	(2,082)
Redundancy	196	721	1,263	84	211
Charged to the Statement of Profit and Loss.....	8,938	11,815	16,288	7,067	7,156

Staff costs have increased during the period under review, due primarily to the acquisition of Hostelbookers in August 2013 and an increase in wages and salaries. Wages and salaries have increased as the Group has transitioned from a lower to higher salaried employee base as part of the Group's investment in marketing and technology. The Group has invested in higher salaried and more experienced marketing employees in order to effectively implement its brand marketing strategy, and it has invested in its technology team, in particular to further develop the Group's mobile and tablet apps and responsive web design. While the increase in staff costs has been a significant factor affecting the Group's results of operations during the period under review, the Directors believe the Group's investment in employee capability, particularly in marketing technology and e-commerce, is key to the Group's strategic growth and profitability going forward.

Effective tax rate

The Group has historically had a low effective tax rate due to the Group's capital and corporate structure and the effect of carried forward tax losses. As at 31 December 2014, the Group had carry forward tax losses with a gross value of €67 million, which are expected to be available to reduce certain of the Group's future taxable profits. The Directors believe that these tax losses should enable the Group to continue to benefit from a low effective tax rate in the region of 4 per cent. in the near term (rising to in the region of 6 per cent. after the full utilisation of the losses) based on the Group's current operating structure and tax law in effect as at the date of this Prospectus. For additional information on risks related to taxation, see Part 1 "Risk Factors – The Group's business and financial performance could be negatively impacted by adverse tax events".

Additional Key Performance Indicators

In addition to the principal factors discussed above, the Group's management utilise Adjusted EBITDA, Adjusted EBIT and Adjusted Free Cash Flow as key performance indicators ("KPIs") to evaluate the performance of the Group's business.

The KPIs described below are not measures of financial performance under generally accepted accounting principles, including IFRS, and should not be considered in isolation or as an alternative to the IFRS financial statements set out in Part 11 "Financial Information", see Part 2 "Presentation of Financial and Other Information – Non-IFRS/Non-GAAP Measures" for additional information.

Because the KPIs are not determined in accordance with generally accepted accounting principles and are thus susceptible to varying calculations, they may not be comparable with other similarly titled measures of performance of other companies. Accordingly, prospective investors should not place undue reliance on the KPIs described below and elsewhere in this Prospectus.

Adjusted EBITDA

The table below sets forth the Group's Adjusted EBITDA and reconciliation to loss for the period for the period under review:

	For the year ended 31 December			For the six months ended 30 June	
	2012	2013	2014	2014	2015
	<i>(€ thousands)</i>				
		<i>(audited)</i>		<i>(unaudited)</i>	<i>(audited)</i>
Loss for the period	(16,139)	(29,408)	(72,183)	(10,824)	(14,782)
Depreciation and amortisation.....	13,447	14,052	13,443	6,674	6,084
Financial income	(21)	(3)	(17)	—	—
Financial expenses	25,328	28,823	34,479	17,179	18,322
Income tax (charge)/benefit	(34)	(205)	(4,826)	122	133
EBITDA	22,581	13,259	(29,104)	13,151	9,757
Impairment losses	—	—	50,692	—	—
M&A costs	416	6,652	3,879	(5)	(727)
Holding company administration costs	104	187	274	95	84
Redundancy costs	196	721	1,263	84	211
Establishment expenses	—	—	(9)	16	723
Total adjustments	716	7,560	56,099	190	291
Adjusted EBITDA	23,297	20,819	26,995	13,341	10,048

Adjusted EBITDA decreased by €3.2 million, or 24.7 per cent., from €13.3 million for the six months ended 30 June 2014 to €10.0 million for the six months ended 30 June 2015 driven primarily by higher PPC costs and marketing expenses. This decline was partially offset by an increase in net revenue driven by an increase in Free Channel bookings through Hostelworld. The Directors expect that Adjusted EBITDA should improve going forward as the Group's investment in brand marketing continues to take effect, which is expected to drive more customer traffic to the Group's websites and apps that would result in Free Channel bookings and reduce the relative share of PPC Channel bookings and the Group's exposure to rising PPC costs.

Adjusted EBITDA increased by €6.2 million, or 29.6 per cent., to €27.0 million for the year ended 31 December 2014 from €20.8 million for the year ended 31 December 2013, which in turn represented a decrease of €2.5 million, 10.6 per cent., from €23.3 million for the year ended 31 December 2012. The increase in Adjusted EBITDA from 2012 to 2014 was driven primarily by an increase in the volume of bookings as a result of the acquisition of Hostelbookers, an increase in Free Channel bookings following the release of the Group's mobile and tablet apps and an increase in base commission rates. This increase was partially offset by the elimination of customer booking fees, higher PPC costs, due primarily to increasing competition for key search terms driving up prices, and increased staff costs, which were primarily a result of the acquisition of Hostelbookers and the transition to a higher salaried employee base as part of the Group's investment in technology and marketing.

Adjusted EBIT

The table below sets forth the Group's Adjusted EBIT for the period under review:

	For the year ended 31 December			For the six months ended 30 June	
	2012	2013	2014	2014	2015
	(€ thousands)				
		(audited)		(unaudited)	(audited)
Adjusted EBITDA	23,297	20,819	26,995	13,341	10,048
Depreciation	(435)	(534)	(659)	(332)	(382)
Amortisation of capitalised development costs.....	—	—	(416)	(113)	(741)
Adjusted EBIT	22,862	20,285	25,920	12,896	8,925

Adjusted EBIT decreased by €4.0 million, or 30.7 per cent., from €12.9 million for the six months ended 30 June 2014 to €8.9 million for the six months ended 30 June 2015, driven primarily by higher PPC costs and marketing expenses. This decline was partially offset by an increase in net revenue driven by an increase in Free Channel bookings through Hostelworld and higher ABV due to pricing initiatives.

Adjusted EBIT increased by €5.6 million, or 27.8 per cent., to €25.9 million for the year ended 31 December 2014 from €20.3 million for the year ended 31 December 2013, which in turn represented a decrease of €2.6 million, or 11.3 per cent., from €22.9 million for the year ended 31 December 2012. The increase in Adjusted EBIT during the period was driven primarily by an increase in net revenue and booking volumes and partially offset by higher PPC and staff costs.

Adjusted Free Cash Flow

The table below sets forth the Group's Adjusted Free Cash Flow and conversion as a percentage of Adjusted EBITDA for the period under review:

	For the year ended 31 December			For the six months ended 30 June	
	2012	2013	2014	2014	2015
	(€ thousands)				
		(audited)		(unaudited)	(audited)
EBITDA	22,581	13,259	(29,104)	13,151	9,757
Impairment	—	—	50,692	—	—
Loss on disposal of assets	—	—	—	—	130
Working capital	1,055	(1,435)	4,112	463	(1,520)
Cash generated from operations	23,636	11,824	25,099	13,614	8,367
Tax/financial income paid/received..	(2,672)	(860)	(898)	(335)	(131)
Capex.....	(369)	(570)	(2,108)	(1,193)	(3,733)
Change in long-term investments....	—	4,090	—	—	—
Free cash flow before financing activities	20,595	14,484	22,694	12,086	4,503
<i>Adjustments to free cash flow:</i>					
Financial expenses	1,928	788	100	112	—
M&A Costs	44	5,618	1,215	—	2,394
Establishment costs	—	—	—	—	670
Total Adjustments	1,972	6,406	1,315	112	3,064
Adjusted free cash flow	22,567	20,890	24,009	12,198	7,567
<i>Adjusted free cash conversion %⁽¹⁾ ..</i>	<i>97%</i>	<i>100%</i>	<i>89%</i>	<i>91%</i>	<i>75%</i>

(1) Adjusted free cash conversion shown as a percentage of Adjusted EBITDA.

The Group has a track record of strong cash flow generation and conversion, as illustrated by its Adjusted Free Cash Flow and adjusted free cash conversion as a percentage of Adjusted EBITDA during the period under review. The Group's Adjusted Free Cash Flow decreased by €4.6 million, 38.0 per cent., to €7.6 million for the six months ended 30 June 2015 from €12.2 million for the six months ended 30 June 2014, which was driven primarily by increased capital expenditure and higher marketing expenditure.

Results of Operations

The following discussion and analysis of the Group's results of operations and financial condition for each of years ended 31 December 2012, 2013 and 2014 and for the six months ended 30 June 2014 and 2015 is based on the Group's historical results.

The table below sets forth the Group's results of operations for the period under review, which has been extracted without material adjustment from the consolidated historical financial information set forth in Part 11 "Financial Information":

	For the year ended 31 December			For the six months ended 30 June	
	2012	2013	2014	2014	2015
	(€ thousands)				
		(audited)		(unaudited)	(audited)
Net revenue	52,045	57,180	79,265	40,654	43,915
Administrative expenses	(29,464)	(43,921)	(57,677)	(27,503)	(34,158)
Depreciation and amortisation expenses	(13,447)	(14,052)	(13,443)	(6,674)	(6,084)
Impairment losses	—	—	(50,692)	—	—
Operating profit	9,134	(793)	(42,547)	6,477	3,673
Financial income	21	3	17	—	—
Financial expenses	(25,328)	(28,823)	(34,479)	(17,179)	(18,322)
Loss before tax	(16,173)	(29,613)	(77,009)	(10,702)	(14,649)
Income tax (charge)/benefit	34	205	4,826	(122)	(133)
Loss for the period	(16,139)	(29,408)	(72,183)	(10,824)	(14,782)

For the six months ended 30 June 2015 as compared to the six months ended 30 June 2014.

Net revenue

Net revenue increased by €3.3 million, or 8.1 per cent., from €40.7 million in the six months ended 30 June 2014 to €43.9 million in the six months ended 30 June 2015, which was driven primarily by the continued impact of the "Elevate" programme, favourable exchange rate movements, increased base commission fees, as well as growth in Hostelworld bookings.

The increase in Hostelworld bookings was driven primarily by a 14.5 per cent. increase in Free Channel bookings as a result of an increasing trend toward mobile app bookings among the Group's customers. However, this was largely offset on a Group level by a decline in booking volumes in Hostelbookers. The effects of the Hostelworld brand relaunch and the launch of the Group's "Meet the World" advertising campaign in the United Kingdom were beginning to be evident in Hostelworld booking volumes towards the end of the period, which increased by 19 per cent. in June 2015 compared to June 2014.

Administrative expenses

Administrative expenses increased by €6.7 million or 24.2 per cent., from €27.5 million in the six months ended 30 June 2014 to €34.2 million in the six months ended 30 June 2015, which was driven primarily by increases in selling expenses and marketing expenses.

The table below sets forth the breakdown of the Group's administrative expenses for the six months ended 30 June 2015 and 2014:

	For the six months ended 30 June	
	2014	2015
	(€ thousands)	
	(unaudited)	(audited)
Staff costs.....	7,067	7,156
Marketing selling expense.....	13,929	16,134
Marketing expense.....	1,934	5,828
Other selling expense.....	947	1,037
Website maintenance.....	708	800
Holding company administration costs.....	95	84
Establishment costs.....	731	1,640
Merger & Acquisition costs.....	(5)	(727)
Other administrative costs.....	2,097	2,206
Total administrative expenses.....	27,503	34,158

Marketing selling expense increased by €2.2 million, or 15.8 per cent., from €13.9 million for the six months ended 30 June 2014 to €16.1 million for the six months ended 30 June 2015 due primarily to rising PPC costs and partially offset by a decrease in affiliate advertising expenses. PPC costs increased by 35.5 per cent. as a result of higher bid prices for key search terms driven by greater competition for top search rankings, in particular on Google.

Marketing expense increased by €3.9 million from €1.9 million for the six months ended 30 June 2014 to €5.8 million for the six months ended 30 June 2015 due primarily to the Hostelworld brand relaunch and the launch of the Group's "Meet the World" advertising campaign in the United Kingdom.

Depreciation and amortisation expenses

Depreciation and amortisation expenses decreased by €0.6 million or 8.8 per cent., from €6.7 million in the six months ended 30 June 2014 to €6.1 million in the six months ended 30 June 2015.

The table below sets forth the breakdown of the Group's depreciation and amortisation expenses for the six months ended 30 June 2015 and 2014:

	For the six months ended 30 June	
	2014	2015
	(€ thousands)	
	(unaudited)	(audited)
Amortisation of intangible assets.....	6,342	5,702
Depreciation.....	332	382
Total depreciation and amortisation expenses.....	6,674	6,084

Operating profit

Operating profit decreased by €2.8 million, or 43.1 per cent., from €6.5 million for the six months ended 30 June 2014 to €3.7 million for the six months ended 30 June 2015 primarily as a result of increased administrative expenses, which was partially offset by growth in net revenue.

Financial expenses

Financial expenses increased by €1.1 million, or 6.4 per cent., from €17.2 million in the six months ended 30 June 2014 to €18.3 million in the six months ended 30 June 2015, which was primarily driven by an increase in interest expense on the Group's unsecured subordinated preferred equity certificates.

Loss before tax

For the reasons stated above, the Group's loss before tax increased by €4.0 million or 36.4 per cent., from €10.7 million for the six months ended 30 June 2014 to €14.7 million for the six months ended 30 June 2015.

Income tax charge

Income tax charge increased marginally to €0.133 million for the six months ended 30 June 2015.

Loss for the period

For the reasons stated above, the Group's loss for the period increased by €4.0 million, or 37.0 per cent., from €10.8 million for the six months ended 30 June 2014 to €14.8 million for the six months ended 30 June 2015.

For the year ended 31 December 2014 as compared to the year ended 31 December 2013

Net revenue

Net revenue increased €22.1 million, or 38.6 per cent., from €57.2 million for the year ended 31 December 2013 to €79.3 million for the year ended 31 December 2014. The increase in the Company's net revenue was driven primarily by the full year impact of the acquisition of Hostelbookers, growth in Hostelworld Free Channel booking volumes and an increase in ABV due to changes in the Group's pricing model. This increase was partially offset by the full year impact of the Group's elimination of customer booking fees, which began in 2013.

The acquisition of Hostelbookers and the full year impact of its results contributed €13.1 million to the Group's net revenue growth for the year ended 31 December 2014 compared to the year ended 31 December 2013. The additional growth in Hostelworld Free Channel booking volumes was due primarily to an increase in mobile app bookings, which were augmented by the launch of a new suite of Hostelworld tablet and smart phone apps.

Net revenue growth was further impacted positively by an increase in ABV due primarily to changes in the Group's pricing model, which offset the negative impact of the elimination of the customer booking fee in 2013. Changes to the Group's base commission rates had a €13.3 million impact on net revenue for the year ended 31 December 2014, and the Group's "Elevate" programme had a €2.1 million impact on net revenue for the year ended 31 December 2014.

Administrative expenses

Administrative expenses increased by €13.8 million, or 31.4 per cent., from €43.9 million in the year ended 31 December 2013 to €57.7 million in the year ended 31 December 2014. The increase in the Company's administrative expenses was driven primarily by increases in staff costs, selling expenses, marketing expenses and website maintenance and was partially offset by a decline in exceptional items.

The table below sets forth the breakdown of the Group's administrative expenses for the years ended 31 December 2014 and 2013:

	For the year ended 31 December	
	2013	2014
	<i>(€ thousands)</i> <i>(audited)</i>	
Staff costs.....	11,815	16,288
Marketing selling expense.....	17,597	25,836
Marketing expense.....	1,706	3,020
Other selling expense	1,343	1,844
Website maintenance	854	1,402
Holding company administration costs	187	274
Establishment costs.....	981	1,419
Merger & Acquisition costs.....	6,652	3,879
Other administrative costs	2,786	3,715
Total administrative expenses	43,921	57,677

Staff costs increased by €4.5 million, or 38.1 per cent., from €11.8 million for the year ended 31 December 2013 to €16.3 million for the year ended 31 December 2014 due primarily to an increase in headcount and average salaries and benefits. This has been driven primarily by the full year impact of the acquisition of Hostelbookers and a change in the mix of the Group's employees away from lower salary employees to higher salaried marketing, technology and ecommerce employees as part of the Group's investment in brand marketing and the development of mobile apps and responsive web design.

Marketing selling expense increased by €8.2 million, or 46.6 per cent., from €17.6 million for the year ended 31 December 2013 to €25.8 million for the year ended 31 December 2014 due primarily to the full year impact of the acquisition of Hostelbookers and rising PPC costs and affiliate advertising expenses. PPC costs increased by 31.8 per cent. as a result of higher bid prices for key search terms driven by greater competition for top search rankings, in particular on Google. Affiliate advertising expenses have increased as a result of changes in commercial terms with third-party affiliates, in particular TripAdvisor.

Marketing expense increased by €1.3 million, or 77.0 per cent., from €1.7 million for the year ended 31 December 2013 to €3.0 million for the year ended 31 December 2014 due primarily to marketing initiatives aimed at increasing brand awareness.

Depreciation and amortisation expenses

Depreciation and amortisation expenses decreased by €0.7 million, or 4.5 per cent., from €14.1 million in the year ended 31 December 2013 to €13.4 million in the year ended 31 December 2014. The decrease in the Company's depreciation and amortisation expenses was driven primarily by a decrease in amortisation of intangible assets partially offset by an increase in depreciation expense.

The table below sets forth the breakdown of the Group's depreciation and amortisation expenses for the years ended 31 December 2014 and 2013:

	For the year ended 31 December	
	2013	2014
	<i>(€ thousands)</i>	
	<i>(audited)</i>	
Amortisation of intangible assets	13,518	12,784
Depreciation.....	534	659
Total depreciation and amortisation expenses.....	14,052	13,443

Impairment losses

The Group incurred an impairment charge of €50.7 million for the year ended 31 December 2014 following an impairment review on Hostelbookers. Upon its acquisition in August 2013, Hostelbookers' intangible assets, including goodwill, domain names and technology, had a carrying value of €68.3 million. Following amortisation and the impairment review, which resulted in the impairment of goodwill and other intangible assets, the total carrying value of Hostelbookers' intangible assets declined to €14.4 million.

Operating profit

The Group's operating profit went from a loss of €0.8 million for the year ended 31 December 2013 to a loss of €42.5 million for the year ended 31 December 2014 due primarily to the impairment charge of €50.7 million on Hostelbookers and increased administrative expenses, which was partially offset by the overall increase in net revenue.

Financial expenses

Financial expenses increased by €5.7 million, or 19.8 per cent., from €28.8 million for the year ended 31 December 2013 to €34.5 million for the year ended 31 December 2014. The increase in the Company's financial expenses was driven primarily by an increase in interest expense on its unsecured subordinated preferred equity certificates.

Loss before tax

For the reasons stated above, the Group's loss before tax increased by €47.4 million from €29.6 million for the year ended 31 December 2013 to €77.0 million for the year ended 31 December 2014.

Income tax benefit

Income tax benefit increased from €0.2 million for the year ended 31 December 2013 to a benefit of €4.8 million for the year ended 31 December 2014 due primarily to the increase in loss before tax and an increase in the Group's deferred tax provision.

Loss for the period

For the reasons stated above, the Group's loss for the period increased by €42.8 million from €29.4 million for the year ended 31 December 2013 to €72.2 million for the year ended 31 December 2014.

For the year ended 31 December 2013 as compared to the year ended 31 December 2012

Net revenue

Net revenue increased by €5.1 million, or 9.8 per cent., from €52.1 million for the year ended 31 December 2012 to €57.2 million for the year ended 31 December 2013 due primarily to the five month impact of the acquisition of Hostelbookers on the Group's results and increased Free Channel booking volumes, which was partially offset by the impact of the elimination of the customer booking fee.

The acquisition of Hostelbookers in August 2013 contributed €7.6 million to the Group's net revenue for the year ended 31 December 2013. The Hostelbookers acquisition, together with a growth in Free Channel bookings in Hostelworld, was responsible for a 19.9 per cent. increase in the Group's booking volumes for the year ended 31 December 2013 compared to the year ended 31 December 2012. The growth in net revenue generated by higher booking volumes was partially offset by a €1.3 million decline in net revenue due to the impact of the Group's elimination of customer booking fees in 2013.

Administrative expenses

Administrative expenses increased by €14.4 million, or 48.8 per cent., from €29.5 million in the year ended 31 December 2012 to €43.9 million in the year ended 31 December 2013 due primarily to increase in selling expenses, staff costs and exceptional items.

The table below sets forth the breakdown of the Group's administrative expenses for the years ended 31 December 2013 and 2012:

	For the year ended 31 December	
	2012	2013
	<i>(€ thousands)</i>	
	<i>(audited)</i>	
Staff costs.....	8,938	11,815
Marketing selling expense.....	12,545	17,597
Marketing expense.....	1,736	1,706
Other selling expense	1,128	1,343
Website maintenance	667	854
Holding company administration costs	104	187
Establishment costs.....	731	981
Merger & Acquisition costs.....	416	6,652
Other administrative costs	3,199	2,786
Total administrative expenses	29,464	43,921

Staff costs increased by €2.9 million, 32.6 per cent., from €8.9 million for the year ended 31 December 2012 to €11.8 million for the year ended 31 December 2013 due primarily to an increase in headcount and average salaries and benefits. The increase in headcount was primarily a result of the acquisition

of Hostelbookers, while the increase in average salaries and benefits has been driven by a change in the mix of the Group's employees away from lower salary employees to higher salaried marketing and IT employees.

Marketing selling expense increased by €5.1 million, or 40.8 per cent., from €12.5 million for the year ended 31 December 2012 to €17.6 million for the year ended 31 December 2013 due primarily to rising PPC costs and the impact of the acquisition of Hostelbookers. PPC costs increased by 37.2 per cent. as a result of higher bid prices for key search terms driven by greater competition for top search rankings, in particular on Google.

The Group incurred additional expenses of €6.7 million for the year ended 31 December 2013, which primarily consisted of fees and expenses related to the acquisition of Hostelbookers.

Depreciation and amortisation expenses

Depreciation and amortisation expenses increased by €0.7 million, or 4.5 per cent., from €13.4 million for the year ended 31 December 2012 to €14.1 million for the year ended 31 December 2013 due primarily to an increase in the amortisation of intangible assets.

The table below sets forth the breakdown of the Group's depreciation and amortisation expenses for the years ended 31 December 2013 and 2012:

	For the year ended 31 December	
	2012	2013
	<i>(€ thousands)</i> <i>(audited)</i>	
Amortisation of intangible assets	13,012	13,518
Depreciation.....	435	534
Total depreciation and amortisation expenses.....	13,447	14,052

Operating profit

Operating profit decreased from a profit of €9.1 million for the year ended 31 December 2012 to a loss of €0.8 million for the year ended 31 December 2013 driven primarily by increased administrative expenses as a result of higher PPC costs and costs associated with the acquisition of Hostelbookers, which was partially offset by growth in net revenue.

Financial expenses

Financial expenses increased by €3.5 million, or 13.8 per cent., from €25.3 million for the year ended 31 December 2012 to €28.8 million for the year ended 31 December 2013 driven primarily by an increase in interest expense on its unsecured subordinated preferred equity certificates.

Loss before tax

For the reasons stated above, the Group's loss before tax increased by €13.4 million, or 82.7 per cent., from €16.2 million for the year ended 31 December 2012 to €29.6 million for the year ended 31 December 2013.

Income tax benefit

The Group realised an income tax benefit of €0.2 million for the year ended 31 December 2013 primarily as a result of an increase in loss before tax and an increase in its deferred tax provision.

Loss for the period

For the reasons stated above, the Group's loss for the period increased by €13.3 million, or 82.6 per cent., from €16.1 million for the year ended 31 December 2012 to €29.4 million for the year ended 31 December 2013.

Liquidity and capital resources

The Group's liquidity requirements arise primarily from the need to fund its working capital requirements and growth of the business. The Group's principal source of liquidity has been its cash flow from operating activities.

Cash Flows

The table below sets forth a summary of the Group's cash flows during the period under review, which has been extracted without material adjustment from the consolidated historical financial information set forth in Part 11 "Financial Information":

	For the year ended 31 December			For the six months ended 30 June	
	2012	2013	2014	2014	2015
		(€ thousands)			
		(audited)		(unaudited)	(audited)
Net cash from operating activities ..	20,964	10,964	24,802	13,279	8,236
Net cash (used in)/from investing activities	(369)	3,520	(2,108)	(1,193)	(3,733)
Net cash used in financing activities	(37,489)	(12,256)	(7,874)	(7,874)	(13,784)
Net increase/(decrease) in cash and cash equivalents	(16,894)	2,228	14,820	4,212	(9,281)
Cash and cash equivalents at the end of the year	2,523	4,823	19,942	9,213	10,985

Net cash from operating activities

The primary source of the Group's cash flows is funds generated by operating activities. The Group's net cash from operating activities consists primarily of the Group's operating profit for the year adjusted for changes in working capital, depreciation and amortisation, other non-current liabilities and taxes paid.

Net cash from operating activities was €8.2 million for the six months ended 30 June 2015, a decrease of €5.1 million as compared to net cash from operating activities of €13.3 million for the six months ended 30 June 2014. The decrease was due primarily to changes in working capital resulting from a prepayment on media costs associated with the Group's "Meet the World" advertising campaign in the United Kingdom and an increase in financial expense related to interest expense on the Group's unsecured subordinated preferred equity certificates.

Net cash from operating activities was €24.8 million for the year ended 31 December 2014, an increase of €13.8 million as compared to net cash from operating activities of €11.0 million for the year ended 31 December 2013, which decreased by €10.0 million from €21.0 million for the year ended 31 December 2012. The decline in 2013 compared to 2012 was primarily a result of costs associated with the acquisition of Hostelbookers, while the subsequent increase in 2014 was due primarily to changes in working capital items as a result of an increase in creditors and a decline in payment processing debtors.

Net cash (used in)/from investing activities

The Group's net cash (used in)/from investing activities consists of cash used for payments to acquire businesses, cash invested in property, plant and equipment and cash used to invest in the Group's technology platform.

Net cash used in investing activities was €3.7 million for the six months ended 30 June 2015, an increase of €2.5 million as compared to net cash used in investing activities of €1.2 million for the six months ended 30 June 2014. The increase was due primarily to increased development costs related to labour costs associated with the development of mobile apps and responsive web design for the Group's websites and the migration of Hostelbookers onto the Hostelworld technology platform, as well as investment in IT equipment and leasehold improvements to the Group's new Dublin headquarters and London office.

Net cash used in investing activities was €2.1 million for the year ended 31 December 2014, a decrease of €1.4 million as compared to net cash used in investing activities of €3.5 million for the year ended 31 December 2013, which increased by €3.1 million from €0.4 million for the year ended 31 December 2012. The increase from 2012 was due primarily to the acquisition of Hostelbookers, development costs related to labour costs associated with the development of mobile apps and responsive web design for the Group's websites and investment in IT equipment.

Net cash used in financing activities

Net cash used in financing activities consists of any form of debt financing repaid and interest and principal payments on the Group's unsecured subordinated preferred equity certificates.

Net cash used in financing activities was €13.8 million for the six months ended 30 June 2015, an increase of €5.9 million from €7.9 million for the six months ended 30 June 2014. The increase was due primarily to a repayment of principal on the Group's unsecured subordinated preferred equity certificates.

Net cash used in financing activities was €7.9 million for the year ended 31 December 2014, a decrease of €4.4 million as compared to net cash used in financing activities of €12.3 million for the year ended 31 December 2013, which decreased by €25.2 million from €37.5 million for the year ended 31 December 2012, which was due primarily to a decrease in the repayment of bank loans during the period.

Capital Expenditure

The table below sets forth the Group's capital expenditure during the period under review:

	For the year ended 31 December			For the six months ended 30 June	
	2012	2013	2014	2014	2015
		(€ thousands)			
		(audited)		(unaudited)	(audited)
Computer equipment.....	137	501	504	434	945
Software.....	68	23	163	105	35
Telephone	64	—	—	—	—
IT related capex	269	524	667	538	980
Fixtures and fittings	70	23	27	8	423
Leasehold improvements	16	—	—	—	248
Facilities capex.....	86	23	27	8	671
Domain names.....	14	23	0	—	—
Development costs.....	—	—	1,414	647	2,082
Total capex	369	571	2,108	1,193	3,734

The most significant element of the Group's capital expenditure during the period under review has been the capitalisation of certain development costs, in particular labour costs associated with the development of mobile and tablet apps, responsive web design and the integration of Hostelbookers onto the Hostelworld technology platform, for the year ended 31 December 2014 and the six months ended 30 June 2015. The Group's IT related capital expenditure includes investments in its technology infrastructure, such as servers, storage devices, phone system and computers. Facilities capital expenditure include investments in fixtures and fittings and leasehold improvements in the Group's Dublin and London offices.

Net Working Capital

The table below sets forth the Group's net working capital during the period under review:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	(€ thousands) (audited)			(audited)
Current assets				
Trade receivables	1,200	947	880	1,651
Prepayments and accrued income	318	657	560	1,250
VAT	317	—	283	1,802
Amount due from related parties	101	548	603	1,086
	1,936	2,152	2,326	5,789
Current liabilities				
Accruals and other payables	(4,486)	(4,715)	(6,021)	(7,947)
Trade payables	(1,407)	(2,211)	(4,650)	(4,648)
Value added tax	—	(40)	(406)	(436)
Payroll taxes	(283)	(566)	(582)	(571)
Amount due to related parties	(205)	(126)	(285)	(285)
	(6,381)	(7,658)	(11,944)	(13,887)
Net working capital	(4,445)	(5,506)	(9,618)	(8,098)

The Group has operated with a negative net working capital over the period under review, because of the differences in timing between the receipt of payment processing debtors (three to five days) and payments to trade creditors (generally 30 days).

Between 31 December 2014 and 30 June 2015 net working capital has improved due to growth in revenue which in turn has increased debtors, partially offset by creditors arising from the increased marketing expenses associated with the launch of the Hostelworld mass media advertising campaign in the United Kingdom. The decrease in working capital between 31 December 2013 and 31 December 2014 is also attributable to increased marketing spend year on year. The decrease in net working capital as at 31 December 2013 compared to the same period in 2012 was due primarily to an increase in prepayments and creditors associated with the acquisition of Hostelbookers in 2013.

External Financing Arrangements

Hostelworld.com Ltd entered into a committed revolving credit facility on 21 October 2015 pursuant to which a €2,500,000.00 revolving credit facility will be made available in order to meet the general corporate and working capital requirements of the Group. For additional information on the revolving credit facility, see paragraph 11 of Part 13 “*Additional Information*”.

Off-Balance Sheet Arrangements

The Group does not have any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

For a description of the Group's critical accounting judgements and key sources of estimation uncertainty, see note 3 of Part 11 “*Financial Information*” of this Prospectus.

Qualitative and Quantitative Disclosure about Market Risk

The Group's activities expose it to a number of financial and market risks, which are set forth in detail in note 26 of Part 11 “*Financial Information*” of this Prospectus.

Dividend policy

The Directors intend to adopt a dividend policy which reflects the strong cash flow generation and long-term earnings potential of the Group, targeting an annual dividend of approximately 70 per

cent. to 80 per cent. of the Company's adjusted profit after tax, subject to the discretion of the Board and the Company having sufficient distributable reserves. The Directors intend that the Company pay an interim dividend and a final dividend to be announced at the time of the interim and preliminary results, in the approximate proportions of one-thirds and two-thirds, respectively.

Subject to sufficient distributable reserves being available, the Directors intend to declare a dividend in respect of the period ended 31 December 2015, payable before 30 June 2016. The first dividend payment will reflect the Group's dividend policy, and will be pro-rated for the period of the financial year that it is admitted to listing.

Because the Company is tax resident in Ireland, dividend payments are subject to dividend withholding tax in Ireland at the standard rate of Irish income tax. Certain categories of Shareholders not resident in Ireland are entitled to an exemption from the withholding tax if, prior to payment of the dividend, the Company has received all relevant documentation required for the exemption to apply. Shareholders resident in Ireland are generally not entitled to an exemption from the withholding tax. For further details on, including administrative matters associated with, Irish withholding tax, see paragraph 13 of Part 13 "*Additional Information – Irish Taxation*".

The Group may revise its dividend policy from time to time.

PART 10

CAPITALISATION AND INDEBTEDNESS

Capitalisation and indebtedness

The following tables set out the capitalisation of the Group as at 30 June 2015 and the indebtedness of the Group as at 31 August 2015. The following tables do not reflect the impact of the share capital reorganisation on the Group's capitalisation and indebtedness. Please refer to Part 11 "*Section B Unaudited Pro Forma Financial Information*" of this Prospectus for an analysis of the impact of the Offer and the reorganisation on the consolidated net assets of the Group.

Capitalisation and Indebtedness Statement

	As at 30 June 2015
	(€ thousands)
Capitalisation⁽¹⁾	
Shareholders' Equity ⁽²⁾	30
Share Premium Account	13,521
Other Reserves	751
Total Capitalisation	14,302
	(€ thousands)
Indebtedness⁽³⁾	
Guaranteed	—
Secured	—
Unguaranteed / Unsecured ⁽⁴⁾	24,542
Total Current Debt	24,542
Guaranteed	
Secured	
Unguaranteed / unsecured ⁽⁴⁾	306,152
Total Non Current Debt	306,152
Total Debt	330,694

(1) This statement of capitalisation has been extracted without material adjustment from the Group's historical financial information, set out in Part 11 "*Financial Information*" of this Prospectus. The statement of indebtedness as at 31 August 2015 has been extracted without material adjustment from the Group's unaudited management accounts.

(2) The Group's shareholders' equity includes ordinary shares and share premium but does not include retained losses.

(3) This statement of indebtedness has been prepared under IFRS as adopted by the European Union using policies which are consistent with those used in preparing the Group's consolidated financial information set out in Part 11 "*Financial Information*" of this Prospectus.

(4) The Group's unguaranteed/unsecured debt includes preferred equity certificates. The current debt is interest accrued on the preferred equity certificates.

Net Financial Indebtedness⁽¹⁾⁽²⁾

	As at 31 August 2015
	<i>(€ thousands)</i>
Cash	15,721
Restricted cash ⁽³⁾	(2,225)
Trading Securities	—
Liquidity	13,496
Current bank debt	—
Current portion of non-current debt	—
Other current financial debt	24,542
Current financial debt	24,542
Net current financial indebtedness	11,046
Non-Current bank loans	—
Other Non- Current loans ⁽⁴⁾	306,152
Non-current financial indebtedness	306,152
Net financial indebtedness	317,198

(1) This statement of net financial indebtedness has been prepared under IFRS as adopted by the European Union using policies which are consistent with those used in preparing the Group's historical financial information set out in Part 11 "*Financial Information*" of this Prospectus.

(2) The Group has no indirect or contingent indebtedness as at 31 August 2015.

(3) The Group has restricted cash balances of €2.2 million relating to cash on deposit with AIB Bank plc relating to a guarantee for lease of the office space in Ireland.

(4) The Group's non-current debt consists of amounts owing under preferred equity certificates. The current portion of other debt relates to interest accrued on the preferred equity certificates.

Capitalisation and Indebtedness of the Company

The Company was incorporated on 9 October 2015 and, at that date, the sole balance in its books was €0.02 of ordinary share capital. On 14 October 2015, the Company allotted and issued 50,000 redeemable preference shares of £1.00 each. As a result, the Company's capitalisation as at 14 October 2015 was €67,750.02.

PART 11

FINANCIAL INFORMATION

SECTION A – CONSOLIDATED FINANCIAL INFORMATION

ACCOUNTANT'S REPORT



Deloitte
Chartered Accountants &
Statutory Audit Firm

The Board of Directors
On behalf of Hostelworld Group plc
High Holborn House
52-54 High Holborn
London, WC1V 6RL
United Kingdom

Numis Securities Ltd
The London Stock Exchange Building
10 Paternoster Square
London, EC4M 7LT
United Kingdom

J&E Davy
Davy House
49 Dawson Street
Dublin 2
Ireland

Dear Sirs

H&F Wings Lux 2 s.a.r.l. (“Company” and, with its subsidiaries, the “Group”)

We report on the financial information set out in pages 91 to 122 of the prospectus dated 28 October 2015 of Hostelworld Group plc a new holding company of H&F Wings Lux 2 s.a.r.l. (the “Prospectus”). This financial information has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out on pages 96 to 102. This report is required by Annex I item 20.1 of the Commission Regulation (EC) No 809/2004 (the “Prospectus Directive Regulation”) and is given for the purpose of complying with that requirement and for no other purpose.

We have not audited or reviewed the financial information for the six months ended 30 June 2014 which has been included for comparative purposes only, and accordingly do not express an opinion thereon.

Responsibilities

The Directors of Hostelworld Group plc are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Prospectus, and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Group as at the dates stated and of its losses, cash flows, other comprehensive income and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f), we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I item 1.2 of the Prospectus Directive Regulation.

Yours faithfully



Deloitte

CONSOLIDATED FINANCIAL INFORMATION

H&F WINGS LUX 2 S.à r.l.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

<i>(in €'000 euros)</i>	Notes	6 months ended 30 June		Year ended 31 December		
		2015	2014	2014	2013	2012
		(unaudited)				
Net revenue	5	43,915	40,654	79,265	57,180	52,045
Administrative expenses	7	(34,158)	(27,503)	(57,677)	(43,921)	(29,464)
Depreciation and amortisation expenses	8	(6,084)	(6,674)	(13,443)	(14,052)	(13,447)
Impairment losses	14,15	—	—	(50,692)	—	—
Operating profit/(loss)		3,673	6,477	(42,547)	(793)	9,134
Financial income		—	—	17	3	21
Financial expenses	9	(18,322)	(17,179)	(34,479)	(28,823)	(25,328)
Loss before tax		(14,649)	(10,702)	(77,009)	(29,613)	(16,173)
Income tax (charge)/benefit	10	(133)	(122)	4,826	205	34
Loss for the period		(14,782)	(10,824)	(72,183)	(29,408)	(16,139)
Basic and diluted earnings per share (euro)	11	(4.93)	(3.60)	(24.04)	(12.30)	(8.07)

H&F WINGS LUX 2 S.à r.l.
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
(in €'000 euros)

	6 months ended 30 June		Year ended 31 December		
	2015	2014	2014	2013	2012
		(unaudited)			
Loss for the period:.....	(14,782)	(10,824)	(72,183)	(29,408)	(16,139)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	389	164	282	80	—
Total Comprehensive Loss for the period	(14,393)	(10,660)	(71,901)	(29,328)	(16,139)
Total comprehensive loss for the year is attributable to equity stockholders of the parent company					

H&F WINGS LUX 2 S.à r.l.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in €'000 euros)	Notes	As at	As at 31 December			
		30 June				
		2015	2014	2013	2012	
ASSETS						
Goodwill.....	13	17,848	17,848	47,274	17,848	
Other Intangible assets.....	14	144,548	148,160	180,796	155,394	
Property, plant and equipment	16	2,615	1,419	1,356	1,037	
Deferred tax assets	17	617	693	289	41	
Total non-current assets.....		165,628	168,120	229,715	174,320	
Trade and other receivables.....	18	5,789	2,326	2,152	1,936	
Corporation tax		778	728	534	9	
Cash and cash equivalents	19	10,985	19,942	4,823	2,523	
Total current assets.....		17,552	22,996	7,509	4,468	
Total assets.....		183,180	191,116	237,224	178,788	
EQUITY						
Issued capital.....	20	30	30	30	20	
Share premium account		13,521	13,521	13,521	7,442	
Foreign currency translation reserve.....		751	362	80	—	
Accumulated losses		(172,883)	(158,101)	(85,918)	(56,510)	
Total equity attributable to equity holders of the parent		(158,581)	(144,188)	(72,287)	(49,048)	
LIABILITIES						
Borrowings	21	306,152	285,638	258,714	193,194	
Deferred tax liabilities.....	17	2,915	2,964	7,683	—	
Total non-current liabilities.....		309,067	288,602	266,397	193,194	
Borrowings	21	18,302	34,278	34,756	28,250	
Trade and other payables	23	14,288	12,345	8,059	6,381	
Corporation tax		104	79	299	11	
Total current liabilities.....		32,694	46,702	43,114	34,642	
Total liabilities.....		341,761	335,304	309,511	227,836	
Total equity and liabilities		183,180	191,116	237,224	178,788	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(in €'000 euros)</i>	Share Capital	Other Reserves	Accumulated Losses	Foreign Currency Translation	Total
Balance at 1 January 2012....	20	7,442	(40,371)	—	(32,909)
Total comprehensive loss for the year	—	—	(16,139)	—	(16,139)
Balance at 31 December 2012	20	7,442	(56,510)	—	(49,048)
Total comprehensive loss for the year	—	—	(29,408)	—	(29,408)
Additional Allotment of Share Capital	10	—	—	—	10
Other comprehensive income	—	—	—	80	80
Share premium contribution	—	6,079	—	—	6,079
Balance at 31 December 2013	30	13,521	(85,918)	80	(72,287)
Total comprehensive loss for the year	—	—	(72,183)	—	(72,183)
Other comprehensive income	—	—	—	282	282
Balance at 31 December 2014	30	13,521	(158,101)	362	(144,188)
Total comprehensive loss for the year	—	—	(14,782)	—	(14,782)
Other comprehensive income	—	—	—	389	389
Balance at 30 June 2015	30	13,521	(172,883)	751	(158,581)

H&F WINGS LUX 2 S.à r.l.
CONSOLIDATED STATEMENT OF CASH FLOWS
(in €'000 euros)

	Notes	6 months ended 30 June		Year ended 31 December		
		2015	2014	2014	2013	2012
		(unaudited)				
Cash flows from operating activities						
Loss before tax.....		(14,649)	(10,702)	(77,009)	(29,613)	(16,173)
Depreciation of property, plant and equipment.....	8	382	332	659	534	435
Amortisation of Intangible Assets.....	8	5,702	6,342	12,784	13,518	13,012
Impairment of Intangible Assets...	15	—	—	50,692	—	—
Loss on disposal of property, plant and equipment.....		130	—	—	—	—
Financial income.....		—	—	(17)	(3)	(21)
Financial expense.....	9	18,322	17,179	34,479	28,823	25,328
Changes in working capital items:						
Increase/(decrease) in trade and other payables.....		1,943	2,107	4,286	(1,688)	1,178
(Increase)/decrease in trade and other receivables.....		(3,463)	(1,644)	(174)	253	(123)
<i>Cash generated from operations.....</i>		<i>8,367</i>	<i>13,614</i>	<i>25,700</i>	<i>11,824</i>	<i>23,636</i>
Interest paid.....		—	(182)	(203)	(753)	(2,428)
Interest received.....		—	—	16	3	21
Income tax received/(paid).....		(131)	(153)	(711)	(110)	(265)
Net cash from operating activities..		8,236	13,279	24,802	10,964	20,964
Cash flows from investing activities						
Acquisition/capitalisation of intangible assets.....	14	(2,082)	(647)	(1,414)	(23)	(14)
Purchases of property, plant and equipment.....	16	(1,651)	(546)	(694)	(547)	(355)
Acquisition of subsidiary, net of cash acquired.....		—	—	—	4,090	—
Net cash (used in)/from investing activities.....		(3,733)	(1,193)	(2,108)	3,520	(369)
Cash flows from financing activities						
Repayment of intercompany loans		(13,784)	—	—	—	—
Proceeds on issue of shares.....		—	—	—	—	158
Repayments of bank loans.....		—	(7,874)	(7,874)	(12,256)	(37,647)
Net cash used in financing activities		(13,784)	(7,874)	(7,874)	(12,256)	(37,489)
Net increase/(decrease) in cash and cash equivalents.....		(9,281)	4,212	14,820	2,228	(16,894)
Cash and cash equivalents at the beginning of the year.....		19,942	4,823	4,823	2,523	19,417
Effect of exchange rate changes on cash and cash equivalents.....		324	178	299	72	—
Cash and cash equivalents at the end of the year.....		10,985	9,213	19,942	4,823	2,523

1. GENERAL INFORMATION AND BASIS OF PREPARATION

H&F Wings Lux 2 S.à r.l. (hereinafter “the Company”) is a Luxembourg holding company incorporated on 19 November 2009 as a société à responsabilité limitée for an unlimited period of time, subject to general company law. The registered office of the company is 5, Rue Guillaume Kroll L – 1882, Luxembourg.

The Company and its subsidiaries (together the “Group”) are engaged in the provision of software and data processing services which facilitates hostel, B&B, hotel and other accommodation bookings worldwide.

Basis of Preparation

The consolidated historical financial information of the Company for the period ended 30 June 2015 include the Company and its directly and indirectly owned subsidiaries (together referred to as the “Group”). The consolidated Historical Financial Information (“HFI”) has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and therefore the consolidated HFI has been prepared in accordance with the requirements of the Prospectus Directive regulation and the UK Listing Rules. This historical financial information does not constitute statutory financial statements.

The consolidated HFI has been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

The consolidated HFI is presented in Euros (€) because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 2. All amounts in the notes are shown in € unless otherwise stated.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated HFI are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated HFI are disclosed in Note 3.

Adoption of new and revised standards

At the date of authorisation of the consolidated HFI, the following standards and Interpretations which have not been applied in the consolidated HFI were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

Amendments to IFRS 10, IFRS 12 and IAS 28 (Dec 2015)	Investment Entities: Applying the Consolidation Exception
Amendments to IAS 1 (Dec 2015)	Disclosure Initiative
Annual Improvements to IFRSs: 2012-2014 Cycle (Sept 2014).....	Annual Improvements to IFRSs: 2012-2014 Cycle
Amendments to IFRS 10 and IAS 28 (Sept 2014)	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture
Amendments to IAS 27 (Aug 2014).....	Equity Method in Separate Financial Statements
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contract with Customers
Amendments to IAS 16 and IAS 38 (May 2014).	Clarification of Acceptable Methods of Depreciation and Amortisation

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the consolidated HFI in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments and IFRS 15 may have an impact on related disclosures but no material income statement impact is expected. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 and IFRS 15 until a detailed review has been completed.

New standards, amendments and interpretations issued, but not yet effective

Standards issued but not yet effective by the date of issuance of the Group's HFI are listed below. This listing is comprised of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards, if applicable, when they become effective.

IAS 1 (amendment)	<i>Disclosure initiative</i>	<i>January 1, 2016</i>
IAS 16 (amendment)	<i>Property, Plant and Equipment</i>	<i>January 1, 2016</i>
IAS 38 (amendment)	<i>Intangible Assets</i>	<i>January 1, 2016</i>
IAS 41 (amendment)	<i>Agriculture</i>	<i>January 1, 2016</i>
IFRS 9 (amendment)	<i>Financial Instruments</i>	<i>January 1, 2018</i>
IFRS 14.....	<i>Regulatory Deferral Accounts</i>	<i>January 1, 2016</i>
IFRS 15.....	<i>Revenue from Contracts with Customers</i>	<i>January 1, 2017</i>
IFRS 10, IFRS 11, IFRS 12, IAS 27, IAS 28 (various amendments)		<i>July 1, 2016</i>
Annual improvements 2012 – 2014 cycle		<i>July 1, 2016</i>

Management anticipates that those Standards and Interpretations which are relevant to the Company's business will be adopted in the Company's financial statements for the respective periods. The adoption of these Standards and Interpretations is not expected to have a material impact on the financial statements of future periods.

Basis of consolidation

The consolidated HFI incorporates the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company:

- has the power over the investee
- Is exposed, or has rights, to variable return from its investment with the investee; and
- has the ability to use its power to affect its returns

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Revenue recognition

The Group generates substantially all of its revenues from the technology and data processing fees and service fees that it charges to accommodation providers and the transaction service fees it charges to consumers. The Group also generates revenues from technology and data processing fees that it charges to providers of other travel products and associated transaction service fees, from cancellation protection fees, payment protection fees and from advertising services.

Revenue is recognised when earned at the time the reservation is made in respect of reservations on the non-refundable advance commission deposit model. Revenue for cancellation protection and payment protection is deferred, until such time as the related check-in date has passed or for a six month period from the date of cancellation in the case where credit has been applied. Ancillary advertising revenues are recognised over the period when the service is performed. Revenue is measured at the fair value of the consideration received or receivable.

All revenue is stated net of sales taxes and value added taxes.

Operating leases

Leases where a significant proportion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense and are spread over the life of the lease.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated HFI, the results and financial position of each Group company are expressed in Euros, which is the functional currency of the parent company, and the presentation currency for the consolidated HFI.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing on the reporting date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the consolidated statement of profit or loss and other comprehensive income for the period. For the purpose of presenting consolidated HFI, the assets and liabilities of the Group's operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the appropriate exchange rates for the period where this approximates to the foreign exchange rates ruling at the date of the transactions. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expense in the period in which the operation is disposed.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The Group has elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRSs as euro denominated assets and liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefits costs

Contributions made in respect of employees' pension schemes are charged through the consolidated statement of profit or loss and other comprehensive income in the period they become payable. The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is provided on the following basis:

Leasehold property improvements.....	: 10 years straight line
Computer equipment	: 4-5 years straight line
Fixtures and equipment	: 6-7 years straight line

Leasehold improvements are improvements made to lease buildings by the Group, to which they have the right to use these leasehold improvements over the term of the lease. This improvement will revert to the lessor at the expiration of the lease.

The cost of a leasehold improvement is depreciated over the shorter of

1. the remaining lease term, or
2. the estimated useful life of the improvement

Intangible asset

(a) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of profit or loss and other comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)*(b) Other intangible assets*

Other intangible assets including domain names and computer software are capitalised at their fair value and amortised to the consolidated statement of profit or loss and other comprehensive income on a straight line basis over their estimated useful lives:

– Domain Names	20 years
– Technology assets.....	4 years
– Affiliate contracts.....	5 years
– Capitalised development costs	2-3 years

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Development expenditure in relation to internally-generated intangible assets is capitalised when all of the following have been demonstrated; the technical feasibility of completing the intangible asset so that it will be available for use; the intention to complete the project to which the intangible asset relates and use it; how the intangible asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use the intangible asset; and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially capitalised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged through profit or loss in the period in which it is incurred.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

(a) Financial assets

The Group determines the classification of its financial assets at initial recognition based on IAS 39 categories and classification criteria. All financial assets are recognised initially at fair value. Financial assets held by the Group as at 30 June 2015 have been classified as 'Trade and other receivables'.

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

After initial measurement, loans and receivables are subsequently carried at amortised cost using the effective interest method.

(b) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. If objective evidence of impairment is identified, the amount of the impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the assets effective interest rate. Impairment of financial assets is reported in the consolidated statement of profit or loss and other comprehensive income under other operating expenses.

(c) Financial liabilities

The Group determines the classification of its financial liabilities at initial recognition. The Group's financial liabilities are classified as borrowings, trade and other payables.

Financial liabilities are initially recognised at fair value (including transaction costs) and subsequently measured at amortised cost using the effective interest method, with the periodic amortisation recorded in profit or loss. The Company has issued certain Preferred Equity Certificates, the substance of which indicates they are a debt instrument and as such they are recorded as a financial liability

(d) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered relevant. Actual results may differ from these estimates.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(a) *The critical judgements that have been made that have the most significant effect on the amounts recognised in the consolidated HFI are set out below:*

Useful lives for amortisation purposes of intangible assets

Other intangible assets are disclosed in note 14. The amortisation charge is dependent on the estimated useful lives. The Group regularly review estimated useful lives of each type of intangible asset and change them as necessary to reflect its current assessment of remaining lives and the expected pattern of future economic benefit embodied in the asset. Changes in asset lives can have a significant impact on the amortisation charges for that year.

Capitalisation of Development Costs

Development costs are capitalised in accordance with accounting policies in this note. Determining the amount to be capitalised requires management to make assumptions regarding expected future cash generation of the asset and expected period of benefit.

(b) *Key sources of estimation that have been made that have the most significant effect on the amounts recognised in the consolidated HFI are set out below*

Impairment of goodwill and intangible assets

The Group assesses annually whether goodwill has suffered any impairment, in accordance with the relevant accounting policy, and the recoverable amounts of cash-generating units determined based on value-in-use calculations that require the use of estimates. Intangible assets are assessed for possible impairment where indicators of impairment exist.

The carrying amount of goodwill at 30 June 2015 was €17,848k after an impairment loss of € 29,426k was recognised during the year ended 31 December 2014. Details of assumptions used in the impairment test calculation are set out in note 15. The carrying amount of intangibles at 30 June 2015 was €144,549k after an impairment loss of €21,266k was recognised during 2014.

Further details on the assumptions used are set out in Note 15.

Deferred Tax

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

4. GOING CONCERN

After making enquiries, the Directors have, at the time of approving the HFI, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. In making this assessment, they have considered the Group's budget (including cash flow forecast) for the foreseeable future and bank facilities available to the Group. The Group's budget indicates the Group will generate positive cashflow from its operating activities. The Directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and thus continue to adopt the going concern basis of accounting in preparing the consolidated HFI.

5. NET REVENUE & SEGMENTAL ANALYSIS

The Group is managed as a single business unit that provides the provision of software and data processing services which facilitates hostel, hotel and other accommodation worldwide, including ancillary on-line advertising revenue.

5. NET REVENUE & SEGMENTAL ANALYSIS (continued)

The Group determines and presents operating segments based on the information that internally is provided to Feargal Mooney, CEO, who is the Company's Chief Operating Decision Maker (CODM). When making resource allocation decisions the CODM evaluates booking revenue and average booking value, however resource allocation decisions are made based on the Group. The objective in making resource allocation decisions is to maximise consolidated financial results.

The CODM assesses the performance of the business based on the consolidated adjusted profit/(loss) after tax of the Group for the year. This measure excludes the effects of certain income and expense items, which are unusual, by virtue of their size and incidence, in the context of the Group's ongoing core operations, such as the impairment of intangible assets and one off items of expenditure.

All segment revenue is derived wholly from external customers and, as the Group has a single reportable segment, inter-segment revenue is zero.

The Group's major revenue-generating asset class comprises its software and data processing services and is directly attributable to its reportable segment operations. In addition, as the Group is managed as a single business unit, all other assets and liabilities have been allocated to the Group's single reportable segment.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss.

Reportable segment information is presented as follows:

<i>(in €'000 euros)</i>	6 months ended 30 June		Year ended 31 December		
	2015	2014	2014	2013	2012
		(unaudited)			
Europe	28,798	27,071	52,128	36,401	33,253
Americas	7,634	7,122	13,969	10,702	9,794
Asia, Africa and Oceania	7,483	6,461	13,168	10,077	8,998
Total net revenue.....	43,915	40,654	79,265	57,180	52,045

No third party revenue arose in Luxembourg. The Group's non current assets are located in Ireland, Luxembourg and the UK.

6. STAFF COSTS

The average number of people employed (including executive directors) during the period was as follows:

<i>(in €'000 euros)</i>	6 months ended 30 June		Year ended 31 December		
	2015	2014	2014	2013	2012
		(unaudited)			
Average number of persons employed					
Administration and sales	150	155	169	180	94
Website and software developers	103	102	92	75	35
Total number.....	253	257	261	255	129

The number of people employed at 30 June 2015 was 262 (2014: 275).

6. STAFF COSTS (continued)

The aggregate remuneration costs of these employees can be analysed as follows:-

(in €'000 euros)

	6 months ended 30 June		Year ended 31 December		
	2015	2014	2014	2013	2012
	(unaudited)				
Staff costs comprise:					
Wages and salaries.....	7,960	6,645	14,499	9,625	7,573
Social security costs.....	829	767	1,559	1,136	909
Pensions costs.....	119	86	195	133	121
Other benefits	119	132	186	200	139
Total staff costs.....	9,027	7,630	16,439	11,094	8,742
Capitalised Development Costs	(2,082)	(647)	(1,414)	—	—
Redundancy	211	84	1,263	721	196
Charged to the Statement of Profit and Loss.....	7,156	7,067	16,288	11,815	8,938

7. ADMINISTRATIVE EXPENSES

The following is a breakdown of administrative expenses by nature of expense:

(in €'000 euros)

	Notes	6 months ended 30 June		Year ended 31 December		
		2015	2014	2014	2013	2012
		(unaudited)				
Staff costs	6	7,156	7,067	16,288	11,815	8,938
Marketing Selling Expenses..		16,134	13,929	25,836	17,597	12,545
Marketing Expense.....		5,828	1,934	3,020	1,706	1,736
Other Selling Expense		1,037	947	1,844	1,343	1,128
Website Maintenance		800	708	1,402	854	667
Holding Company Administration Costs		84	95	274	187	104
Establishment Costs		1,640	731	1,419	981	731
Merger & Acquisition Costs		(727)	(5)	3,879	6,652	416
Other administrative costs....		2,206	2,097	3,715	2,786	3,199
Total administrative expenses		34,158	27,503	57,677	43,921	29,464

Included in establishment expenses is an amount of €723k, (2014: (€9k), 6 months ended 30 June 2014: €16k) relating to costs in relation to the move for both the London and Dublin offices. The cash cost of the move during the period was €670k

Merger and acquisition costs relate to costs associated with the Hostelbookers acquisition in 2013 and other M&A related costs in 2014. In 2015, the Group reversed certain accruals relating to such costs recorded in 2014. The cash cost of merger and acquisition costs were €2,394k (2014:€1,215k, 2013:€5,618k and 2012: €44k)

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8. DEPRECIATION & AMORTISATION EXPENSES

The following is a breakdown of depreciation & amortisation:

<i>(in €'000 euros)</i>	Notes	6 months ended 30 June		Year ended 31 December		
		2015	2014	2014	2013	2012
		(unaudited)				
Amortisation of Intangible Assets.....	14	5,702	6,342	12,784	13,518	13,012
Depreciation	16	382	332	659	534	435
Total depreciation & amortisation		6,084	6,674	13,443	14,052	13,447

9. FINANCIAL EXPENSES

<i>(in €'000 euros)</i>	Notes	6 months ended 30 June		Year ended 31 December		
		2015	2014	2014	2013	2012
		(unaudited)				
Interest expense – H PECs...	21,26	14,542	13,496	27,216	24,300	21,697
Interest expense – A & B PECs.....	21,26	3,763	3,501	7,060	2,624	—
Interest expense – Bank borrowings.....	21,26	—	112	100	788	1,928
Interest expense – Swap		—	—	—	—	271
Bank charges		17	70	103	1,306	1,308
Other interest expense		—	—	—	(195)	270
Swap break cost		—	—	—	—	160
Fair value adjustment on derivative financial instruments	22	—	—	—	—	(306)
Total		18,322	17,179	34,479	28,823	25,328

10. INCOME TAX BENEFIT

<i>(in €'000 euros)</i>	Notes	6 months ended 30 June		Year ended 31 December		
		2015	2014	2014	2013	2012
		(unaudited)				
Current tax		114	366	269	277	(311)
Deferred tax.....	17	19	(244)	(5,126)	(441)	83
Overprovision in prior year..		—	—	31	(41)	194
Total		133	122	(4,826)	(205)	(34)
Factors affecting tax charge for the year						
Loss before tax		(14,649)	(10,702)	(77,009)	(29,613)	(16,173)
Theoretical income tax at 29.22% (2012: 28.80%).....		(4,280)	(3,127)	(22,502)	(8,653)	(4,658)
Effects of :						
Expenses not deductible		1,145	1,147	16,918	3,245	(1,247)
Capital allowances less than depreciation		(25)	1	9	(5)	8
Income taxed at different rates		(23)	(259)	2,397	573	3,350
Effect of unused tax losses and tax offsets not recognised as deferred tax assets.....		3,323	2,587	3,440	4,730	2,197
Unused tax losses		(44)	—	7	386	39
Other taxes		18	17	—	1	—
Current tax income for the period		114	366	269	277	(311)

The Group has an unrecognised deferred tax asset as at 30 June 2015 of €24,185k (31 December 2014 of €20,862k) which has not been recognised in the consolidated HFI as there is insufficient evidence that the asset will be recovered in the foreseeable future.

11. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the loss attributable to ordinary shareholders by the weighted number of ordinary shares in issue during the period.

<i>(in €'000 euros)</i>	Notes	6 months ended 30 June		Year ended 31 December		
		2015	2014	2014	2013	2012
		(unaudited)				
Weighted average number of shares in issue		3,000,214	3,002,924	3,002,924	2,390,179	2,000,000
Loss for the period		(14,782)	(10,824)	(72,183)	(29,408)	(16,139)
Total		(4.93)	(3.60)	(24.04)	(12.30)	(8.07)

The earnings per share calculations have been performed on H&F Wings Lux 2 existing ordinary shares in issue.

12. ACQUISITION OF SUBSIDIARY

The Group completed the acquisition of 100% of the equity interests in Hostelworld Services Limited (previously Hostelbookers.com Limited (Hostelbookers)), on 12 August 2013, for €62,698k as it was complementary to the Group's existing business.

Goodwill arose on the acquisition of Hostelbookers business primarily as a result of expected synergies between it and the Group's existing business. These benefits are not recognised separately from goodwill as they did not meet the recognition criteria for a separate identifiable asset.

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

The following table summarises the consideration paid for the HostelBookers business, the fair value of assets acquired and liabilities assumed at the acquisition date:

	<i>(in €'000 euros)</i>
Consideration satisfied by:	
Issue of Ordinary Shares.....	6,083
Issue of PECS	56,213
Deferred consideration.....	402
	62,698
Recognised amounts of identifiable assets acquired and liabilities assumed	
Domain Names	36,569
Technology Assets.....	2,328
Property, Plant and Equipment	290
Trade and Other Receivables.....	472
Cash and Cash Equivalents	4,090
Corporation Tax Receivable.....	364
Trade and Other Payables	(2,966)
Deferred Tax	(7,875)
Total Identifiable net assets	33,272
Goodwill	29,426
Total	62,698

The Group also incurred exceptional Merger and Acquisition costs as a result of the acquisition of Hostelbookers.com Limited as outlined in Note 7.

Hostelbookers contributed €7,559k of revenue and €412k to the Group's profit for the period from date of acquisition and 31 December 2013.

If the acquisition had been completed on the first day of 2013, Group revenue for the period would have been €68,760k and Group loss would have been €26,871k.

13. GOODWILL*(in €'000 euros)*

	Goodwill
Balance at 1 January 2012.....	17,848
Balance at 31 December 2012	17,848
Balance at 1 January 2013.....	17,848
Additions (note 12).....	29,426
Balance at 31 December 2013	47,274
Balance at 1 January 2014.....	47,274
Balance at 31 December 2014	47,274
Balance at 1 January 2015.....	47,274
Balance at 30 June 2015	47,274
Accumulated impairment	
Balance at 1 January 2012.....	—
Balance at 31 December 2012	—
Balance at 1 January 2013.....	—
Balance at 31 December 2013	—
Balance at 1 January 2014.....	—
Impairment (note 15).....	(29,426)
Balance at 31 December 2014	(29,426)
Balance at 1 January 2015.....	(29,426)
Balance at 30 June 2015	(29,426)
Net book value	
At 31 December 2012	17,848
At 31 December 2013	47,274
At 31 December 2014	17,848
At 30 June 2015	17,848

14. OTHER INTANGIBLE ASSETS

The table below shows the movements in other intangible assets for the year:

<i>(in €'000 euros)</i>	Domain Names	Technology	Affiliates Contracts	Capitalised Development Costs	Total
Cost					
Balance at 1 January 2012	178,034	10,997	5,500	—	194,531
Additions	14	—	—	—	14
Balance at 31 December 2012	178,048	10,997	5,500	—	194,545
Balance at 1 January 2013	178,048	10,997	5,500	—	194,545
Additions	23	—	—	—	23
Acquisitions	36,569	2,328	—	—	38,897
Balance at 31 December 2013	214,640	13,325	5,500	—	233,465
Balance at 1 January 2014	214,640	13,325	5,500	—	233,465
Additions	—	—	—	1,414	1,414
Balance at 31 December 2014	214,640	13,325	5,500	1,414	234,879
Balance at 1 January 2015	214,640	13,325	5,500	1,414	234,879
Additions	—	—	—	2,082	2,082
Effect of foreign currency exchange differences	—	—	—	11	11
Balance at 30 June 2015	214,640	13,325	5,500	3,507	236,972
Accumulated amortisation and impairment					
Balance at 1 January 2012	(18,242)	(5,605)	(2,292)	—	(26,139)
Charge for year	(9,162)	(2,750)	(1,100)	—	(13,012)
Balance at 31 December 2012	(27,404)	(8,355)	(3,392)	—	(39,151)
Balance at 1 January 2013	(27,404)	(8,355)	(3,392)	—	(39,151)
Charge for year	(9,624)	(2,794)	(1,100)	—	(13,518)
Balance at 31 December 2013	(37,028)	(11,149)	(4,492)	—	(52,669)
Balance at 1 January 2014	(37,028)	(11,149)	(4,492)	—	(52,669)
Charge for year	(10,777)	(583)	(1,008)	(416)	(12,784)
Impairment	(20,340)	(926)	—	—	(21,266)
Balance at 31 December 2014	(68,145)	(12,658)	(5,500)	(416)	(86,719)
Balance at 1 January 2015	(68,145)	(12,658)	(5,500)	(416)	(86,719)
Charge for period	(4,843)	(118)	—	(741)	(5,702)
Effect of foreign currency exchange differences	—	—	—	(3)	(3)
Balance at 30 June 2015	(72,988)	(12,776)	(5,500)	(1,160)	(92,424)
Net book value					
At 31 December 2012	150,644	2,642	2,108	—	155,394
At 31 December 2013	177,612	2,176	1,008	—	180,796
At 31 December 2014	146,495	667	—	998	148,160
At 30 June 2015	141,652	549	—	2,347	144,548

14. OTHER INTANGIBLE ASSETS (continued)

At 31 December 2014 the Group assessed the recoverable amount of intangible assets and determined that they have to be impaired for an amount of € 21,266k for the same reasons for which the goodwill was impaired.

The remaining amortisation period of the intangible assets are as follows:

Domain Names: 14 years and 6 months left for Hostelworld and 18 years and 2 months left for Hostelbookers;

Technology: 2 years and 2 months left for Hostelbookers;

Capitalised Development Costs are amortised over a 2 year period from date of recognition.

Affiliates Contracts: Fully amortised.

15. IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS

Before recognition of impairment losses, the carrying amount of goodwill was allocated to cash-generating units as follows:

<i>(in €'000 euros)</i>	As at 30 June 2015	As at 31 December		
		2014	2013	2012
Hostelbookers	29,426	29,426	29,426	—
Hostelworld	17,848	17,848	17,848	17,848
Total.....	47,274	47,274	47,274	17,848

Impairment of goodwill and intangible assets is tested annually or more frequently if there are indications that it may be impaired.

Goodwill is considered impaired if the carrying value of the cash generating unit (CGU) to which it relates is greater than the recoverable amount which is the higher of fair value less costs of disposal and the value in use.

For the year-ended 31 December 2014, the Group assessed the recoverable amount of the goodwill based on internal value in use calculations. The key assumptions used for these calculations are discount rates, growth rates and expected changes in future market conditions.

The Group prepared cash flow forecasts approved by management for five years. Cash flow projections are extrapolated for twenty years to assess the discounted future cash flows. The key assumptions used in the assessment were as follows:

	Hostelworld	Hostelbookers
5 year growth rate average.....	13.4%	(5.0%)
Risk Adjusted Pre-tax Discount Rate.....	11.0%	15.0%

Given the nature of the asset, no terminal value has been assigned due to the uncertainty over technological advancement beyond a period of 20 years.

The discount rate is based on the Group estimated weighted average cost of capital adjusted for business specific risk of the CGU.

Further to the impairment test of Intangibles Assets an impairment charge of €29,426k was recognised for Technology and IP totalling in the year ended 31 December 2014.

At the end of the reporting year 2014, the Group assessed the recoverable amount of goodwill and determined that goodwill on Hostelbookers was fully impaired.

15. IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS (continued)

The cash-flow projections approved by management take into account key assumptions including historical trading performance, anticipated changes in future market conditions, industry and economic factors and business strategies.

In 2014, following a review of trading performance, the Group reassessed estimated future cashflows, which lead to the recognition of an impairment of the goodwill recognised at Hostelbookers level for an amount of €29,426k.

16. PROPERTY, PLANT AND EQUIPMENT

The table below shows the movements in property, plant and equipment for the year:

<i>(in €'000 euros)</i>	Leasehold Property Improvements	Fixtures & Equipment	Computer Equipment	Total
Cost				
Balance at 1 January 2012	522	300	1,994	2,816
Additions	16	70	269	355
Disposals	—	—	(75)	(75)
Balance at 31 December 2012.....	538	370	2,188	3,096
Balance at 1 January 2013	538	370	2,188	3,096
Additions	—	23	524	547
Acquisitions through business combination	—	58	232	290
Disposals	—	—	(11)	(11)
Effect of foreign currency exchange differences	—	9	27	36
Balance at 31 December 2013.....	538	460	2,960	3,958
Balance at 1 January 2014	538	460	2,960	3,958
Additions	—	27	667	694
Disposals	—	—	(4)	(4)
Effect of foreign currency exchange differences	—	58	58	116
Balance at 31 December 2014.....	538	545	3,681	4,764
Balance at 1 January 2015	538	545	3,681	4,764
Additions	248	423	980	1,651
Disposals	—	(320)	(814)	(1,134)
Effect of foreign currency exchange differences	—	41	95	136
Balance at 30 June 2015.....	786	689	3,942	5,417

16. PROPERTY, PLANT AND EQUIPMENT (continued)

<i>(in €'000 euros)</i>	Leasehold Property Improvements	Fixtures & Equipment	Computer Equipment	Total
Accumulated depreciation				
Balance at 1 January 2012	(296)	(224)	(1,178)	(1,698)
Charge for year	(55)	(36)	(344)	(435)
Disposals	—	—	74	74
Balance at 31 December 2012.....	(351)	(260)	(1,448)	(2,059)
Balance at 1 January 2013	(351)	(260)	(1,448)	(2,059)
Charge for year	(56)	(45)	(433)	(534)
Disposals	—	—	11	11
Effect of foreign currency exchange differences.....	—	(6)	(14)	(20)
Balance at 31 December 2013.....	(407)	(311)	(1,884)	(2,602)
Balance at 1 January 2014	(407)	(311)	(1,884)	(2,602)
Charge for year	(55)	(64)	(540)	(659)
Disposals	—	—	4	4
Effect of foreign currency exchange differences.....	—	(57)	(31)	(88)
Balance at 31 December 2014.....	(462)	(432)	(2,451)	(3,345)
Balance at 1 January 2015	(462)	(432)	(2,451)	(3,345)
Charge for period.....	(27)	(27)	(328)	(382)
Disposals	—	286	721	1,007
Effect of foreign currency exchange differences.....	—	(22)	(60)	(82)
Balance at 30 June 2015.....	(489)	(195)	(2,118)	(2,802)
Net book value				
At 31 December 2012	187	110	740	1,037
At 31 December 2013	131	149	1,076	1,356
At 31 December 2014	76	113	1,230	1,419
At 30 June 2015	297	494	1,824	2,615

17. DEFERRED TAX ASSETS AND LIABILITIES

<i>(in €'000 euros)</i>	6 months ended 30 June 2015	Year ended 31 December		
		2014	2013	2012
Deferred tax assets				
Balance at the beginning of year	693	289	41	124
Acquisition through business combination ..	—	—	(29)	—
Movement in the period	(76)	404	278	(83)
Effect of foreign currency exchange differences	—	—	(1)	—
Balance at the end of year	617	693	289	41

The deferred tax asset arose primarily on timing differences between depreciation and capital allowances charged on fixed assets and on tax losses which can be utilised in the foreseeable future.

<i>(in €'000 euros)</i>	6 months ended 30 June 2015	Year ended 31 December		
		2014	2013	2012
Deferred tax liabilities				
Balance at the beginning of year	(2,964)	(7,683)	—	—
Movement in the period	57	4,722	163	—
Acquisition through business combination ..	—	—	(7,846)	—
Effect of foreign currency exchange differences	(8)	(3)	—	—
Balance at the end of year	(2,915)	(2,964)	(7,683)	—

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been acted or substantially enacted at the reporting date. In the UK, the Finance Act 2013 determined that the main rate of corporation tax in the UK would reduce from 21% to 20% with effect from 1 April 2015. The decrease to 20% from 1 April has therefore been fully enacted. The Irish standard rate of corporation tax continued to be 12.5% through the period and comparative periods.

18. TRADE AND OTHER RECEIVABLES

<i>(in €'000 euros)</i>	As at 30 June 2015	Year ended 31 December		
		2014	2013	2012
Amounts falling due within one year				
Trade receivables	1,651	880	947	1,200
Prepayments and accrued income	1,250	560	657	318
Value Added Tax	1,802	283	—	317
Amount due from related parties	1,086	603	548	101
	5,789	2,326	2,152	1,936

18. TRADE AND OTHER RECEIVABLES (continued)

The carrying value of trade and other receivables also represents their fair value. Trade receivables are non-interest bearing and trade receivable days are 14 days (2014: 4 days). Given the nature of the business, bad debt provisions are not material.

19. CASH AND CASH EQUIVALENTS

<i>(in €'000 euros)</i>	As at 30 June 2015	Year ended 31 December		
		2014	2013	2012
Cash and Cash Equivalents	10,985	19,942	4,823	2,523
Restricted Cash Balances	(2,225)	—	—	—
Free Cash Flows	8,760	19,942	4,823	2,523

The Company entered into a guarantee with AIB Bank Plc for the lease of the office space in Ireland. The guarantee requires that €2,225k remain on deposit with the Bank, reducing over the duration of the lease up to its first break period in April 2025.

20. ISSUED CAPITAL

	Authorised Number	Allotted and called up Number	Authorised €	Allotted and called up €
At 30 June 2015				
Class A Shares	2,412,943	2,412,943	24,129	24,129
Class X Shares	586,972	586,972	5,870	5,870
Preferred Shares	7,324	7,324	73	73
	3,007,239	3,007,239	30,072	30,072
At 31 December 2014				
Class A Shares	2,415,952	2,415,952	24,159	24,159
Class X Shares	586,972	586,972	5,870	5,870
Preferred Shares	7,324	7,324	73	73
	3,010,248	3,010,248	30,102	30,102
At 31 December 2013				
Class A Shares	2,415,952	2,415,952	24,159	24,159
Class X Shares	586,972	586,972	5,870	5,870
Preferred Shares	7,324	7,324	73	73
	3,010,248	3,010,248	30,102	30,102
At 31 December 2012				
Class A Shares	2,000,000	2,000,000	20,000	20,000
Preferred Shares	7,324	7,324	73	73
	2,007,324	2,007,324	20,073	20,073

20. ISSUED CAPITAL (continued)

All shares have a value of €0.01. All voting rights are the same.

On 19th January 2015, the Group's Board of Management approved the reduction in the issued share capital of the Group by an amount of 3,009 Class A Shares for a nominal value of €0.01 per share.

On 12th August 2013, the Group's Board of Management approved the issue of 415,952 Class A Shares at €0.01 and Class X Shares of 586,972 at a price of €0.01

The dividend rights associated with the shares are as follows:

Class X Shares – Allocated first 0.15% of any dividend declared. All shares in this class carry equal rights to dividends.

Class A and X Shares – Allocated remaining balance of the dividend declared. All shares in these classes carry equal rights to dividends.

21. BORROWINGS

(in €'000 euros)	Notes	As at 30 June	As at 31 December			
		2015	2014	2013	2012	
Non-current						
Senior Facilities Agreement	26	—	—	—	12,389	
A & B PECs	25	62,915	58,837	56,213	—	
H PECs	25	243,237	226,801	202,501	180,805	
		306,152	285,638	258,714	193,194	
Current						
Senior Facilities Agreement	26	—	—	7,830	6,551	
Interest accrued on H PEC shares	25	14,542	27,218	24,301	21,696	
Interest accrued on A & B PEC shares	25	3,760	7,060	2,624	—	
Interest accrued on senior facilities agreement		—	—	1	3	
		18,302	34,278	34,756	28,250	
Total		324,454	319,916	293,470	221,444	

On November 23, 2009, the Company entered into a senior facilities agreement (amended pursuant to a supplemental agreement dated November 25, 2009) *inter alia* the Company (as parent and borrower) and Lloyds TSB Bank PLC and Macquarie Bank Limited (as lenders and arrangers), Lloyds TSB Bank PLC (as facility agent) and Lloyds TSB Bank PLC (as security agent) (the "SFA") for an aggregate amount of €78 million allocated as follows:

- Term Facility A of €37.5 million with first repayment in June 2010 followed by bi-annual repayments each June and December. The final repayment is due on December 31, 2014. Interest is charged at an annual interest rate of LIBOR plus a spread of 4.25% per annum
- Term Facility B of €37.5 million. Repayable in full on December 31, 2014. Interest is charged at an annual interest rate of LIBOR plus a spread of 5.25% per annum
- A revolving credit facility of €3 million. Repayable on the last day of each relevant interest period. Interest on this facility is calculated at LIBOR plus a spread per annum. This facility was not utilized in 2014 or the six months ended 30 June 15.

On September 30, 2013, the outstanding nominal value of the Facility B was repaid in full.

21. BORROWINGS (continued)

On May 30, 2014, the outstanding nominal value of the Facility A was reimbursed in full. As a consequence, all pledges were removed.

Details of the preferred equity certificates (PECs) are outlined in note 25. The PECs are all balances due to related parties.

22. DERIVATIVE FINANCIAL INSTRUMENTS

On January 19, 2010, the Company entered into interest swap agreements (“Hedging Agreement”) as defined in the SFA with Lloyds TSB Bank Plc (“Lloyds”) and Macquarie Bank Limited (“Macquarie”) with effect from January 22, 2010 under which the floating interest rate of respectively, the Facility A and the Facility B are respectively replaced by an annual fixed rate set at 1.865% and 1.87% calculated over a notional amount of €27,500,000 for each of Facility A and Facility B. This notional amount is amortised on a yearly basis in accordance with the amortisation schedule defined in the terms and conditions of the Hedging Agreement.

The Hedging Agreement terminated on December 31, 2012.

The net interest expense for the financial year 2012 amounted to €306k.

The Group no longer holds any derivative financial instruments.

23. TRADE AND OTHER PAYABLES

<i>(in €'000 euros)</i>	Notes	As at 30 June	As at 31 December		
		2015	2014	2013	2012
Amounts falling due within one year					
Trade payables.....		4,648	4,650	2,211	1,407
Amount due to related parties	25	285	285	126	205
Deferred Consideration		401	401	401	—
Value Added Tax.....		436	406	40	—
Accruals and other payables ..		7,947	6,021	4,715	4,486
Payroll taxes		571	582	566	283
		14,288	12,345	8,059	6,381

The average credit period for the Group in respect of trade payables is 42 days (2014: 29 days).

24. COMMITMENTS AND CONTINGENCIES**(i) Capital Commitments**

During the current financial year, a subsidiary of the Group entered into guarantees in favour of AIB Bank plc, whereby it guaranteed €2,250k on cash deposit for security of the lease in Ireland.

(ii) Operating leases

At the reporting date, the Group had commitments under non-cancellable operating leases which fall due as follows:

(in €'000 euros)

	As at 30 June		As at 31 December		
	2015	2014	2014	2013	2012
	(unaudited)				
Operating leases					
Within one year	1,010	1,032	964	512	512
Within two to five years	3,946	2,745	2,232	1,219	1,116
More than five years.....	2,718	—	—	—	—
	<u>7,674</u>	<u>3,777</u>	<u>3,196</u>	<u>1,731</u>	<u>1,628</u>

All operating lease commitments relate to buildings. These relate primarily to two leases of office space in Ireland and the UK. These leases are due to expire in 2035 and 2025 respectively.

(iii) Guarantee on bank loans

The Group had guaranteed bank loans received by the Company. The guarantees had been provided to Lloyds TSB Bank Plc and were secured over certain assets of the Group. They have been released after the repayment of the bank loans in 2013.

(iv) Contingencies

In the normal course of business the Group may be subject to indirect taxes on its services in certain foreign jurisdictions. The Group performs on-going reviews of potential indirect taxes in these jurisdictions. Although the outcome of these reviews and any potential liability is uncertain, no provision has been made in relation to these taxes as the Directors believe that it is not probable that a material liability will arise.

25. RELATED PARTY TRANSACTIONS

The Company is a subsidiary of H&F Wings Lux 1 S.à r.l., a company incorporated in Luxembourg, which controls 75.01% of the Company voting rights.

The smallest and largest group in which the results of the Company are consolidated is that headed by H&F Wings Lux 1 S.à r.l., a company incorporated in Luxembourg. The consolidated financial statements of H&F Wings Lux 1 S.à r.l. are available from its registered office at 5, rue Guillaume Kroll, L-1882 Luxembourg.

The ultimate parent is Hellman & Friedman Capital Partners VI (Cayman) L.P. an exempt limited partnership incorporated under the laws of Cayman Islands with registered office at Walker House, 87 Mary Street, George Town, Grand Cayman, KY1-9002, Cayman Islands.

25. RELATED PARTY TRANSACTIONS (continued)*Subsidiaries*

List of the investments in subsidiaries, including the name, country of incorporation, and proportion of ownership interest:

Company	Country of Registration	Holding	Nature of Business
H&F Wings Lux 3	Luxembourg	100%	Intermediate holding company
H&F Wings Holdco Ltd	Ireland	100%	Intermediate holding company
H&F Wings Bidco Ltd	Ireland	100%	Intermediate holding company
WRI Nominees Ltd	Ireland	100%	Holding of IP
WRI Holdings.....	Ireland	100%	Intermediate holding company
Web Reservations International .	Ireland	100%	Intermediate holding company
Hostelworld.com Ltd	Ireland	100%	Technology
Boo Travel Ltd	Ireland	100%	Dormant
Wings Corporate Services Ltd	Ireland	100%	Management services
Cornetto Bidco Ltd.....	Jersey	100%	Intermediate holding company
Hostelworld Services Limited	UK	100%	Technology
Anytrip.com Ltd	UK	100%	Dormant

All subsidiaries have the same closing date as the Company being 31 December.

Key Management Personnel

The total compensation expense, comprising solely of short-term benefits, in respect of key management personnel (being the Board of Directors and the senior management team comprising; the Chief Executive Officer, the Chief Financial Officer, the Chief Technology Officer, the Chief Marketing Officer, the Group Head of HR and the Group Director of Supply (from 2015)) was as follows:

<i>(in €'000 euros)</i>	6 months ended 30 June		Year ended 31 December		
	2015	2014	2014	2013	2012
		(unaudited)			
Salary	757	526	1,169	1,191	995
Bonus	294	103	348	34	388
Benefits and payroll taxes.....	138	83	196	51	57
Total compensation expense	1,219	712	1,713	1,276	1,440

Transactions between the Group and the Related Parties and the balances outstanding are disclosed below:

The Group has borrowings from its immediate parent undertaking, H&F Wings Lux 1 S.à r.l. comprising the H PECs and accrued interest thereon as outlined in note 21. As at 30 June 2015, the balance due amounted to €257,779k

H&F Wings Lux 1 S.à r.l. has agreed to lend funds for a fixed interest rate of 12% and which will mature on 25 November 2039.

The Group has borrowings from another shareholder, Wings Mgt Equity Co Limited, comprising the A & B PECs and accrued interest thereon, as outlined in note 21. As at 30 June 2015, the balance due amounted to €66,675k

Trading transactions made by the Group with its immediate parent H&F Wings Lux 1 S.à r.l. amounted to €81k (31 December 2014: €221k)

At reporting date the Group has:

- an amount of €354k (31 December 2014: €273k) receivable from H&F Wings Lux 1 S.à r.l.

25. RELATED PARTY TRANSACTIONS (continued)

- an amount of €112k (31 December 2014: €112k) receivable from Wings Mgt Equity Co Limited
- an amount of €125k (31 December 2014: €125k) payable to Hellman & Friedman Capital Partners VI (Cayman), L.P.
- an amount of €19k (31 December 2014: €19k) payable to H&F Wings Lux 1 S.à r.l.

26. FINANCIAL RISK MANAGEMENT**26.1 FINANCIAL RISK FACTORS**

The Group manages its capital, consisting of both debt and equity, to ensure that the Group will be able to continue as a going concern while also maximising the return to stakeholders. As part of this process, the Group reviews financial risks such as liquidity risk, credit risk, foreign exchange risk and interest rate risk regularly.

Liquidity risk

Cash-flow forecasting is monitored by rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans and covenant compliance.

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

<i>(in €'000 euros)</i>	6 months ended 30 June		Year ended 31 December		
	2015	2014	2014	2013	2012
	(unaudited)				
Up to 1 year					
A & B PECs	3,760	3,501	7,060	2,624	—
H PECs	14,542	13,496	27,218	24,301	21,696
Trade and other payables	14,289	10,198	12,345	8,059	6,380
Total up to 1 year	32,591	27,195	46,623	34,984	28,076
<i>(in €'000 euros)</i>	6 months ended 30 June		Year ended 31 December		
	2015	2014	2014	2013	2012
Over 5 years					
A & B PECs	62,915	58,837	58,837	56,213	—
H PECs	243,237	226,801	226,801	202,501	180,805
Trade and other payables	—	—	—	—	—
Total 5 years	306,152	285,638	285,638	258,714	180,805
Total 0 – 5 years	338,743	312,833	332,261	293,698	208,881

26. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk

The Group's primary exposure to financial risk related to interest rate risk in prior years prior to repayment of the Senior Facilities Agreement in 2014 and the variable interest rate applied to the Senior Facilities Agreement. The interest rate applicable was a variable rate which averaged 4.89% in 2014 (2013: 4.93%). The interest charge on the bank balance in 2014 was €100k (2013: €788k). The Senior Facilities Agreement was repaid during 2014.

Interest is charged on PEC shares at a fixed rate of 12% per annum, the maturity date of such instruments is 2039. If these instruments are held to maturity the aggregate undiscounted cashflow arising from interest payments is €863,348k.

Credit risk and foreign exchange risk

The Group monitors the credit rate risks associated with loans, trade receivables, derivative financial instruments, trade payables and cash and cash equivalent balances on an on-going basis. The majority of the Group's trade receivable balances are due for maturity within 5 days and largely comprise amounts due from the Group's credit card processing agents. Accordingly, the associated credit risk is determined to be low. These trade receivable balances, which consist of Euro, US dollar and sterling amounts, are settled within a relatively short period of time, which reduces any potential foreign exchange exposure risk. The Group also has a limited exposure to the risk of foreign currency exchange rate movements on trade payable balances as trade payable balances are primarily Euro denominated. Similarly, cash and cash equivalents are held primarily in Euro denominated accounts. The carrying value of trade receivables, trade payables and cash and cash equivalents are a reasonable approximation of their fair value. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

26.2 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings ('current and non-current bank borrowings' as shown in the consolidated statement of financial position, excluding loan set up fees) less cash and cash equivalents. Total capital is calculated as 'equity' (represented by funds from shareholder) plus net debt.

The PEC shares held by related parties is considered part of equity by the Directors for capital management purposes as the shareholders had committed to continue to provide financial support to the Company for the foreseeable future. It is intended that the PEC shares will be reimbursed upon completion of the initial public offering.

26. FINANCIAL RISK MANAGEMENT (continued)

The gearing ratios at the balance sheet dates were as follows:

<i>(in €'000 euros)</i>	Notes	As at 30 June		As at 31 December		
		2015	2014	2014	2013	2012
		(unaudited)				
Total bank borrowings*	21	—	—	—	7,830	18,940
Less: cash and cash equivalents	19	(10,985)	(9,213)	(19,942)	(4,823)	(2,523)
<i>Net debt</i>		(10,985)	(9,213)	(19,942)	3,007	16,417
Net equity		(158,581)	(82,974)	(144,188)	(72,287)	(49,048)
Loans from Parent Company	21,25	324,454	302,636	319,916	285,640	202,501
<i>Total equity</i>		165,873	219,662	175,728	213,353	153,453
Total capital		154,888	210,449	155,786	216,360	169,870
Gearing ratio		-7%	-4%	-13%	1%	10%

* excluding loan set up fees

27. EVENTS AFTER THE BALANCE SHEET DATE

Hostelworld Group plc was incorporated on 9 October 2015 through the issue of €0.02 of share capital. On 14 October, Hostelworld Group plc issued 50,000 redeemable preference shares of £1.00 each.

The consolidated historic financial information were approved by the Board of Directors of Hostelworld Group plc on 27 October 2015

SECTION B – UNAUDITED PRO FORMA FINANCIAL INFORMATION

ACCOUNTANT'S REPORT



Deloitte
Chartered Accountants &
Statutory Audit Firm

The Board of Directors
On behalf of Hostelworld Group plc
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Ireland

Dear Sirs

Hostelworld Group plc (“Company” and, with its subsidiaries, the “Group”)

We report on the *pro forma* financial information (the “Pro forma financial information”) set out in Part 11 “*Financial Information – Section B – Unaudited Pro Forma Financial Information*” of the Prospectus dated 28 October 2015, which has been prepared on the basis described, for illustrative purposes only, to provide information about how the offering of ordinary shares might have affected the financial information presented on the basis of the accounting policies adopted by the Group in preparing the financial statements as at 30 June 2015. This report is required by paragraph 7 of Annex II of the Prospectus Directive Regulation for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

It is the responsibility of the directors of Hostelworld Group plc to prepare the Pro forma financial information in accordance with Annex II of the Prospectus Directive Regulation.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Directive Regulation, as to the proper compilation of the Pro forma financial information and to report that opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

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

Basis of Opinion

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

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

Opinion

In our opinion:

- (a) the Pro forma financial information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of H&F Wings Lux 2 S.à r.l.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f), we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with item 1.2 of Annex I of the Prospectus Directive Regulation.

Yours faithfully



Deloitte

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited consolidated *pro forma* net asset statement has been prepared to illustrate the effect of the share offer on the consolidated net assets of the Group as at 30 June 2015 as if it had taken place on that date. The unaudited *pro forma* net asset statement is based on the audited consolidated net liabilities of the Group as at 30 June 2015 and has been prepared in a manner consistent with the accounting policies to be adopted by the Group in preparing its financial statements for the 6 month period ending 30 June 2015.

The unaudited *pro forma* information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and therefore does not represent the Group's actual financial position or results, nor is it indicative of results that may or may not be achieved in the future. The unaudited consolidated *pro forma* statement of net assets is compiled on the basis as set out in the notes below and in accordance with the requirements of Annex II of the Prospectus Directive Regulation.

(in €'000 euros)

	Adjustments			
	As at	Net		Unaudited
	30 June	Proceeds of		pro forma
	2015	the Offer	Reorganis-	total
	Note 1	receivable by	ation	Note 4
		the	Note 3	
		Company		
	Note 2	Note 2	Note 3	Note 4
ASSETS				
Goodwill	17,848	—	—	17,848
Other Intangible assets	144,548	—	—	144,548
Property, plant and equipment.....	2,615	—	—	2,615
Deferred tax assets	617	—	—	617
Total non-current assets	165,628	—	—	165,628
Trade and other receivables	5,789	—	—	5,789
Corporation tax	778	—	—	778
Cash and cash equivalents.....	10,985	173,748	(176,462)	8,271
Total current assets	17,552	173,748	(176,462)	14,838
Total assets	183,180	173,748	(176,462)	180,466
LIABILITIES				
Borrowings	306,152	—	(306,152)	—
Deferred tax liabilities	2,915	—	—	2,915
Total non-current liabilities	309,067	—	(306,152)	2,915
Borrowings	18,302	—	(18,302)	—
Trade and other payables.....	14,288	—	—	14,288
Corporation tax	104	—	—	104
Total current liabilities	32,694	—	(18,302)	14,392
Total liabilities	341,761	—	(324,454)	17,307
Net Assets	(158,581)	173,748	147,992	163,159

Note 1: The net liabilities of the Group have been extracted without material adjustment from this Part 11 “Financial Information”.

Note 2: The adjustment reflects the receipts by the Company of the net proceeds from the Offer of €183,853k, through the issue of new shares after deducting underwriting fees and other fees and expenses of the Offer expected to be €10,105k.

Note 3: The adjustment reflects the reorganisation of the financing structure of the Group encompassing the acquisition of the existing ordinary shares in H&F 2 for €1, the acquisition of the existing preferred shares in H&F 2 for €7,519k and the redemption of the preferred equity certificates of €134,105k and related accrued interest of €34,838k, which will be paid from the proceeds of the Offer and existing cash within the Group with a waiver of the remaining amounts due on the preferred equity certificates of €86,845k. Preferred equity certificates to the value of €61,147k will be settled in return for the issue of ordinary shares.

Note 4: The unaudited *pro forma* statement of net assets does not constitute financial statements within the meaning of Company Law. No adjustment has been made to reflect any change in trading performance of the Group since 30 June 2015.

PART 12

THE OFFER

The Offer

Pursuant to the Offer, the Company intends to offer, in aggregate, 71,718,432 Offer Shares in order to raise an aggregate amount of approximately £132.7 million (€183.9 million)²⁶, before underwriting commissions and other estimated fees and expenses of approximately £7.3 million (€10.1 million)²⁶. The Offer Shares will represent approximately 75 per cent. of the expected issued ordinary share capital of the Company immediately following Admission.

In the Offer, the Offer Shares will be offered (i) to certain institutional investors in the United Kingdom, Ireland and elsewhere outside the United States and (ii) in the United States only to qualified institutional buyers in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

When admitted to trading, the Shares will be registered with ISIN number GB00BYYN4225, UK SEDOL (Stock Exchange Daily Official List) number BYYN422, Irish SEDOL number BYZ9Y96 and trade under the symbol “HSW”.

Immediately following Admission, it is expected that 49.5 per cent. of the Shares will be held in public hands (within the meaning of paragraph 6.1.19 of the UK Listing Rules and paragraph 11.2.2 of the Irish Listing Rules).

No expenses will be charged by the Company to any investor who purchases Shares pursuant to the Offer.

Certain restrictions that apply to the distribution of this Prospectus and Shares are described in “*Selling Restrictions*” below.

Reasons for the Offer

The Directors believe that the Offer and Admission will:

- diversify the shareholder base and create a liquid market in the Shares;
- raise brand awareness and enhance the Group’s profile with investors, business partners and customers;
- enable access to capital markets if necessary for future growth; and
- assist in the incentivisation and retention of key management and employees.

The Company intends to use the net proceeds it receives from the Offer, to acquire the existing ordinary shares and preferred shares of H&F 2 conditional upon and with effect from Admission and to facilitate the redemption of preferred equity certificates (including accrued and unpaid interest) issued by H&F 2.

Allocation and Pricing

The rights attaching to the Shares will be uniform in all respects and they will form a single class for all purposes. All Shares issued or sold pursuant to the Offer have been underwritten, subject to certain conditions, by Numis and Davy as described in the paragraph headed “*Underwriting Agreement*” below and in paragraph 7 of Part 13 “*Additional Information – Underwriting Agreement*”. Allocations under the Offer will be agreed between the Company and Numis. Upon being allocated any Shares, prospective investors are contractually committed to acquire the number of Shares allocated to them at the Offer Price and, to the fullest extent permitted by law will be deemed to have agreed not to exercise any rights to rescind or terminate or withdraw from, such commitments.

All Shares issued or sold pursuant to the Offer will be issued or sold, payable in full, at the Offer Price. Liability for UK stamp duty and stamp duty reserve tax is described in paragraph 12 of Part 13 “*Additional Information – UK Taxation*” and liability for Irish stamp duty and withholding tax is described in paragraph 13 of Part 13 “*Additional Information – Irish Taxation*”.

Dealing arrangements

The Offer is subject to the satisfaction of certain conditions contained in the Underwriting Agreement, which are typical for an agreement of this nature. Certain conditions are related to events

²⁶ Based on an exchange rate of pounds sterling to euro of £1.00 : €1.3857 (Source: Bloomberg as at 12.00 p.m. on 27 October 2015).

which are outside the control of the Company, the Directors, Numis and Davy. Further details of the Underwriting Agreement are described in paragraph 7 of Part 13 “*Additional Information – Underwriting Agreement*”.

It is expected that Admission will become effective, and that unconditional dealings in the Shares will commence on the London Stock Exchange and the Irish Stock Exchange at 8.00 a.m. (London time) on 2 November 2015. Settlement of dealings from that date will be on a T+2 rolling basis. Prior to Admission, conditional dealings in the Shares are expected to commence on the London Stock Exchange and the Irish Stock Exchange at 8.00 a.m. on 28 October 2015. Dealings on the London Stock Exchange’s Main Market and on the Irish Stock Exchange’s Main Securities Market before Admission will only be settled if Admission takes place. The earliest date for such settlement of such dealings will be 2 November 2015. **All dealings before the commencement of unconditional dealings will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned. These dates and times may be changed without further notice.**

Each investor will be required to undertake to pay the Offer Price for the Offer Shares sold to such investor in such manner as shall be directed by Numis and Davy.

Application has been made to (i) the FCA for all of the Shares to be admitted to the premium listing segment of the Official List of the FCA; (ii) the Irish Stock Exchange for all of the Shares to be admitted to the secondary listing segment of the Official List of the Irish Stock Exchange; (iii) the London Stock Exchange for all of the Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities and (iv) the Irish Stock Exchange for all of the Shares to be admitted to trading on its Main Securities Market. The Shares are not listed or traded on, and no application has been or is being made for the admission of the Shares to listing or trading on, any other stock exchange or securities market.

It is expected that Shares allocated to investors in the Offer will be delivered in uncertificated form and settlement will take place through CREST on Admission. No temporary documents of title will be issued. Dealings in advance of crediting of the relevant CREST stock account shall be at the risk of the person concerned.

CREST

With effect from Admission, the Articles will permit the holding of Shares under the CREST system. CREST is a paperless settlement system allowing securities to be transferred from one person’s CREST account to another’s without the need to use share certificates or written instruments of transfer. Settlement of transactions in the Shares following Admission may take place within the CREST system if any shareholder so wishes. CREST is a voluntary system and holders of Shares who wish to receive and retain share certificates will be able to do so.

Underwriting Agreement

Numis and Davy have entered into the Underwriting Agreement pursuant to which they have severally agreed in their respective proportions, subject to certain conditions, to procure subscribers for the Offer Shares to be issued by the Company in the Offer, or, failing which, itself to subscribe for such Shares themselves, at the Offer Price. The Underwriting Agreement contains provisions entitling Numis and Davy to terminate the Underwriting Agreement at any time prior to Admission in certain circumstances. If this right is exercised, the Offer and these arrangements will lapse and any moneys received by the Company or Numis in respect of the Offer will be returned to applicants without interest. The Underwriting Agreement provides for Numis and Davy to be paid a commission by the Company in respect of the Offer Shares. Any commissions received by Numis and Davy may be retained, and any Shares acquired by them may be retained or dealt in, by them, for their own benefit.

Further details of the terms of the Underwriting Agreement are set out in paragraph 7 of Part 13 “*Additional Information – Underwriting Agreement*”. Certain selling and transfer restrictions are set out below.

Lock up arrangements

Pursuant to the Underwriting Agreement, the Company has agreed that, subject to certain exceptions, during the period of 180 days from the date of Admission, it will not, without the prior written consent of Numis, issue, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Shares or any new ordinary shares in the Company (or any interest

therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.

Pursuant to the Underwriting Agreement, subject to certain exceptions, the Directors have agreed to refrain from selling any of their Shares for a period commencing on the date of the Underwriting Agreement and ending 365 days after the date of Admission, without the consent of Numis.

Pursuant to Lock-in Deeds, subject to certain exceptions, John O'Donnell, Otto Rosenberger and Paul Halpenny (being members of Senior Management who will hold Shares on Admission) have agreed to refrain from selling any of their Shares for a period commencing on the date of the relevant Lock-in Deed and ending 365 days after the date of Admission, and H&F 1 and the Ex-Hostelbookers Shareholders have agreed to refrain from selling any of their Shares for a period commencing on the date of the relevant Lock-in Deed and ending 180 days after the date of Admission, in each case without the consent of Numis.

Further details of these arrangements, which are contained in the Underwriting Agreement, are set out in paragraph 7 of Part 13 "*Additional Information – Underwriting Agreement*".

Selling restrictions

The distribution of this document and the offer of Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Shares, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Shares may be distributed or published in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this document comes should inform themselves about and observe any restrictions on the distribution of this document and the offer of Shares contained in this document. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to subscribe for or purchase any of the Shares to any person in any jurisdiction to whom it is unlawful to make such offer of solicitation in such jurisdiction.

European Economic Area

This Prospectus has been approved by the FCA, being the competent authority in the United Kingdom. The Company has requested that the FCA provides a certificate of approval and a copy of this Prospectus to the Central Bank of Ireland.

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "relevant member state") no Shares have been offered or will be offered pursuant to the Offer to the public in that relevant member state, except that offers of Shares may be made to the public in that relevant member state at any time under the following exemptions under the Prospectus Directive, if they are implemented in that relevant member state:

- (a) to any legal entity which is a qualified investor as defined under the Prospectus Directive;
- (b) to fewer than 100, or, if the relevant member state has implemented the relevant provisions of the 2010 Amending Directive (Directive 2010/73/EC) of the Prospectus Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such relevant member state subject to obtaining the prior consent of Numis and Davy; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a relevant member state.

For the purpose of this provision, the expression an "offer to the public" in relation to any Shares in any relevant member state means a communication in any form and by any means presenting sufficient information on the terms of the offer and the Shares to be offered so as to enable an investor to decide to purchase the Shares, as the same may be varied in that relevant member state

by any measure implementing the Prospectus Directive in that relevant member state. The expression “Prospectus Directive” means Directive 2003/71/EC (as amended), to the extent implemented in the relevant member state and includes any relevant implementing measure in each relevant member state.

In the case of any Shares being offered to a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, that the Shares acquired by it in the Offer have not been acquired on a non discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Shares to the public other than their offer or resale in a relevant member state to qualified investors as so defined or in circumstances in which the prior consent of Numis has been obtained to each such proposed offer or resale. The Company, Numis, Davy and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified Numis of such fact in writing may, with the prior consent of Numis, be permitted to acquire Shares in the Offer.

United States

The Shares have not been and will not be registered under the US Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States and, subject to certain exceptions, may not be offered, sold, resold, pledged, delivered, distributed or transferred, directly or indirectly, in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

The Shares are being offered and sold (i) outside the United States in reliance on Regulation S and in compliance with applicable laws and (ii) in the United States only to persons reasonably believed to be QIBs in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

In addition, until 40 days after the commencement of the Offer of the Shares, an offer or sale of Shares within the United States by any dealer (whether or not participating in the Offer) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the US Securities Act.

The Underwriting Agreement provides that Numis may directly or through its United States broker-dealer affiliates arrange for the offer and resale of Shares within the United States only to QIBs in reliance on Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the US Securities Act.

Each subscriber or purchaser of Shares within the United States, by accepting delivery of this document, will be deemed to have represented, agreed and acknowledged that it has received a copy of this document and such other information as it deems necessary to make an investment decision and that:

- (a) it is (a) a QIB within the meaning of Rule 144A, (b) acquiring the Shares for its own account, or for the account of one or more QIBs with respect to whom it has the authority to make, and does make, the representations, warranties, undertakings, agreements and acknowledgements set forth herein, (c) is acquiring the Shares for investment purposes, and not with a view to any further distribution of such Shares, and (d) is aware, and each beneficial owner of the Shares has been advised, that the offer and sale of the Shares to it is being made in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.
- (b) it understands that the Shares are being offered and sold in the United States only in a transaction not involving any public offering in the United States within the meaning of the US Securities Act and that the Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except (a) to a person that it and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, (b) in an “offshore transaction” in accordance with Rule 903 or Rule 904 of Regulation S, (c) pursuant to an exemption from registration under the US

Securities Act provided by Rule 144 thereunder (if available) or (d) pursuant to an effective registration statement under the US Securities Act and, in each case, in accordance with any applicable securities laws of any state of the United States. It further (a) understands that the Shares may not be deposited into any unrestricted depositary receipt facility in respect of the Shares established or maintained by a depositary bank so long as such Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, (b) acknowledges that the Shares (whether in physical certificated form or in uncertificated form held in CREST) are “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of the Shares and (c) understands that the Company may not recognise any offer, sale, resale, pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions.

- (c) it understands that the Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

THE SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “US SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHO THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (A “QIB”) WITHIN THE MEANING OF RULE 144A UNDER THE US SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN “OFFSHORE TRANSACTION” IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE US SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE US SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE US SECURITIES ACT, AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE US SECURITIES ACT FOR REALES OF THE SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SHARES REPRESENTED HEREBY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS; and

- (d) it represents that if, in the future, it offers, resells, pledges or otherwise transfers such Shares while they remain “restricted securities” within the meaning of Rule 144, it shall notify such subsequent transferee of the restrictions set out above.

The Company, Numis, Davy and their respective affiliates and others will rely on the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Other Overseas territories

Investors in jurisdictions other than the European Economic Area and the United States should consult their professional advisers as to whether they require any governmental or other consents or need to observe any formalities to enable them to purchase any Shares under the Offer.

The Company, Numis, Davy and their respective affiliates and others will rely on the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Terms and conditions of the Offer

These terms and conditions apply to investors agreeing to subscribe for Shares under the Offer. Each investor agrees with each of the Company, Numis and Davy to be bound by these terms and conditions as being the terms and conditions upon which Shares will be issued and/or sold under the Offer.

Agreement to acquire Shares

Conditional on: (i) Admission occurring on or prior to 2 November 2015 (or such later date as Numis, Davy and the Company may agree), and (ii) the investor being allocated Shares, each investor agrees to become a member of the Company and agrees to acquire Shares allocated to it at the Offer Price. To the fullest extent permitted by law, each investor acknowledges and agrees that it will not be entitled to exercise any rights to rescind or terminate or, subject to any statutory rights, to withdraw an application for Shares in the Offer, or otherwise to withdraw from, such commitment. This does not affect any other rights an investor may have. Each investor is deemed to acknowledge receipt and understanding of this document and in particular the risk and investment warnings contained in this document.

Payment for Shares

Each investor agrees to pay the Offer Price for the Shares issued to or acquired by such investor in such manner as shall be directed by Numis and/or Davy.

In the event of any failure by any investor to pay as so directed by Numis and/or Davy, the relevant investor will be deemed thereby to have appointed Numis and/or Davy or any nominee of Numis and/or Davy to sell (in one or more transactions) any or all of the Shares in respect of which payment has not been made as directed by Numis and/or Davy and such investor shall indemnify Numis and/or Davy and/or any relevant nominee of Numis and/or Davy in respect of any liability for stamp duty and/or SDRT arising in respect of any such sale or sales and/or any other loss suffered in connection with such failure.

If Admission does not occur, monies will be returned without interest at the risk of the applicant.

Liability for UK stamp duty and SDRT and for Irish tax, including withholding tax and stamp duty, is described in Part 13 “*Additional Information*” of this Prospectus.

Representations and warranties

Each investor and, in the case of sub-paragraphs (j) and (l) below, any person confirming an agreement to subscribe for or purchase Shares on behalf of an investor or authorising Numis to notify the investor’s name to the Registrars, represents, warrants, undertakes, agrees and acknowledges to each of the Company, the Registrars, Numis and Davy that:

- (a) the content of this document is exclusively the responsibility of the Company and the Directors and that none of Numis, Davy, the Registrars nor any person acting on any of their behalf or any of their respective affiliates is responsible for or will have any liability for any information, representation or statement contained in this document or any information published by or on behalf of the Company or any member of the Group and will not be liable for any decision by an investor to participate in the Offer based on any information, representation or statement contained in this document or otherwise;
- (b) in agreeing to subscribe for and/or purchase Shares under the Offer, the investor is relying solely on this document and any supplementary prospectus that may be issued by the Company, and not on any other information or representation concerning the Group, the Shares or the Offer. Such investor agrees that none of the Company, Numis, Davy nor any of their respective directors, officers, partners or employees will have any liability for any such other information or representation and irrevocably and unconditionally waives any rights it may have in respect of any such other information or representation. This paragraph of this Part 12 “*The Offer*” will not exclude any liability for fraudulent misrepresentation;
- (c) neither Numis nor Davy are making any recommendations to investors or advising any of them regarding the suitability or merits of any transaction they may enter into in connection with the Offer, and each investor acknowledges that participation in the Offer is on the basis that it is not and will not be a client of Numis or Davy and that Numis and Davy are acting for the Company and no one else in connection with the Offer, and will not be responsible to anyone else for the protections afforded to their respective clients, and that Numis and Davy will not be responsible to anyone other than the Company for providing advice in relation to the Offer, the contents of this document or any transaction, arrangements or other matters referred to herein, and Numis and Davy will not be responsible to anyone in respect of any representations, warranties, undertakings or indemnities contained in the Underwriting Agreement or for the exercise or performance of their rights and obligations thereunder, including any right to waive or vary any condition or exercise any termination right contained therein;

- (d) if the laws of any place outside the United Kingdom are applicable to the investor's agreement to subscribe for and/or purchase Shares, such investor has complied with all such laws and none of the Company, Numis nor Davy will infringe any laws outside the United Kingdom as a result of such investor's agreement to subscribe for and/or purchase Shares or any actions arising from such investor's rights and obligations under the investor's agreement to subscribe for and/or purchase Shares and under the Articles (and, in making this representation and warranty, the investor confirms that it is aware of the selling and transfer restrictions set out in this Part 12 "*The Offer*");
- (e) it understands that no action has been or will be taken in any jurisdiction where action for that purpose is required that would permit a public offering of the Shares or possession or distribution of this document;
- (f) if the investor is in the United Kingdom, it is a qualified investor as defined in the Prospectus Directive and also: (a) a person having professional experience in matters relating to investments who falls within the definition of "investment professional" in Article 19(5) of the Order; or (b) a high net worth body corporate, unincorporated association or partnership or trustee of a high value trust as described in Article 49(2) of the Order; or (c) is otherwise a person to whom an invitation or inducement to engage in investment activity may be communicated without contravening section 21 of FSMA;
- (g) if an investor is in Ireland, it is a qualified investor who is also a "professional client" as defined in Schedule 2 of the European Communities (Markets in Financial Instruments) Regulations 2007 (as amended);
- (h) if the investor is in any EEA State which has implemented the Prospectus Directive, other than the United Kingdom or Ireland, it is: (a) a legal entity which is a qualified investor as defined under the Prospectus Directive; or (b) a legal entity which is otherwise permitted by law to be offered and sold Shares in circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive or other applicable laws;
- (i) the investor will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Shares in Australia, Canada, Japan or South Africa or to any national, resident or citizen of Australia, Canada, Japan or South Africa other than as may be permitted under the applicable law in the relevant jurisdiction and the investor acknowledges that the Shares have not been and will not be registered under the applicable securities laws of Australia, Canada, Japan or South Africa and that the same are not being offered for subscription or sale, and may not, directly or indirectly, be offered, sold, transferred or delivered, in Australia, Canada, Japan or South Africa other than as may be permitted under the applicable law in the relevant jurisdiction;
- (j) the investor is participating in the Offer in compliance with the selling and transfer restrictions set out in this Part 12 "*The Offer*", including the representations and acknowledgements contained therein. The investor acknowledges that the Shares have not been and will not be registered under the Securities Act, or qualified for sale under the laws of any state of the United States, and may not be offered or sold, directly or indirectly, in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state of the United States. The investor represents and warrants that it is, and at the time the Shares are acquired will be, either (i) a QIB or (ii) outside the United States and acquiring the Shares in an "offshore transaction" as defined in, and in accordance with, Regulation S;
- (k) the investor is liable for any capital duty, stamp duty, stamp duty reserve tax and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by it or any other person on the acquisition by it of any Shares or the agreement by it to acquire any Shares;
- (l) in the case of a person who confirms to Numis or Davy, on behalf of an investor, an agreement to subscribe for and/or purchase Shares and/or who authorises Numis or Davy to notify the investor's name to the Registrars, that person represents and warrants that he, she or it has authority to do so on behalf of the investor;

- (m) the investor has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2007 (the “Regulations”) and, if it is making payment on behalf of a third-party, it has obtained and recorded satisfactory evidence to verify the identity of the third-party as required by the Regulations;
- (n) the investor is not, and is not applying as nominee or agent for, a person which is, or may be, mentioned in any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depository receipts and clearance services);
- (o) if it is acquiring Shares as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and they have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;
- (p) in the case of any Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (x) the Shares acquired by it in the Offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant member state other than qualified investors as defined under the Prospectus Directive, or in other circumstances falling within Article 3(2) of the Prospectus Directive and the prior consent of Numis has been given to the offer or resale; or (y) where Shares have been acquired by it on behalf of persons in any relevant member state other than qualified investors, the offer of those Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an “offer” in relation to any of the Shares in any relevant member states means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to subscribe for the Shares, as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state.

The Company, the Registrars, Numis and Davy will rely upon the truth and accuracy of the foregoing representations, warranties, undertakings, agreements and acknowledgements. If any of the foregoing representations, warranties, undertakings, agreements and acknowledgements are no longer accurate or have not been complied with, the investor shall promptly notify the Company.

Supply and disclosure of information

If the Company, Numis or Davy or any of their agents request any information about an investor’s agreement to subscribe for and/or purchase Shares, such investor must promptly disclose it to them and ensure that such information is complete and accurate in all respects.

Miscellaneous

- (i) The rights and remedies of the Company, the Registrars, Numis and Davy under these terms and conditions are in addition to any rights and remedies which would otherwise be available to them, and the exercise or partial exercise of one will not prevent the exercise of others.
- (ii) On application, each investor may be asked to disclose, in writing or orally, to Numis or Davy:
 - (a) if he or she is an individual, his or her nationality; or
 - (b) if he, she or it is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.
- (iii) All documents will be sent at the investor’s risk. They may be sent by post to such investor at an address notified to Numis or Davy.
- (iv) Each investor agrees to be bound by the Articles (as amended from time to time) once the Shares which such investor has agreed to subscribe for and/or purchase have been issued or transferred to such investor.
- (v) The Company and Numis expressly reserve the right to modify the Offer (including without limitation, its timetable and settlement) at any time before closing.

- (vi) The contract to subscribe for and/or purchase Shares, and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, English law. For the exclusive benefit of the Company, Numis and Davy, each investor irrevocably submits to the exclusive jurisdiction of the English courts in respect of these matters. This does not prevent an action being taken against an investor in any other jurisdiction.
- (vii) In the case of a joint agreement to subscribe for Shares, references to a purchaser or an investor in these terms and conditions are to each of such purchasers and/or investors who are a party to that joint agreement and any purchaser's and investor's liability is joint and several.

PART 13

ADDITIONAL INFORMATION

1. Incorporation and share capital

- 1.1 The Company was incorporated and registered in England and Wales on 9 October 2015 as a public limited company under the Companies Act 2006 with the name Hostelworld Group plc and the registered number 9818705.
- 1.2 On 16 October 2015, the Company was issued with a trading certificate under section 761 of the Companies Act 2006 entitling it to commence business.
- 1.3 The Company is tax resident in Ireland and its principal place of business is at Second Floor, Number One, Central Park, Leopardstown, Dublin 18, Ireland and its telephone number is +353 1 498 0700.
- 1.4 The Company's registered office is at High Holborn House, 52-54 High Holborn, London WC1V 6RL.
- 1.5 From Admission, the business of the Company, and its principal activity, will be to act as the ultimate holding company of the Group.
- 1.6 The principal legislation under which the Company operates and the Shares have been created is the Act and regulations made thereunder. The Company operates in conformity with its constitution.
- 1.7 The share capital history of the Company is as follows:
 - 1.7.1 on incorporation, two ordinary shares of €0.01 each were issued for cash consideration at par as subscriber shares pursuant to the authority to issue shares set out in the Company's articles of association; and
 - 1.7.2 on 14 October 2015, 50,000 non-voting redeemable preference shares of £1.00 each were issued for cash consideration pursuant to the authority to issue shares given by a shareholder resolution;
- 1.8 On 28 October 2015, the Company, H&F 2 and all the existing shareholders in H&F 2 entered into the Reorganisation Agreement pursuant to which the Company has agreed, conditional upon Admission:
 - 1.8.1 to acquire all of the ordinary shares in H&F 2 for an aggregate consideration of €1;
 - 1.8.2 to acquire all of the preferred shares in H&F 2 for an aggregate consideration of €9,922,865 of which €7,520,161 will be satisfied in cash and €2,402,704 will be satisfied by the issue of in aggregate 937,258 Shares;
 - 1.8.3 to make a loan of €167,563,255 to H&F 2 and H&F 2 has agreed to use the proceeds of the loan and €6,275,662 of existing cash resources to redeem preferred equity certificates (including accrued and unpaid interest) issued by H&F 2 with a value of €173,838,917;
 - 1.8.4 to acquire preferred equity certificates (including accrued and unpaid interest) issued by H&F 2 with a value of €58,743,857 for an aggregate consideration of €58,743,857 to be satisfied by the issue of 22,915,086 Shares.

The holders of the preferred equity certificates have agreed that any preferred equity certificates (including accrued and unpaid interest) that are not redeemed or acquired will be waived.
- 1.9 On 27 October 2015, by resolutions passed at a general meeting of the Company, it was resolved that:
 - 1.9.1 the Directors be and are authorised to take all steps that may be necessary or desirable in connection with the application for admission of the Company's entire issued and to be issued share capital to listing on (i) the premium listing segment of the Official List of the FCA and (ii) the secondary listing segment of the Official List of the Irish Stock Exchange and to trading on (i) the London Stock Exchange's main market for listed securities and (ii) the Irish Stock Exchange's Main Securities Market;

- 1.9.2 the Directors be and are unconditionally authorised pursuant to section 551 of the Act to exercise all powers and rights of the Company to allot shares and grant subscription and conversion rights as are contemplated by sections 551(1)(a) and (b) of the Act in connection with the Reorganisation Agreement to such persons and at such times and on such terms as they think proper;
- 1.9.3 the Directors be and are unconditionally authorised pursuant to section 551 of the Act to exercise all powers and rights of the Company to allot shares and grant subscription and conversion rights as are contemplated by sections 551(1)(a) and (b) of the Act in connection with the Offer to such persons and at such times and on such terms as they think proper;
- 1.9.4 with effect from Admission, in substitution for all prior authorities conferred upon the Directors in respect of the allotment of shares, but without prejudice to any allotments made pursuant to the terms of such authorities, for the purposes of section 551 of the Act:
- 1.9.4.1 the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot shares and to grant such subscription and conversion rights as are contemplated by sections 551(1)(a) and (b) of the Act respectively up to a maximum nominal amount of €318,569.26 to such persons and at such times and on such terms as they think proper during the period expiring at the earlier of the end of the next annual general meeting of the Company and the end of five years from the date of the passing of this resolution (unless previously revoked or varied by the Company in general meeting); and
- 1.9.4.2 the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot equity securities (as defined in section 560 of the Act) in connection with a rights issue in favour of the holders of equity securities and any other persons entitled to participate in such issue where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as maybe) to the respective number of equity securities held by them up to a maximum nominal amount of €318,569.26 (including within such limit any shares issued or rights granted under paragraph 1.9.4.1) during the period expiring at the end of the next annual general meeting of the Company subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory; and
- 1.9.4.3 the Company be and is hereby authorised to make prior to the expiry of such periods any offer or agreement which would or might require such shares or rights to be allotted or granted after the expiry of the said periods and the Directors may allot such shares or grant such rights in pursuance of any such offer or agreement notwithstanding the expiry of the authorities given by this resolution;
- 1.9.5 subject to the passing of the resolution in paragraph 1.9.3, the Directors be and are empowered in accordance with section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred on them to allot such shares or grant such rights by that resolution and/or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Act, as if section 561(1) and sub-sections (1) – (6) of section 562 of the Act did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to the allotment of equity securities up to an aggregate nominal value not exceeding €717,184.32 and this power, unless renewed, shall expire at the end of the next annual general meeting of the Company but shall extend to the making, before such expiry, of an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired;

- 1.9.6 subject to the passing of the resolution in paragraph 1.9.4, the Directors be and are empowered in accordance with section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred on them to allot such shares or grant such rights by that resolution and/or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Act, as if section 561(1) and sub-sections (1) – (6) of section 562 of the Act did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to:
- 1.9.6.1 the allotment of equity securities in connection with an issue or offering in favour of holders of equity securities (but in the case of the authority granted under the resolution in paragraph 1.9.4.2 by way of a rights issue only) and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of equity securities held by or deemed to be held by them on the record date of such allotment, subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory; and
 - 1.9.6.2 the allotment (otherwise than pursuant to paragraph 1.9.6.1 above) of equity securities up to an aggregate nominal value not exceeding €95,570.77,
- and this power, unless renewed, shall expire at the end of the next annual general meeting of the Company but shall extend to the making, before such expiry, of an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired;
- 1.9.7 the Company be and is generally and unconditionally authorised for the purpose of section 701 of the Act to make market purchases (as defined in section 693 of the Act) of Shares in the capital of the Company provided that:
- 1.9.7.1 the maximum aggregate number of Shares authorised to be purchased is 9,557,077;
 - 1.9.7.2 the minimum price (exclusive of expenses) which may be paid for such Shares is €0.01 per Share (being the nominal value of a Share);
 - 1.9.7.3 the maximum price (exclusive of expenses) which may be paid for such Shares shall be an amount equal to the higher of: (i) 5% above the average of the middle market quotations for the Shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made; and (ii) the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System SETS;
- the authority referred to in paragraph 1.9.7 shall (unless previously renewed or revoked) expire on the earlier of the end of the next annual general meeting of the Company and the date which is 18 months after the date on which this resolution is passed;
- 1.9.8 the Company may make a contract to purchase its own Shares under the authority conferred by the resolution in paragraph 1.9.7 prior to the expiry of such authority, and such contract will or may be executed wholly or partly after the expiry of such authority, and the Company may make a purchase of its own ordinary shares in pursuance of any such contract;
- 1.9.9 the Company is authorised to call a general meeting of the Company other than an annual general meeting on not less than 14 clear days' notice;
- 1.9.10 conditional upon Admission and the approval of the High Court of Justice of England and Wales (the "Court"), the entire amount standing to the credit of the share premium account and capital redemption reserve of the Company as at 5.00 p.m. on the day immediately preceding the day on which the Court makes an order confirming the reduction of capital described in this sub-paragraph 1.9.10 is cancelled;

- 1.9.11 the Company (and any of its subsidiaries) at any time up to the conclusion of the next annual general meeting of the Company, are authorised to:
- 1.9.11.1 make political donations to any political party or independent election candidates not exceeding €100,000 in total;
 - 1.9.11.2 make political donations to any political organisation (other than a political party (not exceeding €100,000 in total); and
 - 1.9.11.3 incur political expenditure not exceeding €100,000 in total,
- provided that, in any event, the aggregate amount of political donations and political expenditure made or incurred by the Company and its subsidiaries shall not exceed €200,000.

For the purposes of this authority the terms “political donations”, “political party”, “political organisation”, “independent election candidate” and “political expenditure” have the meanings given by sections 363 to 365 of the Act.

The Company notes that it is not its policy to make political donations and that it has no intention of using the authority for that purpose.

- 1.10 Immediately prior to the publication of this document, the issued share capital of the Company was €67,750.02, comprising two ordinary shares of €0.01 each and 50,000 non-voting redeemable preference shares of £1 each (each of which were fully paid or credited as fully paid) and the Company held no treasury shares, convertible securities or exchangeable securities. Immediately following Admission, the 50,000 non-voting redeemable preference shares of £1 each will be redeemed.
- 1.11 In connection with the acquisition of Hostelbookers.com Limited (now called Hostelworld Services Limited), the Ex-Hostelbookers Shareholders are entitled to deferred consideration in an amount equal to the reduction to the corporation tax liability payable by Hostelworld Services Limited arising directly as a result of any relief applied in respect of the exercise of options by the Ex-Hostelbookers Shareholders (other than the Duffy Family Shareholders) prior to the completion of the acquisition of Hostelworld Services Limited. The deferred consideration is payable in cash. As at 27 October 2015 (being the latest practicable date prior to the publication of this Prospectus), the obligation to pay the deferred consideration has not yet been triggered. A provision for approximately €402,000 has been included in the Group’s accounts for year ended 31 December 2014.
- 1.12 Save as disclosed above and in paragraph 5:
- 1.12.1 no share or loan capital of the Company has, within three years of the date of this document, been issued or agreed to be issued, or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash, to any person;
 - 1.12.2 no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of any such company; and
 - 1.12.3 no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option and the Company holds no treasury shares.
- 1.13 The Shares have been and will be created under the Act and they do and will conform with the law of England and Wales. The Shares have been and will be duly authorised according to the requirements of the Company’s constitution and have and the Company will have all necessary statutory and other consents.
- 1.14 The Company has not traded since incorporation and lacks distributable reserves. This could restrict the Company’s ability to pay future dividends. Therefore, the Company intends to undertake a court-approved reduction of capital following Admission in accordance with the Act and the Companies (Reduction of Share Capital) Order 2008 in order to provide it with the distributable reserves required to support the dividend policy described in Part 9 “*Operating and Financial Review*” of this Prospectus. The proposed reduction of capital will cancel all amounts standing to the credit of the Company’s share premium account following Admission. The reduction of capital has been approved (conditional on Admission) by a special resolution passed at a general meeting of the Company on 27 October 2015 and will require Court confirmation after Admission.

2. Articles of Association

The Articles include provisions to the following effect:

2.1 Voting rights

Subject to any special terms as to voting upon which any shares may be issued, or may for the time being be held and any restriction on voting referred to below, every holder of Shares who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative and every proxy (regardless of the number of members for whom he is proxy) shall have one vote on a show of hands. On a poll, every holder of Shares present in person or by proxy shall have one vote for every Share of which he is the holder.

The duly authorised representative of a corporate shareholder may exercise the same powers on behalf of that corporation as it could exercise if it were an individual shareholder.

A shareholder is not entitled to vote unless all calls due from him have been paid.

A shareholder is also not entitled to attend or vote at meetings of the Company in respect of any shares held by him in relation to which he or any other person appearing to be interested in such shares has been duly served with a notice under section 793 of the Act and, having failed to comply with such notice within the period specified in such notice (being not less than 28 days from the date of service of such notice or 14 days where the shares represent 0.25 per cent. of their class), is served with a disenfranchisement notice. Such disenfranchisement will apply only for so long as the notice from the Company has not been complied with or until the Company has withdrawn the disenfranchisement notice, whichever is the earlier.

2.2 General meetings

The Company must hold an annual general meeting each year in addition to any other general meetings held in the year. The Directors can call a general meeting at any time.

At least 21 clear days' written notice must be given for every annual general meeting. For all other general meetings, not less than 14 clear days' written notice must be given. The notice for any general meeting must state: (i) whether the meeting is an annual general meeting; (ii) the date, time and place of the meeting; (iii) the general nature of the business of the meeting; (iv) any intention to propose a resolution as a special resolution and (v) with reasonable prominence, that a member is entitled to attend and vote and is entitled to appoint one or more proxies to attend, speak and vote instead of him and that a proxy need not also be a member. All members who are entitled to receive notice under the Articles must be given notice.

Before a general meeting starts, there must be a quorum, being two members present in person or by proxy.

Each Director can attend and speak at any general meeting.

2.3 Dividends and other distributions

Subject to the Act, the Company may, by ordinary resolution, declare dividends to be paid to members of the Company according to their rights and interests in the profits of the Company available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board.

Subject to the Act, the Board may from time to time pay to the shareholders of the Company such interim dividends as appear to the Board to be justified by the profits available for distribution and the position of the Company, on such dates and in respect of such periods as it thinks fit.

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide (no such shares presently being in issue), all dividends shall be apportioned and paid *pro rata* according to the amounts paid or credited as paid up (other than in advance of calls) on the shares during any portion or portions of the period in respect of which the dividend is paid. Any dividend unclaimed after a period of 12 years from the date of declaration shall be forfeited and shall revert to the Company.

The Board may, if authorised by an ordinary resolution, offer the holders of Shares the right to elect to receive additional Shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend.

The Board may withhold dividends payable on shares representing not less than 0.25 per cent. by number of the issued shares of any class after there has been a failure to comply with any notice

under section 793 of the Act requiring the disclosure of information relating to interests in the shares concerned as referred to in paragraph 2.1 above.

2.4 Return of capital

On a voluntary winding-up of the Company the liquidator may, with the sanction of a special resolution of the Company and subject to the Act and the Insolvency Act 1986 (as amended), divide amongst the shareholders of the Company in specie the whole or any part of the assets of the Company, or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like sanction, shall determine.

2.5 Transfer of shares

The Shares are in registered form.

The Articles provide for shares to be held in CREST accounts, or through another system for holding shares in uncertificated form, such shares being referred to as “Participating Securities”. Subject to such of the restrictions in the Articles as shall be applicable, any member may transfer all or any of his shares. In the case of shares represented by a certificate (“Certificated Shares”) the transfer shall be made by an instrument of transfer in the usual form or in any other form which the Board may approve. A transfer of a Participating Security need not be in writing, but shall comply with such rules as the Board may make in relation to the transfer of such shares, a CREST transfer being acceptable under the current rules.

The instrument of transfer of a Certificated Share shall be executed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee and the transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of members.

The Board may also refuse to register a transfer unless:

- 2.5.1 such refusal would prevent Participating Securities from being transferred in an open and proper basis as contemplated by the Articles;
- 2.5.2 in the case of a Certificated Share, the instrument of transfer (duly stamped if required) is lodged at the registered office of the Company or at some other place as the Board may appoint accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require;
- 2.5.3 in the case of a Certificated Share, the instrument of transfer is in respect of only one class of share; and
- 2.5.4 in the case of a transfer to joint holders of a Certificated Share, the transfer is in favour of not more than four such transferees.

In the case of Participating Securities, the Board may refuse to register a transfer if the Uncertificated Securities Regulations 2001 (as amended) allow it to do so, and must do so where such regulations so require.

The Board may also decline to register a transfer of shares if they represent not less than 0.25 per cent. by number of their class and there has been a failure to comply with a notice requiring disclosure of interests in the shares (as referred to in paragraph 2.8 below) unless the shareholder has not, and proves that no other person has, failed to supply the required information. Such refusal may continue until the failure has been remedied, but the Board shall not decline to register:

- 2.5.5 a transfer in connection with a *bona fide* sale of the beneficial interest in any shares to any person who is unconnected with the shareholder and with any other person appearing to be interested in the share;
- 2.5.6 a transfer pursuant to the acceptance of an offer made to all the Company’s shareholders or all the shareholders of a particular class to acquire all or a proportion of the shares or the shares of a particular class; or
- 2.5.7 a transfer in consequence of a sale made through a recognised investment exchange or any stock exchange outside the United Kingdom on which the Company’s shares are normally traded.

2.6 Variation of rights

Subject to the Act, all or any of the rights attached to any class of share may (unless otherwise provided by the terms of issue of shares of that class) be varied (whether or not the Company is being wound up) either with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at

a separate general meeting of such holders. The quorum at any such general meeting is two persons holding or representing by proxy at least one-third in nominal value of the issued shares of that class and at an adjourned meeting the quorum is one holder present in person or by proxy, whatever the amount of his shareholding. Any holder of shares of the class in question present in person or by proxy may demand a poll. Every holder of shares of the class shall be entitled, on a poll, to one vote for every share of the class held by him. Except as mentioned above, such rights shall not be varied.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the Articles or the conditions of issue of such shares, be deemed to be varied by the creation or issue of new shares ranking *pari passu* therewith or subsequent thereto.

2.7 Share capital and changes in capital

Subject to and in accordance with the provisions of the Act, the Company may issue redeemable shares. Without prejudice to any special rights previously conferred on the holders of any existing shares, any share may be issued on terms that they are, at the option of the Company or a member liable, to be redeemed on such terms and in such manner as may be determined by the Board (such terms to be determined before the shares are allotted).

Subject to the provisions of the Articles and the Act, the power of the Company to offer, allot and issue any new shares in the Company and any shares lawfully held by the Company or on its behalf (such as shares held in treasury) shall be exercised by the Board at such time and for such consideration and upon such terms and conditions as the Board shall determine.

The Company may by ordinary resolution alter its share capital in accordance with the Act. The resolution may determine that, as between the holders of shares resulting from the sub-division, any of the shares may have any preference or advantage or be subject to any restriction as compared with the others.

2.8 Disclosure of interests in shares

Section 793 of the Act provides a public company with the statutory means to ascertain the persons who are, or have within the last three years been, interested in its relevant share capital and the nature of such interests. When a shareholder receives a statutory notice of this nature, he or she has 28 days (or 14 days where the shares represent at least 0.25 per cent. of their class) to comply with it, failing which the Company may decide to restrict the rights relating to the relevant shares and send out a further notice to the holder (known as a “disenfranchisement notice”). The disenfranchisement notice will state that the identified shares no longer give the shareholder any right to attend or vote at a shareholders’ meeting or to exercise any other right in relation to shareholders’ meetings.

Once the disenfranchisement notice has been given, if the Directors are satisfied that all the information required by any statutory notice has been supplied, the Company shall, within not more than seven days, withdraw the disenfranchisement notice.

The Articles do not restrict in any way the provisions of section 793 of the Act.

2.9 Non-UK shareholders

Shareholders with addresses outside the United Kingdom are not entitled to receive notices from the Company unless they have given the Company an address within the United Kingdom at which such notices shall be served.

2.10 Untraced shareholders

Subject to various notice requirements, the Company may sell any of a shareholder’s shares in the Company if, during a period of 12 years, at least three dividends on such shares have become payable and no dividend has been claimed during that period in respect of such shares and the Company has received no communication from such shareholder.

2.11 Borrowing powers

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any of its undertaking, property and assets (present and future) and uncalled capital and subject to any relevant statutes, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligations of the Company or any third-party provided that the Board shall restrict the borrowings of the Company, and exercise all powers of control exercisable by the Company in relation to its subsidiaries, so as to secure (in relation to its subsidiaries so far as the Board is able) that the aggregate amount for the time being of all borrowings by the Group (excluding any money owed between members of the Group) shall not at

any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to two times the adjusted capital and reserves of the Company.

These borrowing powers may be varied by an alteration to the Articles which would require a special resolution of the shareholders.

2.12 Directors

Subject to the Act, and provided he has made the necessary disclosures, a Director may be a party to or otherwise directly or indirectly interested in any transaction or arrangement with the Company or in which the Company is otherwise interested or a proposed transaction or arrangement with the Company.

The Board has the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director under section 175 of the Act to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with, the interests of the Company. Any such authorisation will only be effective if the matter is proposed in writing for consideration in accordance with the Board's normal procedures, any requirement about the quorum of the meeting is met without including the Director in question and any other interested director and the matter was agreed to without such directors voting (or would have been agreed to if the votes of such directors had not been counted). The Board may impose terms or conditions in respect of its authorisation.

Save as mentioned below, a Director shall not vote in respect of any matter in which he has, directly or indirectly, any material interest (otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company) or a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

A Director shall (in the absence of material interests other than those indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:

- 2.12.1 the giving of any guarantee, security or indemnity to him or any other person in respect of money lent to, or an obligation incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiaries;
- 2.12.2 the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its subsidiaries for which he himself has assumed any responsibility in whole or in part alone or jointly under a guarantee or indemnity or by the giving of security;
- 2.12.3 any proposal concerning his being a participant in the underwriting or sub-underwriting of an offer of shares, debentures or other securities by the Company or any of its subsidiaries;
- 2.12.4 any proposal concerning any other company in which he is interested, directly or indirectly, and whether as an officer or shareholder or otherwise, provided that he is not the holder of or beneficially interested in 1 per cent. or more of any class of the equity share capital of such company (or of any corporate third party through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed to be a material interest in all circumstances);
- 2.12.5 any arrangement for the benefit of employees of the Company or any of its subsidiaries which does not accord to any Director any privilege or advantage not generally accorded to the employees to which such arrangement relates; and
- 2.12.6 any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for the benefit of any of the Directors or for persons who include Directors, provided that for that purpose "insurance" means only insurance against liability incurred by a Director in respect of any act or omission by him in the execution of the duties of his office or otherwise in relation thereto or any other insurance which the Company is empowered to purchase and/or maintain for, or for the benefit of any groups of persons consisting of or including, Directors.

The Directors shall (other than alternate Directors) be paid such remuneration by way of fees for their services as may be determined by the Board, save that, unless otherwise approved by ordinary resolution of the Company in general meeting, the aggregate amount of such fees of all Directors who do not hold executive office shall not exceed £500,000 per annum. The Directors shall also be entitled to be repaid by the Company all hotel expenses and other expenses of travelling to and from board meetings, committee meetings, general meetings or otherwise incurred while engaged in the

business of the Company. Any Director who by request of the Board performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine.

The Company may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, to or for the benefit of past directors who held executive office or employment with the Company or any of its subsidiaries or a predecessor in business of any of them or to or for the benefit of persons who are or were related to or dependants of any such Directors.

The Directors and officers of the Company are entitled to be indemnified against all losses and liabilities which they may sustain in the execution of the duties of their office, except to the extent that such an indemnity is not permitted by sections 232 or 234 of the Act. Subject to sections 205(2) to (4) of the Act, the Company may provide a Director with funds to meet his expenditure in defending any civil or criminal proceedings brought or threatened against him in relation to the Company. The Company may also provide a Director with funds to meet expenditure incurred in connection with proceedings brought by a regulatory authority and indemnify a Director in connection with the Company's activities as a trustee of a pension scheme.

The Directors are obliged to retire by rotation and are eligible for re-election at the third annual general meeting after the annual general meeting at which they were elected (or shall be subject to more frequent re-election by the members as the Board may determine from time to time as being in line with best market practice). Any non-executive Director who has held office for nine years or more is subject to re-election annually. Any Director appointed by the Board holds office only until the next annual general meeting, when he is eligible for re-election.

There is no age limit for Directors.

Unless and until otherwise determined by ordinary resolution of the Company, the Directors (other than alternate Directors) shall not be less than two nor more than ten in number.

2.13 Redemption

The Shares are not redeemable.

2.14 Electronic Communications

The Company may communicate electronically with its members in accordance with the provisions of the Electronic Communications Act 2000.

3. Directors' and Senior Management's interests

- 3.1 The Directors and members of the Senior Management, their functions within the Group and brief biographies are set out in Part 7 "*Directors, Senior Management and Corporate Governance*".
- 3.2 Each of the Directors can be contacted at the Company's head office address at Second Floor, Number One, Central Park, Leopardstown, Dublin 18, Ireland.

- 3.3 It is expected that the interests in the ordinary share capital of the Company of the Directors and Senior Management (all of whom, unless otherwise stated, are beneficial or are interests of a person connected with a Director or a member of Senior Management) as at the date of this Prospectus and immediately following Admission are as follows:

Director / Member of Senior Management	As at the date of this Prospectus		Immediately following Admission	
	Number of Shares	Percentage of issued ordinary share capital	Number of Shares	Percentage of issued ordinary share capital
Richard Segal ⁽¹⁾	—	—	39,008	0.04%
Feargal Mooney ⁽²⁾⁽³⁾⁽⁴⁾	—	—	156,033	0.2%
Mari Hurley ⁽²⁾⁽³⁾	—	—	19,504	0.0%
Michael Cawley	—	—	—	—
Andy McCue	—	—	—	—
John O'Donnell ⁽²⁾⁽⁴⁾	—	—	13,348	0.01%
Otto Rosenberger ⁽¹⁾	—	—	15,603	0.02%
Paul Halpenny ⁽¹⁾	—	—	780	0.00%
Stuart Priday	—	—	—	—

(1) Richard Segal, Otto Rosenberger and Paul Halpenny have each agreed to subscribe for 39,008, 15,603 and 780 Shares in the Offer at the Offer Price.

2 As at the date of this Prospectus, Feargal Mooney and Mari Hurley hold preferred shares in H&F 2 that entitle them to 0.8 per cent. and 0.2 per cent., respectively, of the aggregate value of H&F 2 immediately prior to Admission; and John O'Donnell holds preferred shares in H&F 2 that entitles him to 0.01 per cent. of the aggregate value of H&F 2 immediately prior to Admission.

(3) Assuming completion of the Share Capital Reorganisation, Feargal Mooney and Mari Hurley will receive cash consideration of €1,509,383 and €338,720, respectively, as part consideration for the sale of their preferred shares in H&F 2.

(4) In addition to the cash received for the sale of their preferred shares in H&F 2, Feargal Mooney and Mari Hurley will receive 156,033 Shares and 19,504 Shares, respectively, as part consideration for such preferred shares. John O'Donnell will receive 13,348 Shares as consideration for his preferred shares in H&F 2.

- 3.4 As at 27 October 2015 (the latest practicable date prior to printing of this Prospectus), in so far as is known to the Company, there are the following interests (other than interests held by the Directors and members of Senior Management) which represent, or will at Admission represent, directly or indirectly, 3 per cent. or more (being the threshold for notification of interests that applies to the Company and Shareholders pursuant to Chapter 5 of the Disclosure and Transparency Rules) of the issued ordinary share capital of the Company:

Shareholders	As at the date of this Prospectus		Immediately following Admission	
	Number of Shares	Percentage of issued ordinary share capital	Number of Shares	Percentage of issued ordinary share capital
H&F 1 ⁽¹⁾⁽²⁾	1	50%	18,952,478	19.8%
Wings MgtEquityCo Nominee	1	50%	1	0.0%
Woodford Investment Management LLP	—	—	13,500,000	14.1%
Miton Asset Management	—	—	5,750,000	6.0%
Santander Asset Management UK Limited .	—	—	5,300,000	5.5%
Unicorn Asset Management Limited	—	—	4,700,000	4.9%
Allianz Global Investors Europe GmbH.....	—	—	4,150,000	4.3%
Investors Group Management Ltd.....	—	—	4,000,000	4.2%
Baillie Gifford & Co	—	—	3,150,000	3.3%

(1) As at the date of this Prospectus, H&F 1 holds a combination of preferred equity certificates and preferred shares in H&F 2 and the Duffy Family Shareholders hold preferred equity certificates in H&F 2 that entitle them to 79.3 per cent. and 19.1 per cent., respectively, of the aggregate value of H&F 2 immediately prior to Admission.

(2) Assuming completion of the Share Capital Reorganisation, H&F 1 will receive 18,952,477 Shares and €145,756,593.21 as consideration for the sale of its preferred shares and redemption and transfer of its preferred equity certificates in H&F 2, and the Duffy Family Shareholders will receive 4,555,654 Shares and €35,035,856.72 for the redemption and transfer of their preferred equity certificates in H&F 2.

Save as disclosed above, in so far as is known to the Directors, there is no other person who is or will be immediately following Admission, directly or indirectly, interested in 3 per cent. or more of the issued ordinary share capital of the Company, or of any other person who can, will or could, directly or indirectly, jointly or severally, exercise control over the Company. The Directors have no knowledge of any arrangements the operation of which may at a subsequent date result in a change of control of the Company. None of the Company's major shareholders have or will have different voting rights attached to the Shares they hold in the Company.

- 3.5 No Director has or has had any interest in any transactions which are or were unusual in their nature or conditions or are or were significant to the business of the Group or any of its subsidiary undertakings and which were effected by the Group or any of its subsidiaries during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.
- 3.6 There are no outstanding loans or guarantees granted or provided by any member of the Group to or for the benefit of any of the Directors.

4. Directors and Senior Management

The Directors and their functions are set out in Part 7 “*Directors, Senior Management and Corporate Governance*”.

- 4.1 The Company's remuneration strategy and aim is to:

- (a) provide pay packages that will attract, retain and motivate high-calibre talent to help ensure its continued growth and success as a listed company;
- (b) encourage and support a high performance culture;
- (c) reward for achievement of the Group's corporate strategy and delivery of sustainable growth;
- (d) align the interests of the Executive Directors, senior management and employees to the long-term interests of shareholders;
- (e) ensure that remuneration and incentives adhere to the principles of good corporate governance and support good risk management and sustainable Company performance.

Consistent with this remuneration strategy, the Remuneration Committee has agreed a structure for future remuneration arrangements for Executive Directors and senior management, taking into account evolving market and best practices whereby:

- (a) remuneration will be set at a level that is considered by the Remuneration Committee to be appropriate for the size and nature of the business;
- (b) performance-related pay will be based on stretching targets, and will form an important part of the overall remuneration package; and
- (c) there will be an appropriate balance between short and longer-term performance targets linked to delivery of the Group's business plan.

The Company intends to deliver this policy for senior management, including Executive Directors, via a remuneration framework which combines base salary, salary supplement in lieu of pension contributions, benefits, an annual bonus plan and share-based awards under the LTIP.

- 4.2 It is intended that the following arrangements will form part of the remuneration policy from Admission subject to formal approval by shareholders at the first annual general meeting of the Company following Admission:

Base salary

The base salaries for Executive Directors and senior management will depend on their experience and the scope of their role as well as having regard to practices at peer companies of equivalent size and complexity. In considering the base salary (and other elements of remuneration) of Executive Directors and Senior Management, due regard will be taken of the pay and conditions of the workforce generally. Base salaries will typically be reviewed on an annual basis. Base salaries on Admission for Feargal Mooney and Mari Hurley are €372,500 and €235,000 respectively, but will be increased to €400,000 and €275,000 respectively from 1 January 2016 as part of the normal annual salary review.

Pension

Feargal Mooney and Mari Hurley will receive a cash salary supplement in lieu of Company pension contributions of 10 per cent and 6 per cent of salary respectively.

Annual Bonus Plan

Executive Directors and senior management are eligible to participate in a cash bonus plan. Annual bonuses will be primarily linked to the Company's annual financial performance (80 per cent. of the maximum total bonus available), with 20 per cent. of the maximum total bonus available being attributable to personal performance. The maximum opportunity for Feargal Mooney is proposed to be 102.6 per cent. of salary, and the maximum opportunity for Mari Hurley is proposed to be 72 per cent. of salary.

LTIP

Awards under the LTIP will normally be granted annually to Executive Directors and selected management. It is expected that these awards will vest subject to the recipient's continued employment at the date of vesting and satisfaction of performance conditions to be measured over three financial years. It is anticipated that the first awards to be granted under the LTIP to the Executive Directors (and other selected members of senior management) will be made during the course of 2016. The proposed policy levels of the initial LTIP Awards for Feargal Mooney and Mari Hurley are 125 per cent. and 90 per cent. of base salary respectively. The maximum value of the Shares underlying the initial LTIP Awards may not exceed 150 per cent. (or 200 per cent. in exceptional circumstances) of an individual's annual salary based on the market value of a Share on Admission for the initial LTIP Award whilst subsequent Awards will be based on the share price on the actual date of grant. The detail of the performance metrics, targets and weightings will be set at the time awards are granted. Further details of the LTIP are provided in paragraph 5 of this part 13 "*Additional Information*".

Minimum Shareholding Requirement

The Remuneration Committee has adopted formal shareholding guidelines that will encourage the Executive Directors to build up over a five year period and then subsequently hold a shareholding equivalent to 150 per cent. of their base salary. This policy ensures that the interests of Executive Directors and those of shareholders are closely aligned.

Recruitment policy

New Executive Director and senior management hires will be offered remuneration packages in line with the Company's remuneration policy in force at the time. In addition to the above elements of remuneration, the Committee may, in exceptional circumstances, consider it appropriate to grant an award under a different structure in order to facilitate the buyout of outstanding awards held by an individual on recruitment. Any buyout award would be limited to what the Remuneration Committee considers to be a fair estimate of the value of awards foregone when leaving the former employer and will be structured so as to take into account other key terms, such as vesting schedules and performance targets, of the awards which are being replaced.

The Remuneration Committee will keep the remuneration arrangements for the Executive Directors and key senior management under review taking into consideration business strategy over the period; overall corporate performance; market conditions affecting the Company; relevant market remuneration benchmarks; and evolving best practice.

Chairman and Non-Executive Director fees

The Chairman's and the other Non-Executive Directors' fees will be set at a level to reflect the amount of time and level of involvement required in order to carry out their duties as members of the Board and its committees, and to attract and retain Non-Executive Directors of a high calibre with relevant commercial and other experience. Fee levels are set by reference to non-executive director fees at companies of similar size and complexity and general increases for salaried employees within the Company. The fee paid to the Chairman is determined by the Remuneration Committee, while the fees for other Non-Executive Directors are determined by the Board as a whole. Additional fees are payable for acting as Senior Independent Director and as Chairman of the Board's Audit and Remuneration Committees. Non-Executive Directors are not eligible to participate in any of the Company's incentive arrangements.

The details of the Company's Executive Director remuneration arrangements, including the operation of the Company's incentive plans and payments made under them, will be set out each year in a remuneration report contained in the Company's annual report. The Company will be required to submit its remuneration policy (as it relates to the Directors) to a binding vote of Shareholders at the first annual general meeting of the Company following Admission. It is the current intention of the Remuneration Committee that the Remuneration policy for Directors will apply for three years from its date of approval. Accordingly, the Company will outline the detail of its future policy relating to the Directors' remuneration, including participation in the annual bonus plan and LTIP, in its annual report and accounts for the financial year ending 31 December 2015.

4.3 Executive Compensation and Termination Provisions

On 27 October 2015 each of the Executive Directors entered into employment contracts with the Company which replaced their existing employment contracts with the Group. The summary in paragraph 4.3 below describes the terms of their employment contracts with the Company.

4.3.1 Feargal Mooney will be employed as Chief Executive Officer and will receive an annual salary of €372,500 which will be increased to €400,000 from 1 January 2016 as part of the normal annual salary review (subject to the Remuneration Committee's consent). Mari Hurley will be employed as Chief Financial Officer and will receive an annual salary of €235,000 which will be increased to €275,000 from 1 January 2016 as part of the normal annual salary review (subject to the Remuneration Committee's consent).

4.3.2 The Executive Directors will receive the following benefits under the terms of their employment contracts:

4.3.2.1 a cash contribution of 4 per cent. (Feargal Mooney) and 4 per cent. (Mari Hurley) of gross annual salary with respect to a pension contribution. These cash contributions will increase to 10 per cent. of gross annual salary (for Feargal Mooney) and to 6 per cent. of gross annual salary (for Mari Hurley) from 1 January 2016 as part of the normal annual salary review (subject to the Remuneration Committee's consent);

4.3.2.2 eligibility to participate, at the discretion of the Remuneration Committee, in an annual bonus plan under which the maximum potential bonus is currently capped as 102.6 per cent. (Feargal Mooney) and 72 per cent. (Mari Hurley) of annual salary;

4.3.2.3 35 days (Feargal Mooney) and 27 days (Mari Hurley) holiday, plus statutory holidays;

4.3.2.4 eligibility to participate, at the discretion of the Remuneration Committee, in a Long Term Incentive Plan scheme;

4.3.2.5 private medical insurance cover (which includes cover for their spouse and children);

4.3.2.6 life assurance cover;

4.3.2.7 sick pay cover for up to 185 days in any 365 day period; and

4.3.2.8 other minor benefits may also be provided from time to time.

4.3.3 Feargal Mooney and the Company are both required to give the other 12 months' notice of termination of employment.

4.3.4 The Company is required to give Mari Hurley 12 months' notice of termination of employment. Mari Hurley is required to give the Company 6 months' notice of termination.

4.3.5 Executive Directors may be put on garden leave during their notice periods and the Company can elect to terminate their employment by making a payment in lieu of notice. In Feargal Mooney's case, the payment in lieu of notice is paid at a rate of 115 per cent. of annual basic salary (pro-rated to reflect the balance of his notice period) to reflect his loss of benefits during such period. In Mari Hurley's case, the payment in lieu of notice is paid for her salary and contractual entitlements to pension and private insurance contributions;

- 4.3.6 The employment of Executive Directors will be terminable in such circumstances justifying immediate termination, such as serious misconduct or commission of an indictable offence.
- 4.3.7 The Executive Directors are subject to perpetual obligations concerning confidential information and subject to non-compete, non-solicit, non-diverting-of-business covenants for periods of 12 months (in Feargal Mooney's case) and for 6 months (in Mari Hurley's case).
- 4.3.8 On 27 October 2015, the Company agreed to pay a transaction bonus of €225,000 to each of Mari Hurley and John O'Donnell. Payment of the transaction bonus is conditional on Admission.

4.4 Non-Executive Directors

On 27 October 2015 the Chairman entered into a letter of appointment with the Company, and on 27 October 2015 the Non-executive Directors entered into letters of appointment with the Company. The letter of appointment for Richard Segal will, conditional upon Admission, replace his existing service contract with the Group dated 19 July 2011. Certain provisions of these agreements are conditional on, and become effective from, Admission.

- 4.4.1 Richard Segal was appointed Non-executive Chairman of the Company on 14 October 2015. Mr Segal's annual fee is €145,000. On 28 September 2011, H&F 1 entered into agreements with Richard Segal in connection with his appointment as chairman of the Group. These included the transfer to him of the beneficial interest in shares in H&F 1, the grant of options issued by H&F 1 over preferred equity certificates in H&F 2 and an agreement to procure payment of a net bonus of €1,000,000 from the Company in the event of an exit. On 27 October 2015, H&F 1 agreed to pay Richard Segal a net sum of €2,500,000 in full satisfaction of these existing contractual obligations. H&F 1 has also agreed to pay any employer's tax that will accrue to the Company as a result of Richard Segal receiving this payment. Payment of this amount is only conditional on Admission.
- 4.4.2 The appointments of each of the Non-Executive Directors (excluding the Chairman) commenced on 14 October 2015.
- 4.4.3 Each of the Non-Executive Directors (excluding the Chairman) will receive an annual fee of €60,000. Each of the Non-Executive Directors (excluding the Chairman) will receive an additional amount of €7,000 as Chairman of the Audit and Remuneration Committee respectively. Mr Cawley will receive an additional €7,000 as Senior Independent Director.
- 4.4.4 Each Non-Executive Director and the Chairman is also entitled to reimbursement of reasonable expenses.
- 4.4.5 The Non-Executive Directors and the Chairman are not entitled to receive any compensation on termination of their appointment and are not entitled to participate in the Company's shares, bonus or pension schemes.
- 4.4.6 The Non-Executive Directors and the Chairman are subject to confidentiality undertakings without limitation in time.
- 4.4.7 Each of the Non-Executive Directors and the Chairman has the benefit of a qualifying third-party indemnity from the Company (the terms of which are in accordance with the Act) and appropriate directors' and officers' liability insurance.
- 4.4.8 Save as set out in paragraph 4 above, there are no existing or proposed service agreements or letters of appointment between the Directors and any member of the Group.

4.5 In addition to the annual bonus plan discussed above, H&F 1 and the Ex-Hostelbookers Shareholders have notified the Remuneration Committee that, they will consider making a discretionary bonus payment, following consultation with the Remuneration Committee, to the Executive Directors and Senior Management to reflect their ongoing contribution to the Group. Whilst there is no commitment to pay a bonus, H&F 1 and the Ex-Hostelbookers Shareholders have confirmed that the maximum aggregate amount that may be paid will not exceed €7,000,000. H&F 1 and the Ex-Hostelbookers Shareholders have agreed with the Company that any employer tax that becomes payable as a result of the payment of the bonus will be met by them and that details of any bonuses paid will be disclosed in the Company's next annual report following payment.

4.6 Directors' and Senior Management's current and past directorships and partnerships

Set out below are the directorships (unless otherwise stated) and partnerships held by the Directors and members of Senior Management (other than, where applicable, directorships held in the Company and other members of the Group), in the five years prior to the date of this Prospectus:

Name	Current directorships / partnerships	Past directorships / partnerships
Richard Segal	Hampstead Theatre Limited On The Beach Group plc On The Beach Bidco Limited Zezees Limited Spread A Smile Spencer Walk Residents Association Limited Full House Topco Limited	On The Beach Topco Limited The Charles Kalms, Henry Ronson Immanuel College Esporta Health & Fitness Limited Esporta Tennis Clubs Limited BL HC (DSCLI) Limited The Riverside Health & Racquets Club Northwood Limited BL Health Clubs PH No 2 Limited Esporta Financial Services Limited Esporta Management Services Limited Esporta Racquets and Non Racquets Holdings Limited Esporta Non Racquets Limited I S L Leisure Limited The Royal County of Berkshire Health & Racquets Club Limited Riverside Limited Invicta (Club Indigo) Limited Esporta H & F Propco (2A) Limited Invicta Leisure (Plymouth) Limited BL HC (DSCH) Limited BL HC Health and Fitness Holdings Limited Esporta Health Clubs Limited Esporta Health & Racquets Club Hamilton Limited New Holding Limited BL HC Dollview Limited BL HC Health And Fitness Holding Limited BL HC Invic Leisure Limited BL HC Property Holdings Limited BL Health Clubs PH No 1 Limited Esporta H & F Propoco (1A) Limited Esporta Health & Racquets Club Gloucester Limited Esporta Health Club Peterborough Limited Esporta Limited Esporta Racquets Limited Invicta Leisure (Brentwood) Limited Invicta Leisure (Manchester) Limited Invicta Leisure (Plymouth) Limited Invicta Leisure (Sunderland) Limited Invicta Leisure (Swansea) Limited Invicta Leisure (Tennis) Limited Ocean Park Leisure Limited Riverside Racquet Centre Limited EG01 Limited Bridge BP Realisations Limited Cookridge Hall Country Club Limited Esporta Chislehurst Limited Esporta Health & Racquets Club Lichfield Limited Esporta Health Club Northampton Limited

Name	Current directorships / partnerships	Past directorships / partnerships
		Esporta Health Club Repton Park Limited Esporta Health Club Rustington Limited Esporta Health Club Wolverhampton Limited Esporta Lifestyle Clubs Limited Esporta Racquets Clubs Limited Humberston Country Club Limited Invicta Leisure (Brighton) Limited Invicta Leisure (Financial Services) Limited Invicta Leisure (Overseas) Limited Northwood Developments Limited Riverside Childcare Limited Riverside Chiswick Limited Riverside Croydon Limited Surrey Tennis & Country Club (STCC) Limited The Norfolk Health & Racquets Club Limited The Oxford Health & Racquets Club Limited Three Years Limited Two Years Limited
Feargal Mooney	Meetingsbooker Limited	Leavenford Limited
Mari Hurley	Ervia National Asset Management Agency	Pobal
Michael Cawley	GMS Professional Imaging Limited Kingspan Group PLC Mazine Ltd. Paddy Power PLC Prepaypower Holdings Ltd. Ryanair Limited Ryanair Holdings PLC	Horizon Hotels (UK) Limited Darley Investments Limited Airport Marketing Services Limited FR Hangars Limited Coinside Limited PBRC NV
Andy McCue	Paddy Power plc Sportsbet Proprietary Limited Power Leisure Bookmakers Limited	Bookmakers Afternoon Greyhound Services Limited
John O'Donnell	ZinMobi Ltd	
Otto Rosenberger	Dating Latum	
Stuart Priday		Ladbrokes E-Gaming Limited
Paul Halpenny		JBM Halpenny Limited Kingston Academy of Music

Within the period of five years preceding the date of this Prospectus, save as set out below, none of the Directors or members of Senior Management:

- (a) has had any convictions in relation to fraudulent offences;
- (b) has been a member of the administrative, management or supervisory bodies or director or senior manager (who is relevant in establishing that a company has the appropriate expertise and experience for management of that company) of any company at the time of any bankruptcy, receivership or liquidation of such company; or

- (c) has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of affairs of a company.

Richard Segal resigned as a director of Bridge BP Realisations Limited on 9 December 2011. This Company entered administration on 8 December 2011 and a creditors' voluntary liquidation on 28 November 2012 and is currently in liquidation.

Feargal Mooney was a director of Leavenford Limited, which entered into liquidation and was dissolved on 9 November 2010.

5. Employee Share Plan

The Group intends to operate a long term incentive plan ("LTIP"). A summary of the principal terms of the Share Plan proposed to be approved and adopted on Admission are set out below:

5.1 Long Term Incentive Plan ("LTIP")

Overview

Under the LTIP, awards may be granted in the form of options to acquire Shares ("**Options**") and/or conditional rights to acquire Shares ("**Conditional Share Awards**") (together "**Awards**").

The Remuneration Committee will supervise the operation of the LTIP and the grant of Awards.

Options may be granted with an exercise price of nil or nominal value.

It is proposed that the first set of Awards under the LTIP will be granted in the form of nil-cost Options and it is intended that the individual participation limits for the first set of Awards granted under the LTIP will be based on the share price of the Company on Admission (provided that such grant takes place within 12 months from Admission).

Participation

Employees and executive directors of the Group may participate in the LTIP at the absolute discretion of the Remuneration Committee.

Timing of grant of Awards

Except as otherwise provided, the grant of Awards may only be made at times permitted by the Model Code contained in the Listing Rules issued by the UK Listing Authority (as amended from time to time) and any code adopted by the Company or any order or regulation governing dealing in shares by which the Company is bound that may be issued from time to time.

It is intended that the first set of Awards under the LTIP will be granted during the course of 2016.

Dilution limits

The maximum number of Shares over which Awards may be granted under the LTIP and under any other employees share scheme in any 10 year period may not exceed ten per cent of the number of Shares in issue from time to time.

In addition, an Award may not be granted under the LTIP if it would cause the number of Awards granted under the LTIP and under any other discretionary share scheme in the preceding 10 years to exceed five per cent of the number of Shares in issue at that time.

Awards which have lapsed or have been surrendered shall not count towards this dilution limit.

Individual participation limit

The number of Shares (based on the share price as at the grant date, or the share price on Admission, if applicable) over which Awards under the LTIP may be granted to a participant in any financial year of the Company may not exceed 150 per cent of his annual basic salary. If exceptional circumstances arise, including (but not limited to) the recruitment of an individual, the Remuneration Committee may grant Awards outside this limit up to a maximum of 200 per cent of a participant's annual basic salary.

Shareholding requirement

The Remuneration Committee may provide on grant of an Award that participants are required to retain any Shares which vest until such time as they have met the requirement to maintain a certain shareholding in the Company as notified to them from time to time.

Awards not transferrable

Awards granted under the LTIP are not transferable other than to the Award holder's personal representatives in the event of his death.

Performance conditions and vesting

Vesting of Awards will be subject to the achievement of appropriate performance conditions typically measured over three financial years as determined by the Remuneration Committee at the date of grant and will be subject to the participant continuing to be an employee or director of the Group at the time of vesting.

If an event occurs which causes the Remuneration Committee to consider that any performance condition subject to which an Award has been granted is no longer appropriate, that condition may be substituted or varied or waived as is considered reasonable in the circumstances and produces a fairer measure of performance and is not materially less difficult to satisfy.

Cessation of Employment

Unvested Awards will normally lapse on cessation of employment.

If a participant ceases employment as a result of death, ill health, injury or disability, retirement, redundancy or being employed by an entity which is transferred out of the Group or for any other reason as determined by the Remuneration Committee, the Award will not lapse and will instead continue until the normal time of vesting.

Awards will normally be pro-rated to reflect the time from the date of grant of the Award until the date of cessation.

Change of control and other corporate events

If there is a change of control of the Company as a result of a takeover, a court-sanctioned compromise or arrangement or a voluntary winding up (or any other similar event including a demerger), a proportion of an Award will vest to the extent to which the performance conditions have been achieved (as determined by the Remuneration Committee) and taking into account the period of time the Award has been held by the participant.

Options to the extent vested may be exercised for a period of 6 months and if not so exercised will lapse at the end of such period unless the Remuneration Committee determines that a longer period shall apply.

Where appropriate, and with the agreement of an acquiring company, Awards may be exchanged for Awards over shares in the acquiring company.

Dividend equivalent

An Award may include the right to additional Shares or a cash amount on vesting/exercise of an amount equal to dividends paid during the life of the Award in respect of the number of Shares over which the Award has vested. Such amount will assume the reinvestment of dividends and (unless the Remuneration Committee determine otherwise) will include special dividends and dividends in specie.

Alternative settlement

At its discretion, the Remuneration Committee may decide to satisfy on exercise of an Option granted under the LTIP either:

- a) with a cash payment equal to any gain that the participant would have made had the relevant Option been satisfied with shares after payment of any price due on exercise; or
- b) with the transfer or issue of shares equal in value to any gain that the participant would have made had the relevant Option been satisfied with shares on exercise.

Rights attaching to shares

Shares issued and/or transferred under the LTIP will not confer any rights on any participant until the relevant Award has vested or the relevant Option has been exercised and the participant in question has received the underlying shares. Any shares allotted when an Option is exercised or a conditional Award vests will rank equally with shares then in issue (except for rights arising by reference to a record date prior to their issue).

Malus and clawback

The Remuneration Committee may determine at the time of grant of an Award that such Awards shall be subject to malus and/or clawback.

If an Award is made subject to malus, the Remuneration Committee may at any time before an Award has vested, reduce the number of Shares subject to the Award (including to nil) in the following circumstances:

1. discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company or the audited accounts of any Group Company; and/or
2. action or conduct of a participant which, in the reasonable opinion of the Remuneration Committee, amounts to fraud or gross misconduct.

If an Award is subject to clawback, then for a period of two years following the date of vesting the Remuneration Committee may in its absolute discretion require the relevant Award Holder to transfer some or all of the Shares that were subject to his Award or pay an equivalent cash amount in the following circumstances:

1. discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company or the audited accounts of any Group Company for a period that was wholly or partly before the end of the period over which the Performance Target applicable to an Award was assessed; and/or
2. action or conduct of an Award Holder which, in the reasonable opinion of the Remuneration Committee, amounts to fraud or gross misconduct.

Taxation

Under the terms of the LTIP, the participant agrees to pay to the relevant company in the Group any amount of income tax and national insurance contributions (or overseas equivalents) that the relevant company is required to withhold and/or account to any fiscal authority. To the extent permitted by law, such liabilities may be deducted from other payments due to the participant and the relevant company in the Group may withhold and sell Shares to which the participant may otherwise be entitled under the LTIP in order to meet such liabilities. To the extent permitted by law, national insurance contribution (or overseas equivalent) may include employer contributions.

Variation of share capital

In the event of any variation in the share capital of the Company, the number of Shares subject to an Award, the description of the Shares, the exercise price (where relevant), or any one or more of these, may be adjusted in such manner as the Remuneration Committee may determine.

Amendment of the LTIP

The Remuneration Committee may from time to time amend the rules of the LTIP (including, for the purposes of establishing a sub-plan for the benefit of employees located overseas).

However, no amendment to the Rules may be made without the prior approval of the Company in general meeting for the benefit of existing or future participants relating to:

1. the basis for determining an employee's entitlement (or otherwise) to be granted an Award and/or to acquire Shares on the exercise of an Option and/or to become absolutely entitled to Shares subject to a Conditional Share Award (as the case may be) under the LTIP;
2. the persons to whom an Award may be granted;
3. the limit on the aggregate number of Shares over which Awards may be granted;
4. the limit on the number of Shares over which Awards may be granted to any one employee;
5. the price at which Shares may be acquired under the LTIP;
6. the adjustment of Awards on a capitalisation issue, rights issue, open offer, sub-division or consolidation of shares or reduction of capital or any other variation of capital; and
7. the rule relating to amendments to the LTIP,

except for amendments made before Admission or amendments which are minor and benefit the administration of the LTIP or in order to take account of a change of legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the LTIP, the Company or some other Group company.

Term of the LTIP

The life of the LTIP will be 10 years and no Award may be granted more than 10 years after the date on which the LTIP was adopted.

Pension benefits

Awards under the LTIP are not pensionable.

5.2 The Company's employee trust

The Company has resolved to establish, as soon as practicable following Admission, an employee benefit trust (the “**Hostelworld Group plc Employee Benefit Trust**” or “**EBT**”) to be a discretionary trust constituted by a trust deed which will be entered into between the Company and an independent off-shore professional trustee. The Company has the power to appoint and remove the trustee.

The EBT will be constituted as an employees' share scheme within the meaning of s.1166 of the Companies Act and can be used to benefit employees and former employees of the Company and its subsidiaries (which, for these purposes, includes executive directors) and certain members of their families.

The trustee of the EBT has the power to acquire Shares. Any Shares acquired may be used for the purposes of the new LTIP or other employee share plans established by the Group from time to time, including the grant and settlement of awards under the LTIP.

The Group may fund the EBT by loan or gift to acquire Shares either by market purchase or by subscription and such funding should constitute lawful financial assistance for the purposes of an employees' share scheme as permitted by section 682(2)(b) of the Companies Act (but subject always to section 682(1)(b) of the Companies Act). Any awards to subscribe for Shares granted to the EBT or Shares issued to the EBT will be treated as counting against the dilution limits that apply to the relevant plan.

Any Shares issued to the EBT in order to satisfy options or awards it has granted will be treated as counting towards the dilution limits that apply to the LTIP and (if relevant) any other employee share scheme operated by the Company from time to time. For the avoidance of doubt, any Shares acquired by the EBT in the market in order to satisfy options or awards it (or the Company) has granted will not count towards these limits.

In addition, the EBT will not make an acquisition of Shares if that acquisition would mean that (other than Shares held for the purposes of satisfying awards/options that it has already granted or agreed to satisfy and after deducting any Shares held as nominee for beneficiaries under the EBT) it held more than 5 per cent. of the Company's Share capital, without prior shareholder approval. Unless directed otherwise the trustee will waive any dividends paid on the Shares settled in the EBT.

6. Pensions

In compliance with Irish law employees of the Group based in Ireland have been provided with access to a standard PRSA. The Group matches the contributions of any permanent employee who joins the PRSA up to a maximum of 4 per cent. of the employees' gross salary. Contributions are paid on a monthly basis. Employees of the Group based in Ireland are also provided with a death-in-service benefit of twice their salary in the event of death in service.

In addition, the Group makes a pension contribution of 4 per cent. of salary directly to two members of Senior Management. This pension contribution is then paid by those members into their own personal pension plans.

The UK Group provides a group personal pension plan operated by Aviva (the “GPP”) for its employees (“UK Group Employees”). The UK Group will match member contributions up to a maximum employer contribution of 3 per cent.

The UK Group uses the GPP to comply with its automatic enrolment obligations under the Pensions Act 2008. Contributions in respect of automatically enrolled UK Group Employees are made at the statutory minimum level, although such employees have the option to contribute more, and the UK Group will match this contribution up to a maximum 3 per cent. employer contribution.

7. Underwriting Arrangements

7.1 Underwriting Agreement

On 28 October 2015, the Company, the Directors, H&F 2, Numis and Davy entered into the Underwriting Agreement. Pursuant to the terms of the Underwriting Agreement:

- 7.1.1 the Company has agreed, subject to certain conditions, to allot and issue, at the Offer Price, the Offer Shares;
- 7.1.2 Numis and Davy have severally agreed, in their respective proportions subject to certain conditions, to procure subscribers or, failing which, to themselves subscribe for, the Offer Shares pursuant to the Offer;
- 7.1.3 Numis and Davy will deduct from the proceeds of the Offer payable to the Company a commission of 1.75 per cent. of the product of the Offer Price and the number of Offer Shares allotted pursuant to the Offer;
- 7.1.4 in addition, the Company may, at the absolute discretion of H&F 1, pay an additional commission to Numis and Davy of up to 1.25 per cent. of the product of the Offer Price and the number of Offer Shares. The Existing Shareholders have agreed that if a decision is taken to pay the additional commission, the Existing Shareholders shall repay to the Company the *pro rata* proportion of their proceeds from the sale of preferred shares and preferred equity certificates in H&F 2 and the redemption of preferred equity certificates issued by H&F 2 up to an amount, in aggregate, of the additional commission to fund the payment of the additional commission;
- 7.1.5 the obligations of Numis and Davy to procure subscribers for or, failing which, itself to subscribe for Shares on the terms of the Underwriting Agreement are subject to certain conditions. These conditions include the approval and publication of this Prospectus, the absence of any breach of representation or warranty under the Underwriting Agreement and Admission occurring on or before 2 November 2015 (or such later time and/or date as Numis, in consultation with Davy, and the Company may agree in writing (being not later than 16 November 2015)). In addition, Numis and Davy have the right to terminate the Underwriting Agreement, exercisable in certain circumstances, prior to Admission;
- 7.1.6 the Company has agreed to pay any stamp duty and/or stamp duty reserve tax arising on the allotment, issue, subscription and delivery of the Shares in connection with the Offer;
- 7.1.7 the Company has agreed to pay the costs, charges, fees and expenses of the Offer (together with any related value added tax);
- 7.1.8 each of the Company and the Directors have given certain representations, warranties and undertakings to Numis and Davy. The liability of the Company pursuant to the Underwriting Agreement is unlimited by time and amount. The liability of the Directors pursuant to the Underwriting Agreement is limited by both time and amount;
- 7.1.9 the Company has given an indemnity to Numis and Davy on customary terms; and
- 7.1.10 the parties to the Underwriting Agreement have given certain covenants to each other regarding compliance with laws and regulations affecting the making of the Offer in relevant jurisdictions.

8. Subsidiaries, investments and principal establishments

From Admission, the Company will be the holding company of the Group. The principal subsidiaries and subsidiary undertakings of the Company will, with effect from Admission, be as follows:

Subsidiaries and subsidiary undertakings

Name	Country of incorporation	Proportion of ownership interest (including voting power)
H&F Wings Lux 2 S.a.r.l. ⁽¹⁾	Luxembourg	100% owned by Hostelworld Group plc
H&F Wings Lux 3 S.a.r.l. ⁽¹⁾	Luxembourg	100% owned by H&F Wings Lux 2 S.a.r.l
WRI Nominees Ltd ⁽²⁾	Ireland	100% owned by H&F Wings Lux 3 S.a.r.l
H&F Wings Holdco Limited.....	Ireland	100% owned by H&F Wings Lux 3 S.a.r.l
H&F Wings Bidco Limited	Ireland	100% owned by H&F Wings Holdco Limited
Wings Corporate Services Limited..	Ireland	100% owned by H&F Wings Bidco Limited
WRI Holdings	Ireland	100% owned by H&F Wings Bidco Limited
Web Reservations International.....	Ireland	100% owned by WRI Holdings
Hostelworld.com Limited.....	Ireland	100% owned by Web Reservations International
Boo Travel Limited	Ireland	100% owned by Hostelworld.com Limited
Cornetto Bidco Limited	Jersey	100% owned by H&F Wings Lux 3 S.a.r.l
Hostelworld Services Limited.....	England and Wales	100% owned by Cornetto Bidco Limited
Anytrip.com Limited	England and Wales	100% owned by Hostelworld Services Limited

(1) As at Admission, the current intention is to dissolve this company in the near future.

(2) Resident for all tax purposes in Luxembourg.

Principal investments

The Company currently has no principal investments (in progress or planned for the future on which the Directors have made firm commitments or otherwise) other than the subsidiaries and subsidiary undertakings listed above.

Principal establishments

The following are the principal establishments of the Group:

Name and location	Tenure
High Holborn House, 52-54 High Holborn, London WC1V 6RL	Leasehold
Second Floor, Number One, Central Park, Leopardstown, Dublin 18, Ireland.	Leasehold

9. Statutory auditors

The auditor of the Company is Deloitte, chartered accountants, whose registered address is at Earlsfort Terrace, Dublin 2. Deloitte has audited the consolidated financial statements for the H&F 2 (prepared in accordance with IFRS) as at and for the years ended 31 December 2012, 2013 and 2014, in accordance with applicable law and International Standards on Auditing (UK and Ireland).

10. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group: (a) within the two years immediately preceding the date of this Prospectus which are, or may be, material to the Company or any member of the Group, and (b) at any time and contain provisions under which the Company or any member of the Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Group as at the date of this Prospectus:

10.1 Underwriting Agreement

The Underwriting Agreement described in paragraph 7 of this Part 13 “*Additional Information – Underwriting Agreement*”.

10.2 Lock-in Deeds

Numis and Davy entered into Lock-in Deeds with John O'Donnell, Otto Rosenberger and Paul Halpenny (being members of Senior Management who will hold Shares on Admission) on 27 October

2015 pursuant to the terms of which each of them has covenanted not to dispose of any of the Shares held by them at Admission, or subsequently acquired for a period of 365 days from Admission, and Numis and Davy entered into Lock-in Deeds with H&F 1 and the Ex-Hostelbookers Shareholders on 27 October 2015 pursuant to the terms of which H&F 1 and the Ex-Hostelbookers Shareholders have covenanted not to dispose of any of the Shares held by them at Admission, or subsequently acquired for a period of 180 days from Admission except in each case with the consent of Numis

10.3 Reorganisation Agreement

Under the Reorganisation Agreement certain members of the Group will implement a number of reorganisation steps, which will, among other things, result in the Company acquiring the entire issued share capital of H&F 2 on Admission, all outstanding preferred equity certificates issued by H&F 2 being redeemed or transferred to the Company (further details of which are set out in paragraph 1.8 of this Part 13) and the reorganisation of the capital in various group entities to ensure no deficits in reserves exist that may restrict the Company's ability to pay dividends and that all outstanding debts to third parties being paid.

11. Financing Arrangements

Hostelworld.com Ltd (the "**Borrower**") entered into a committed revolving credit facility with Allied Irish Banks, p.l.c., on 21 October 2015 (the "**Facility Letter**") pursuant to which a €2,500,000.00 revolving credit facility (the "**Facility**") has been made available to the Borrower. The Facility will be utilised in order to meet the general corporate and working capital requirements of the Group. The Facility will terminate two years from the date on which the Facility Letter was entered into and will be cancelled if Admission does not occur within 30 days of the date of the Facility Letter. Interest is payable on amounts drawn under the Facility at Euribor together with any reserve asset costs for the relevant interest period plus a margin of 3.5 per cent. In addition, an arrangement fee of €10,000.00 and a commitment fee in respect of the undrawn amount of the Facility of 1.5 per cent. per annum. are payable under the terms of the Facility Letter.

The Facility Letter will be unsecured, and under the terms of a guarantee entered into pursuant to the terms of the Facility Letter, the Company, Hostelworld Services Ltd. and WRI Nominees Ltd. (the "**AIB Guarantors**") have each provided a guarantee and indemnity in respect of the Borrower's obligations under the Facility Letter. Each of the AIB Guarantors are also a party to the Facility Letter for the purpose of conforming and accepting its terms.

The financial covenants in the Facility Letter include, but are not limited to, minimum consolidated EBITDA of €15 million, minimum net assets of €100 million. The financial covenants will be tested quarterly on a rolling 12 month historical basis. The Facility Letter also restricts the Borrower and the AIB Guarantors from declaring dividends and distribution above an annual cap of 80 per cent. of consolidated adjusted profit. The Facility Letter contains customary representations, positive covenants, information covenants and negative covenants including, without limitation, restrictions on the incurrence of further financial indebtedness variation to complete structure and shareholdings and a negative pledge. Any breach of any representation or covenant in the Facility Letter or the Guarantee will constitute an event of default.

12. UK Taxation

12.1 The following is a summary of certain United Kingdom tax considerations relating to an investment in the Shares.

12.2 The statements are a general summary of certain UK tax consequences of the acquisition and ownership of the Shares. This summary is based on UK taxation law and the published practices of HMRC (which may not be binding on HMRC) in force at the date of the Prospectus, each of which is subject to change, possibly with retrospective effect.

This does not constitute tax or legal advice, and does not purport to be, and is not, a complete description of all UK tax considerations that may be relevant to a decision to buy, hold, sell or otherwise dispose of the Shares. They are intended as a general guide and apply only to Shareholders resident and, in the case of an individual, domiciled in (and in each case only in) the United Kingdom for United Kingdom tax purposes (except insofar as express reference is made to the treatment of non United Kingdom residents), who hold Shares as an investment (other than under an individual savings account) and who are the absolute beneficial owners of the Shares and any dividends paid on them. This discussion does not address all possible tax

consequences relating to an investment in the Shares. The statements are not addressed to: (i) special classes of Shareholders such as, for example, dealers in securities, broker dealers, intermediaries, insurance companies or collective investment schemes; (ii) Shareholders who hold Shares as part of hedging transactions; (iii) Shareholders who have (or are deemed to have) acquired their Shares by virtue of an office or employment; and (iv) Shareholders who own (or are deemed to own) 10 per cent, or more of the Shares and/or voting power of the Company; (v) Shareholders subject to specific tax regimes or benefiting from certain reliefs or exemptions; (vi) Shareholders connected with the Company or Group; and (vii) unless otherwise indicated, Shareholders who hold Shares in connection with a trade, profession or vocation carried on in the United Kingdom through a branch or agency (or, in the case of a corporate shareholder, in connection with a trade in the UK carried on through a permanent establishment or otherwise). Such Shareholders may be subject to special rules and this summary does not apply to such Shareholders.

Shareholders or prospective Shareholders who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction other than the UK, should consult their own professional advisers.

DIVIDENDS

- 12.3 Under United Kingdom tax legislation, the Company is not required to withhold amounts on account of United Kingdom tax at source from dividend payments it makes.

Individuals

- 12.4 Individual Shareholders resident for tax purposes in the UK should generally be entitled to a tax credit in respect of a dividend received from the Company. The tax credit will be equal to 10 per cent. of the aggregate of the dividend and the tax credit (the “gross dividend”), which is also equal to one ninth of the cash dividend received, before taking account of any dividend withholding tax at source in Ireland (“DWT”).
- 12.5 A UK resident individual Shareholder’s liability to income tax will be calculated on the gross dividend. The gross dividend will be regarded as the top slice of the individual’s income and will be subject to United Kingdom income tax at the rates described below.
- 12.6 The tax credit will be available to set against a UK resident individual Shareholder’s liability (if any) to income tax on the gross dividend. A UK resident individual Shareholder may be entitled to foreign tax credit relief in respect of DWT, subject to a ceiling equal to the liability to UK income tax in respect of the gross dividend. Excess credits are not repayable and cannot be offset against liability to UK income tax on other income.
- 12.7 A UK resident individual Shareholder who is liable to income tax at no more than the basic rate will be liable to income tax on the gross dividend at the rate of 10 per cent. Such Shareholder will be able to set off the tax credit against this liability, such that the tax credit will satisfy in full the Shareholder’s liability to pay income tax on the dividend received.
- 12.8 A UK resident individual Shareholder liable to income tax at a rate not exceeding the higher rate will be liable to income tax on the gross dividend at the rate of 32.5 per cent., to the extent that the gross dividend, when treated as the top slice of the Shareholder’s income, exceeds the lower threshold for higher rate income tax. After taking into account the effect of the 10 per cent. tax credit, the effective rate of tax payable on the dividend will be 25 per cent. In addition the Shareholder may be entitled to foreign tax credit relief in respect of any DWT deducted.
- A UK resident individual Shareholder liable to income tax at the additional rate, will be liable to income tax on the gross dividend at the rate of 37.5 per cent., to the extent that the gross dividend, when treated as the top slice of the Shareholder’s income, exceeds the lower threshold for additional rate income tax. After taking into account the effect of the 10 per cent. tax credit, the effective rate of tax payable on the dividend will be 30.56 per cent. In addition the Shareholder may be entitled to foreign tax credit relief in respect of any DWT deducted.
- 12.9 For example, a UK resident individual Shareholder receiving a dividend of £90, with no DWT deducted, would receive a tax credit of £10. The gross dividend (the cash dividend plus the tax credit) would be £100. If the Shareholder is a higher rate taxpayer, he would be liable to tax at 32.5 per cent. on the gross dividend resulting in a tax liability of £32.50 (32.5 per cent. of £100). The tax credit of £10 may be set off against this liability resulting in a tax payable of £22.50, which represents 25 per cent. of the cash dividend received.

- 12.10 UK resident individual Shareholders who are not liable to United Kingdom income tax in respect of the gross dividend will not be entitled to reclaim any part of the tax credit.
- 12.11 Trustees who are liable to United Kingdom income tax at the rate applicable to trusts (currently 45 per cent.) will pay tax on the gross dividend at the dividend trust rate of 37.5 per cent. against which they can set the tax credit. To the extent that the tax credit exceeds the trustees' liability to account for income tax the trustees will have no right to claim repayment of the tax credit.

Corporate Shareholders

- 12.12 A corporate Shareholder resident for tax purposes in the UK will be subject to corporation tax on dividend income, including any DWT, unless (subject to special rules for such Shareholders that are small companies) the dividends fall within an exempt class and certain other conditions are met. Each Shareholder's position will depend on its own individual circumstances, and although it would normally be expected that the dividends paid by the Company would fall within an exempt class, it should be noted that the exemptions are not comprehensive and are subject to anti avoidance rules. Shareholders receiving dividends which fall into an exempt class will not be able to claim repayment of tax credits attaching to dividends.

Where a dividend does not qualify for exemption the tax credit attaching to the dividend payment is not available for set off against the Shareholder's corporation tax liability. Double tax relief may be available for DWT deducted at source from the dividend received either by way of credit relief against UK tax or by deduction from the income.

Shareholders within the charge to corporation tax should consult their own professional advisers.

Pension funds and other exempt persons

- 12.13 UK resident tax payers who are not liable to UK tax on dividends, including pension funds and charities will not be entitled to claim repayment of the tax credit attaching to the dividends paid by the Company.

Non UK residents

- 12.14 Non UK resident corporate Shareholders will not be liable to income or corporation tax in the UK on dividends paid on the Shares unless the Shareholder carries on a trade in the UK and the dividends are either a receipt of the trade or the shares are held by or for a UK permanent establishment through which the trade is carried on. In the latter case the dividends may still fall into one of the exempt classes and not be subject to UK corporation tax. Non UK resident corporate Shareholders will not generally be able to claim repayment of any part of the tax credit attaching to dividends paid by the Company.

Shareholders resident outside the UK may be subject to foreign taxation on dividend income under applicable local law. Shareholders who are not resident in the UK for tax purposes should consult their own advisers concerning tax liabilities in the country of their tax residence on dividends received from the Company.

Prospective changes to the taxation of dividends

- 12.15 In the Summer Budget on 8 July 2015 the UK Government announced prospective changes to the taxation of dividends. Draft legislation is not yet available. Assuming the proposals are adopted in their current form, with effect from 6 April 2016 the tax credit attaching to dividends will be abolished and UK resident individuals will receive an annual tax free allowance ("Dividend Allowance") of £5,000. Dividend receipts in excess of the Dividend Allowance will be taxed at the rates of 7.5 per cent. for basic rate income tax payers, 32.5 per cent. for higher rate income tax payers, and 38.1 per cent. for additional rate income tax payers. Dividends received by exempt persons, such as pension funds will continue to be tax free.

CHARGEABLE GAINS

- 12.16 Shareholders who are resident in the UK for tax purposes and who dispose (or are deemed to dispose) of their Shares at a gain will ordinarily be liable to United Kingdom taxation on chargeable gains subject to any available exemptions or reliefs. Indexation may reduce the

amount of chargeable gains subject to corporation tax, but may not create or increase any allowable loss. The gain will usually be calculated as the difference between the sale proceeds and any allowable costs and expenses, including the original acquisition cost of the Shares.

- 12.17 Shareholders who are not resident in the UK for tax purposes but who carry on a trade, profession or vocation in the UK through a permanent establishment, branch or agency in the UK may be liable to United Kingdom taxation on chargeable gains on any gain on a disposal of their Shares, if those Shares are or have been held, used or acquired for the purposes of that trade, profession or vocation or for the purposes of that permanent establishment, branch or agency.
- 12.18 An individual Shareholder who acquires Shares whilst resident in the UK and who subsequently ceases to be resident for tax purposes in the UK for a period of less than five complete tax years and who disposes of Shares during the period in which he is non UK resident, may in certain circumstances be liable to United Kingdom capital gains tax on his return to the UK, subject to any available exemptions or reliefs.

An individual Shareholder who is subject to UK income tax at the higher or additional rate will be liable to UK capital gains tax on the amount of any chargeable gain realised by a disposal of Shares at the rate of 28 per cent. Individual Shareholders who are subject to income tax at the basic rate only should only be liable to capital gains tax on the chargeable gain up to the unused amount of the Shareholder's basic rate band at a rate of 18 per cent. and at a rate of 28 per cent. on the gains above the basic rate band. In the event that a disposal of the Shares results in the realisation of a loss by the Shareholder for capital gains tax purposes, such a loss may be set off by the Shareholder against other chargeable gains in the same or future years of assessment.

UK resident corporate Shareholders will generally be subject to UK corporation tax (rather than capital gains tax) on any chargeable gain realised on a disposal of Shares. Any chargeable loss realised by such a Shareholder may be set off by the Shareholder against chargeable gains in the same or future accounting periods. A corporate Shareholder with a significant holding of Shares may be exempt from corporation tax on any gain arising on disposal of Shares, provided it can satisfy the conditions of the exemption applicable to disposal of substantial shareholdings.

INHERITANCE TAX

- 12.19 Shares will be assets situated in the UK for the purposes of United Kingdom inheritance tax. A gift of such assets by, or on the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to United Kingdom inheritance tax, even if the holder is neither resident nor domiciled in the UK nor deemed to be domiciled there under certain rules relating to long residence or previous domicile. Generally, United Kingdom inheritance tax is not chargeable on gifts to individuals if the donor survives for at least seven complete years after the date of the gift.

For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts in respect of which the donor reserves or retains some benefit. Special rules also apply to gifts made to close companies and where assets are transferred to and/or held by most types of trustee. The inheritance tax rules are complex and holders of Shares should consult an appropriate professional adviser in any case where the rules may be relevant, particularly (but not limited to) cases where Shareholders intend to make a gift of any kind or to hold any Shares through a trust arrangement. They should also seek professional advice in a situation where there is potential for a charge to both UK inheritance tax and an equivalent tax in another country or if they are in any doubt about their UK inheritance tax position.

STAMP DUTY AND STAMP DUTY RESERVE TAX ("SDRT")

- 12.20 The statements below are intended as a general guide to the current United Kingdom position. The statements below may not apply to certain intermediaries who are not liable to stamp duty or SDRT, or to persons connected with depositary arrangements or clearance services, who may be liable at a higher rate.

- (i) The allocation and issue of the new Shares will not give rise to a liability to stamp duty or SDRT.

- (ii) Any subsequent conveyance or transfer on sale of Shares will usually be subject to stamp duty on the instrument of transfer at a rate of 0.5 per cent. of the amount or value of the consideration (rounded up, if necessary, to the nearest £5). An exemption from stamp duty is available on an instrument transferring Shares where the amount or value of the consideration is £1,000 or less, and it is certificated on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate amount or value of the consideration exceeds £1,000. A charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration will arise in relation to an unconditional agreement to transfer such Shares. However, where within six years of the date of the agreement (or, if the agreement was conditional, the date the agreement became unconditional) an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on that instrument, any liability to SDRT will be cancelled or repaid.
- (iii) A transfer of shares effected on a paperless basis through CREST (where there is a change in the beneficial ownership of the shares) will generally be subject to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration given.
- (iv) Generally no stamp duty or SDRT will arise on a deposit of Shares into CREST unless such a transfer is made for a consideration in money or money's worth, in which case a liability to SDRT will arise usually at a rate of 0.5 per cent. of the amount or value of the consideration for the Shares

Any person who is in any doubt as to his or her taxation position or who is liable to taxation in any jurisdiction other than the United Kingdom should consult his or her professional advisers.

13. Irish Taxation

- 13.1 The following is a general summary of certain Irish tax consequences of the acquisition and ownership of the Shares. This summary is based on Irish taxation law and the published practices of Revenue in force at the date of this Prospectus, each of which is subject to change, possibly with retrospective effect.

It does not constitute tax or legal advice, and it does not purport to be, and is not, a complete description of all of the Irish tax considerations that may be relevant to a decision to buy, hold, sell or otherwise dispose of the Shares.

For the purposes of the following summary, the term Shareholder is used to refer only to a person who is the beneficial owner of Shares.

Separately, particular rules not referred to below may apply to certain classes of taxpayers holding Shares, such as dealers in securities, investment funds etc. This summary does not necessarily apply where the income is deemed for tax purposes to be the income of any other person.

Prospective investors should consult their own professional advisers on the implications of buying, holding, selling or otherwise disposing of Shares under the laws of any jurisdiction in which they may be liable to taxation.

13.2 Liability to Irish capital gains tax

13.2.1 Subsequent disposal of Shares

A Shareholder may be liable to Irish capital gains tax on a gain arising on a subsequent disposal of Shares.

13.2.2 Calculation of the capital gain or loss arising on a disposal

Where applicable, a gain on the disposal of Shares will generally be calculated as the excess of the proceeds realised on a sale of the Shares after deducting the costs of disposal, over the cost of acquisition of the Shares and any incidental costs of acquiring those Shares.

A loss on the disposal of Shares will generally be calculated as the excess of the cost of acquisition of the Shares and any incidental costs of acquiring those Shares, over the proceeds realised on a sale of the Shares after deducting the costs of disposal.

The rate of Irish capital gains tax is currently 33 per cent.

13.2.3 Shareholders who are not resident or ordinarily resident in Ireland

For as long as either the Shares are listed on a stock exchange (e.g. the Irish Stock Exchange) or the Shares do not derive their value wholly or mainly from Irish land, buildings or certain mineral or exploration rights, a Shareholder will not be subject to Irish tax on any gain arising on a disposal of Shares. This is provided that Shareholder is neither resident in Ireland for the purposes of Irish tax (“Irish Resident”) nor ordinarily resident in Ireland for the purposes of Irish tax (“Ordinarily Resident in Ireland”) and does not have an enterprise, or an interest in an enterprise, which carries on business in Ireland through a branch or agency, or a permanent establishment, to which or to whom the Shares are attributable.

13.2.4 Shareholders who are resident or ordinarily resident in Ireland

Individual Shareholders who are Irish Resident and/or Ordinarily Resident in Ireland or individual Shareholders not so resident which carry on business in Ireland through a branch or agency, or a permanent establishment, to which or to whom the Shares are attributable will generally be liable to capital gains tax on a disposal of shares in the Company. However, an individual is generally exempted from Capital Gains Tax if, for the year of assessment, the amount on which the individual is chargeable does not exceed €1,270. If the amount on which the individual is chargeable exceeds €1,270, generally, only the excess of that amount over €1,270 is charged.

13.2.5 Corporate Shareholders who are resident in Ireland

Corporation tax will generally apply to chargeable gains arising on the disposal of Shares in the Company by an Irish Resident corporate Shareholder or a corporate Shareholder that carries on business in Ireland through a branch or agency, or a permanent establishment, to which the Shares are attributable. The amount of the gain that is subject to corporation tax is adjusted so that the amount of corporation tax arising on the gain is equal to the capital gains tax that would have arisen had capital gains tax applied.

13.2.6 Irish tax-exempt Shareholders

Certain Irish tax-exempt Shareholders will not be subject to Irish capital gains tax on a gain arising on a disposal of Shares.

13.3 Payment of Dividends

13.3.1 Withholding tax

Any ‘relevant distribution’ made on Shares is subject to dividend withholding tax in Ireland (“**DWT**”) at the standard rate of Irish income tax (currently 20 per cent.) unless an exemption applies. Because the Company is Irish Resident any distribution of cash, assets or other property would be a ‘relevant distribution’ for this purpose unless paid to certain specified Irish persons.

Certain categories of Shareholder are entitled to an exemption from DWT if, prior to payment of the dividend, the Company or a ‘qualifying intermediary’ from whom the dividend is received by that Shareholder, as the case may be, has received all documentation required by law in order for that exemption to apply, and in the case of Shareholders that are not Irish Resident, that documentation is current at the date of payment of the dividend.

Individual Shareholders who are Irish Resident and/or Ordinarily Resident in Ireland are generally not entitled to an exemption from DWT.

Categories of Shareholder that are entitled to exemption include (but are not limited to):

- (a) companies that are Irish Resident;
- (b) Irish established pension schemes;
- (c) Irish authorised collective investment undertakings;
- (d) Shareholders that are not companies, that are neither Irish Resident nor Ordinarily Resident in Ireland and are resident for tax purposes in an E.U. Member State other than Ireland or a territory that has signed a double taxation agreement with Ireland (a “**Relevant Territory**”) under the laws of that Relevant Territory;

- (e) Shareholders that are companies that are not Irish Resident and:
 - (i) are resident for tax purposes in a Relevant Territory under the laws of that Relevant Territory provided that company is not under the control, whether directly or indirectly, of a person or persons who is or are Irish Resident;
 - (ii) are under the control, whether directly or indirectly, of a person or persons resident in a Relevant Territory under the laws of that Relevant Territory, and who is or are, not under the control, whether directly or indirectly, of a person who is, or persons who are, not so resident; or
 - (iii) the principal class of shares of which, or where the company is a 75 per cent. subsidiary of another company, of that other company, or where the company is wholly owned, directly or indirectly, by two or more companies, where the principal class of shares of each of those companies, is substantially and regularly traded on a recognised stock exchange in a Relevant Territory or Relevant Territories, or in Ireland or on such other stock exchange approved by the Minister for Finance for that purpose.

13.3.2 Withholding Tax on Dividends – administrative matters

Where applicable, the Company is responsible for withholding DWT at source and forwarding the relevant payment to Revenue.

As mentioned above, certain Shareholders (both individual and corporate) are entitled to an exemption from DWT. In particular, a Shareholder who is not Irish Resident is not subject to DWT on dividends received from the Company if such Shareholder is:

- (a) an individual Shareholder resident for tax purposes in a Relevant Territory, and the individual is not Irish Resident not Ordinarily Resident in Ireland.

As mentioned above, “Relevant Territory”, for the purposes of DWT, is defined to include all EU member states and all of those countries with which Ireland has signed a double tax treaty, which countries include: Albania, Armenia, Australia, Austria, Bahrain, Belarus, Belgium, Bosnia & Herzegovina, Botswana, Bulgaria, Canada, Chile, China, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Estonia, Ethiopia, Finland, France, Georgia, Germany, Greece, Hong Kong, Hungary, Iceland, India, Israel, Italy, Japan, Korea, Kuwait, Latvia, Lithuania, Luxembourg, Macedonia, Malaysia, Malta, Mexico, Moldova, Montenegro, Morocco, The Netherlands, New Zealand, Norway, Pakistan, Panama, Poland, Portugal, Qatar, Romania, Russia, Saudi Arabia, Serbia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, United Arab Emirates, Ukraine, United Kingdom, the United States, Uzbekistan, Vietnam, and Zambia;

- (b) a corporate Shareholder that is under the control whether directly or indirectly, and a person or persons resident for tax purposes in a Relevant Territory under the laws of that Relevant Territory who is or are not under the control, whether directly or indirectly, of a person or persons who is or are not so resident;
- (c) a corporate Shareholder resident for tax purposes in a Relevant Territory provided that such corporate Shareholder is not under the control, whether directly or indirectly, of a person or persons who is or are Irish Resident;
- (d) a corporate Shareholder that is not Irish Resident and whose principal class of shares (or those of its 75 per cent. parent) is substantially and regularly traded on a stock exchange in Ireland, on a recognised stock exchange in a Relevant Territory or on such other stock exchange approved by the Irish Minister for Finance; or
- (f) a corporate Shareholder that is not Irish resident and is wholly-owned, directly or indirectly, by two or more companies where the principal class of shares of each of such companies is substantially and regularly traded on a stock exchange in Ireland, on a recognised stock exchange in a Relevant Territory or on such other stock exchange approved by the Irish Minister for Finance,

and provided that, in all cases noted above but subject to the matters described below, the Shareholder has provided the appropriate Irish DWT form to his or her broker (in the case of Shares held through CREST), or to the Registrar (in the case of Shares held directly i.e. outside of CREST), by 5.00 p.m. on the record date for the first dividend payment to which they are entitled.

The Company will rely on information received directly or indirectly from brokers and the Registrar in determining where Shareholders reside and whether they have provided the required Irish DWT forms, as described below. Shareholders who are required to file Irish DWT forms in order to receive their dividends free of DWT should note that such forms are valid for five years and new forms must be filed before the expiration of that period, or where the information in such declaration is no longer valid, in order to continue to enable them to receive dividends without DWT.

In most cases, individual Shareholders resident in a Relevant Territory should complete a Form V2A and corporate (company) Shareholders resident in a Relevant Territory should complete a Form V2B. Where a Shareholder is neither an individual nor a company but is resident in a Relevant Territory, it should complete a Form V2C. Shareholders should contact their broker or tax adviser with any questions regarding Irish DWT.

If any Shareholder who would have been entitled to exemption from DWT had the prescribed declarations been in place on a given date receives a dividend subject to DWT, he or she should generally be able to make an application for a refund of the DWT from Revenue on the prescribed form.

While many double taxation treaties with Ireland contain provisions regarding the taxation of dividends, due to the wide scope of the exemptions from DWT available under Irish domestic law, it would generally be unnecessary for Shareholders to have to rely on the treaty provisions.

Most Shareholders who are Irish Resident or Ordinarily Resident in Ireland (other than Irish Resident companies) will be subject to DWT in respect of dividend payments on their Shares. Shareholders that are Irish Residents but are entitled to receive dividends without DWT must provide the appropriate Irish DWT form to his or her broker (in the case of Shares held through CREST), or to the Registrar (in the case of Shares held directly), by 5.00 p.m. on the record date for the first dividend payment to which they are entitled.

Shareholders who are Irish Resident or Ordinarily Resident in Ireland or are otherwise subject to Irish tax should consult their own tax advisers.

Shareholders who do not reside in a Relevant Territory or in Ireland should be subject to DWT, but there are a number of other exemptions that could apply on a case-by-case basis. Dividends paid to such Shareholders will be paid subject to DWT unless the relevant Shareholder has provided the appropriate Irish DWT form to his or her broker (in the case of Shares held through CREST), or to the Registrar (in the case of Shares held directly), by 5.00 p.m. on the record date for the first dividend payment to which they are entitled.

If any Shareholder who is not a resident of a Relevant Territory or Ireland but is exempt from withholding receives a dividend subject to DWT, he or she may make an application for a refund from Revenue on the prescribed form.

13.3.3 Taxation of Dividends

13.3.3.1 Irish taxation of individual Shareholders who are Irish Resident and/or Ordinarily Resident in Ireland

Shareholders that are natural persons that fall within the following categories are subject to direct Irish taxation at their marginal rates unless an exemption is available:

1. Irish resident individuals and;
2. Certain non-resident individuals who are Irish domiciled and remain ordinarily resident in Ireland (exemptions may be available under an applicable double taxation treaty).

The marginal rate of personal taxation arising includes income tax, Pay Related Social Insurance and Universal Social Charge, if applicable. The gross dividend amount is the amount of the distribution before deduction of DWT, if applicable. Such Shareholders are entitled to a credit for any DWT deducted against their income tax liability in the relevant tax year, and any amount by which such DWT exceeds such income tax liability may be refunded to them provided that they furnish a statement of DWT suffered to Revenue.

13.3.3.2 Irish taxation of Shareholders who are Irish Resident companies

Companies that are Irish Resident are generally exempt from Irish tax on dividends received from a company that is Irish Resident, such as the Company.

However, Irish Resident shareholders that are close companies as defined in Irish tax legislation, may be subject to a corporation tax surcharge on dividend income to the extent that it is not re-distributed by that company within the appropriate time frame.

13.3.3.3 Irish taxation of Shareholders who are not Irish Resident

Shareholders that are not Irish Resident are liable to Irish income tax on dividends received unless an exemption is available. An individual Shareholder who is neither Irish resident nor Ordinarily Resident in Ireland and is resident in a Relevant Territory is exempt from Irish income tax on relevant distributions.

An individual shareholder who is neither Irish resident nor ordinarily resident in Ireland and is not resident in a Relevant Territory is subject to Irish income tax on relevant distributions. However, the tax rate is capped at the standard rate of Irish income tax (currently 20 per cent.). Accordingly, any DWT deducted should represent full and final settlement of the liability for such shareholder.

13.4 *Stamp Duty*

Any instrument that gives effect to a transfer on sale or a voluntary disposition of Shares will be liable to Irish stamp duty at a rate of 1 per cent. of the consideration passing or the market value of the Shares transferring, if greater where the instrument is executed in Ireland, relates to any property situated in Ireland or to any matter or thing done or to be done in Ireland unless otherwise exempt. Generally, the person accountable for such stamp duty is the transferee, except in the case of a voluntary disposition, in which case the transferor and the transferee are jointly accountable. Stamp duty is generally payable within 30 days of the date of execution of the relevant instrument.

An exemption from Irish stamp duty applies for the transfer of shares in foreign registered companies. The exemption applies to the extent that the transfer does not relate to stocks or marketable securities in an Irish registered company or Irish immoveable property. As the company is a company incorporated in England and Wales, any transfer of the shares should therefore be exempt provided the transfer does not involve Irish immoveable property or stocks of an Irish incorporated company.

13.5 *Capital Acquisitions Tax*

If Shares are comprised in a gift or inheritance taken from a disponent that is Irish Resident or Ordinarily Resident in Ireland (or, in the case of certain settlements, an Irish domiciled disponent) or if the recipient is Irish Resident or Ordinarily Resident in Ireland, or if the Shares are regarded as property situate in Ireland, the recipient (or, in certain cases, the disponent) may be liable for Irish capital acquisitions tax.

The Shares, which are issued in registered form, should not be regarded as property situated in Ireland for this purpose for as long as the principal register of the Shares is maintained in the United Kingdom in accordance with the requirements of the Act and transfers can only be effected on that register.

The rate of Irish capital acquisitions tax is currently 33 per cent.

14. **Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) which may have, or have had during the 12

months preceding the date of this Prospectus, a significant effect on the Company's and/or the Group's financial position or profitability.

15. Related party transactions

Save as described in the Company's audited consolidated financial information set out in Section A of Part 11 "*Financial Information*", and save for the Reorganisation Agreement there are no related party transactions between the Company or members of the Group that were entered into during the years ended 31 December 2012, 2013 and 2014, the six months ended 30 June 2015 and during the period between 30 June 2015 and 27 October 2015 (the latest practicable date prior to printing of this Prospectus).

16. Working capital

In the opinion of the Company, taking into account the Facility described in paragraph 11 of Part 13 "*Additional Information*", the working capital available to the Group is sufficient for the Group's present requirements, that is for at least the next 12 months following the date of this Prospectus.

17. No significant change

There has been no significant change in the financial or trading position of the Group since 30 June 2015, the date to which the historical financial information in Part 11 "*Financial Information*" was prepared.

18. Consent

Deloitte, whose registered address is at Deloitte House, Earlsfort Terrace, Dublin 2, Ireland, is a member firm of Chartered Accountants Ireland, has given and has not withdrawn its written consent to the inclusion of the reports in Part 11 "*Section A Consolidated Financial Information*" and Part 11 "*Section B Unaudited Pro Forma Financial Information*" in the form and context in which they appear and has authorised the contents of those parts of this Prospectus which comprise its reports for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules. As the Shares have not been and will not be registered under the US Securities Act, Deloitte has not filed and will not file a consent under the US Securities Act.

19. Mandatory bids and compulsory acquisition relating to the Shares

Other than as provided by the City Code and Chapter 28 of the Act, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules that apply to the Shares or the Company.

19.1 Mandatory bids

The City Code applies to the Company. Under Rule 9 of the City Code, if an acquisition of interests in shares were to increase the aggregate holding of the acquirer and its concert parties to interests in shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties would be required (except with the consent of the Takeover Panel) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for interests in shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of interests in shares by a person holding (together with its concert parties) shares carrying between 30 per cent. and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the total voting rights in the Company.

"Interests in shares" is defined broadly in the City Code. A person who has long economic exposure, whether absolute or conditional, to changes in the price of shares will be treated as interested in those shares. A person who only has a short position in shares will not be treated as interested in those shares.

"Voting rights" for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting.

Persons acting in concert (and concert parties) comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. Certain categories of people are deemed under the City Code to be acting in concert with each other unless the contrary is established.

For the purposes of Rule 9 of the City Code, the Company understands that the Takeover-Panel will presume that:

- H&F 1 and the Ex-Hostelbookers Shareholders will not be treated as acting in concert with the Directors and Senior Management in respect of their shareholdings in the Company; and
- H&F 1 will not be treated as acting in concert with the Ex-Hostelbookers Shareholders in respect of its shareholding in the Company.

19.2 Squeeze-out rules

Under the Act, if a “takeover offer” (as defined in section 974 of the Act) is made by an offeror to acquire all of the shares in the Company not already owned by it and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the shares to which such offer relates, the offeror could then compulsorily acquire the remaining shares. The offeror would do so by sending a notice to the outstanding members informing them that it will compulsorily acquire their shares and, six weeks later, it would deliver a transfer of the outstanding shares in its favour to the Company which would execute the transfers on behalf of the relevant members, and pay the consideration for the outstanding shares to the Company which would hold the consideration on trust for the relevant members. The consideration offered to the members whose shares are compulsorily acquired under this procedure must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.

19.3 Sell-out rules

The Act also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the shares in the Company and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. in value of the shares and not less than 90 per cent. of the voting rights carried by the shares in the Company, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any member notice of his or her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises his or her rights, the offeror is entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

20. General

- 20.1 The fees and expenses to be borne by the Company in connection with Admission, including the fees payable to the FCA, the Central Bank of Ireland, the London Stock Exchange and the Irish Stock Exchange, professional fees and expenses and the costs of printing and distribution of documents are estimated to amount to approximately €10.1 million (including VAT).²⁸
- 20.2 The financial information contained in this Prospectus does not amount to statutory accounts within the meaning of section 434(3) of the Act.
- 20.3 The Offer has been underwritten in full by the Joint Bookrunners. The Joint Bookrunners’ registered addresses and registered numbers are set out in Part 3 “*Directors, Secretary, Registered and Head Office and Advisers*”.
- 20.4 There are no arrangements in place under which future dividends are to be waived or agreed to be waived.
- 20.5 CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Articles permit the holding and transfer of Shares under CREST. The Directors have applied for the Shares to be admitted to CREST and it is expected that the Shares will be so admitted, and accordingly enabled for settlement in CREST, as soon as practicable after Admission has occurred. CREST is a voluntary system and shareholders who wish to receive and retain a share certificate will be entitled to do so.

²⁸ Based on an exchange rate of pounds sterling to euro of £1.00 : €1.3857 (Source: Bloomberg as at 12.00 p.m. on 27 October 2015)

21. Documents available for inspection

Copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months following Admission at the offices of the Company and Travers Smith LLP, 10 Snow Hill, London, EC1A 2AL:

- (a) the Articles of the Company;
- (b) the consolidated financial information in respect of the years ended 31 December 2012, 2013 and 2014 and the six months ended 30 June 2015, together with the related report from Deloitte which is set out in Section A of Part 11 “*Financial Information*”;
- (c) the service agreements and letters of appointment of the Directors referred to in this Part 13;
- (d) the consent letter referred to in paragraph 18 headed “Consent” above; and
- (e) this Prospectus.

Copies of this document are also available for inspection at the National Storage Mechanism www.hemscott.com/nsm.do.

For the purposes of item 3.2.4 of the Prospectus Rules, this document will be published in printed form and available free of charge, during normal business hours on any weekday (Saturdays, Sundays and UK public holidays excepted) for a period of 28 days from the date of publication of this document at the Company’s registered office. In addition, this document will be published in electronic form and be available on the Company’s website at www.hostelworldgroup.com, subject to certain access restrictions applicable to persons located outside the UK.

Dated: 28 October 2015

PART 14

DEFINITIONS

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

“Act”	the Companies Act 2006, as amended
“AGM”	Annual General Meeting
“Adjusted EBIT”	Adjusted EBITDA less (i) depreciation on property plant and equipment and (ii) amortisation of capitalised development costs (excluding amortisation of IP and brand assets acquired through acquisition)
“Adjusted EBITDA”	EBITDA adjusted for certain one-off or exceptional items including (i) impairment losses, (ii) M&A activity costs, (iii) holding company administration costs, (iv) redundancy costs and (v) establishment expenses
“Adjusted Free Cash Flow”	free cash flow before financing activities adjusted for financial expenses, M&A costs and impairment costs
“Admission”	the admission of the Shares to listing on (i) the premium listing segment of the Official List of the FCA and (ii) the secondary listing segment of the Official List of the Irish Stock Exchange and to trading on (i) the London Stock Exchange’s main market for listed securities and (ii) the Irish Stock Exchange’s Main Securities Market
“Articles”	the Articles of Association of the Company
“Board”	the board of Directors of the Company
“CEO”	chief executive officer, being Feargal Mooney
“Chairman”	chairman, being Richard Segal
“CFO”	chief financial officer, being Mari Hurley
“City Code”	the City Code on Takeovers and Mergers
“Company”	Hostelworld Group plc
“CREST”	the UK-based system for the paperless settlement of trades in listed securities, of which Euroclear UK and Ireland Limited is the operator
“Davy”	J&E Davy
“Directors”	the Executive Directors and the Non-Executive Directors and the Chairman, further details of whom are set out in Part 7 “ <i>Directors, Senior Management and Corporate Governance</i> ”
“Disclosure and Transparency Rules”	the rules made by the FCA under Part VI of the FSMA
“Duffy Family Shareholders”	Kingsley Duffy, Louise Duffy, Bryan Duffy and Christina Duffy
“EEA”	the European Economic Area
“EBITDA”	earnings before interest, taxes, depreciation, and amortisation
“EU”	the European Union
“Ex-Hostelbookers Shareholders”	the Duffy Family Shareholders, David Smith, Mats Diedrichson, Scott Mayes and Chris Houry
“Executive Directors”	the executive directors of the Company, being Feargal Mooney and Mari Hurley
“Existing Shareholders”	H&F 1, the Ex-Hostelbookers Shareholders, Feargal Mooney, Mari Hurley, John O’Donnell, Catherine Gilvarry and Carmel Dunne
“FCA”	the Financial Conduct Authority

“FSMA”	the Financial Services and Markets Act 2000, as amended
“Group”	Prior to completion of the Share Capital Reorganisation, the term “Group” refers to H&F 2 and each of its consolidated subsidiaries and subsidiary undertakings; thereafter it refers to the Company and its consolidated subsidiaries and subsidiary undertakings from time to time
“H&F 1”	H&F Wings Lux 1 S.à r.l., the vehicle through which a partnership advised by Hellman & Friedman LLC acquired the Group
“H&F 2”	H&F Wings Lux 2 S.à r.l.
“HMRC”	HM Revenue and Customs
“IFRS”	International Financial Reporting Standards as issued by the IASB, as adopted by the European Union
“Ireland”	the Republic of Ireland and the word “Irish” shall be construed accordingly
“Irish Admission”	the admission of the Shares to listing on the secondary listing segment of the Official List of the Irish Stock Exchange and to trading on the Irish Stock Exchange’s Main Securities Market
“Irish Listing Rules”	the listing rules of the Irish Stock Exchange
“Irish Sponsor”	Davy
“Irish Stock Exchange”	Irish Stock Exchange plc
“Irish Transparency Rules”	The Transparency Rules November 2012 issued by the Central Bank of Ireland
“Joint Bookrunners”	Numis and Davy
“Listing Rules”	the UK Listing Rules and the Irish Listing Rules
“Lock-in Deeds”	the lock-in deeds entered into on 27 October 2015 between H&F 1, the Ex-Hostelbookers Shareholders, John O’Donnell, Otto Rosenberger and Paul Halpenny (being members of Senior Management who will hold Shares on Admission), Numis and Davy, as described in paragraph 10 of Part 13 <i>“Additional Information – Material Contracts”</i>
“London Stock Exchange”	London Stock Exchange plc
“Member State”	a member state of the European Union
“Non-Executive Directors”	the non-executive directors of the Company being Michael Cawley and Andy McCue
“Numis”	Numis Securities Limited
“Offer”	the issue of Offer Shares by the Company to institutional investors in the United Kingdom, Ireland and elsewhere as described in Part 12 <i>“The Offer”</i>
“Offer Price”	185 pence per Share
“Offer Shares”	those Shares to be issued by the Company as part of the Offer
“Official List”	the Official List of the FCA
“Order”	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005
“PCAOB”	the Public Company Accounting Oversight Board (United States)
“Prospectus”	this document
“Prospectus Directive”	the EU Prospectus Directive (2003/71/EC)
“Prospectus Rules”	the Prospectus Rules of the FCA
“qualified institutional buyers” or “QIBs”	has the meaning given by Rule 144A

“Qualified Investors”	persons who are “qualified investors” within the meaning of Article 2(1)(e) of the Prospectus Directive
“Reorganisation Agreement”	the reorganisation agreement described in paragraph 10.3 of Part 13 <i>“Additional Information — Reorganisation Agreement”</i>
“Registrars”	Computershare Investor Services PLC, as UK Registrar, and Computershare Investor Services (Ireland) Limited, as Irish Registrar
“Regulation S”	Regulation S under the US Securities Act
“Revenue”	The Revenue Commissioners of Ireland
“Rule 144A”	Rule 144A under the US Securities Act
“Senior Management”	John O'Donnell, Otto Rosenberger, Paul Halpenny and Stuart Priday, further details of whom are set out in Part 7 <i>“Directors, Senior Management and Corporate Governance”</i>
“Share Capital Reorganisation”	the reorganisation described in paragraph 1.8 of Part 13 <i>“Additional Information — Incorporation and Share Capital”</i>
“Shareholders”	the holders of Shares in the capital of the Company
“Shares”	the ordinary shares of the Company, having the rights set out in the Articles
“Sponsors”	the UK Sponsor and the Irish Sponsor
“UK Admission”	the admission of the Shares to listing on the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange's main market for listed securities
“UK Corporate Governance Code”	the UK Corporate Governance Code published by the Financial Reporting Council in September 2014, as amended from time to time
“UK Listing Rules”	the listing rules of the FCA made under Part VI of the FSMA
“UK Sponsor”	Numis
“Underwriting Agreement”	the underwriting and sponsor agreement entered into between the Company, the Directors, H&F 2, Numis and Davy, as described in paragraph 7 of Part 13 <i>“Additional Information – Underwriting Agreement”</i>
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia
“US Exchange Act”	United States Securities Exchange Act of 1934, as amended
“US GAAP”	generally accepted accounting principles in the United States
“US GAAS”	auditing standards generally accepted in the United States
“US Securities Act”	United States Securities Act of 1933, as amended
“VAT”	value added tax

PART 15

GLOSSARY

“ABV”	average booking value, calculated on the basis of gross revenues
“Affiliate Channel”	websites of third-party affiliates
“B2B”	business to business
“Backpack Online”	Group’s online property management system
“Booking Engine Channel”	websites of accommodation providers that use the Group’s booking engine
“channel management technology”	central database where accommodation providers can upload all available beds in a property making them available for booking through multiple online channels, including OTAs
“CRM”	customer relationship marketing
“Elevate programme”	programme whereby the accommodation provider can pay a higher commission to raise its positioning and increase its prominence on the Groups’ websites and apps
“Free Channel”	any non-paid channel, including direct visits to the Group’s websites and apps, as well as those resulting from SEO and click throughs on email newsletters
“HosCARs Awards”	annual hostel awards run by the Group
“Hostelling International”	a not for profit youth hostelling association
“Hostelworld Conference”	annual conference for hostels run by the Group
“impression”	the presentation of an online or mobile web page to a user
“millenials”	demographic group born between the early 1980s and the early 2000s
“OTA”	online travel agent
“PPC Channel”	visits to the Group’s websites and apps via PPC advertising
“PPC”	pay-per-click
“responsive web design”	an approach to web design aimed at crafting websites to provide an optimal viewing and interaction experience across a range of devices, including desktop computers, tablets and smartphones
“SEM”	search engine marketing
“SEO”	search engine optimisation

