

20th September 2018

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Minoan Group Plc

("Minoan" the "Company")

Proposed disposal of Stewart Travel Limited

Minoan is pleased to announce that it has entered into a conditional sale and purchase agreement with Zachary Asset Holdings Limited ("ZAH") for the disposal of the entire issued share capital of Stewart Travel Limited for a headline consideration of £6,564,520. In addition ZAH will lend Stewart Travel via loans to Brooklyn Travel Holdings and Brooklyn Travel sufficient monies to enable it at Completion to repay Intercompany Debt due from Stewart Travel to the Company, which is currently anticipated to be approximately £781,749. ZAH has incorporated Brooklyn Travel as a wholly owned subsidiary and has incorporated Brooklyn Travel as a wholly owned subsidiary of Brooklyn Travel Holdings. It is intended that the Managers (being Duncan Wilson, managing director of the Company and of Stewart Travel and Rick Green and Brian Cassidy both of whom are members of the senior management team of Stewart Travel) will, in aggregate, hold a 25% equity stake in Brooklyn Travel Holdings and that ZAH will transfer Stewart Travel to Brooklyn Travel post Completion.

A Circular is today being sent out to Minoan Shareholders, setting out the details of the proposed disposal of the entire issued share capital of Stewart Travel Limited. The Circular will provide Shareholders with the background, explaining why the Board of Minoan considers the Proposed Transaction to be in the best interests of the Company and its Shareholders, and why the Independent Directors unanimously recommend that Shareholders vote in favour of the Resolution, to approve the Proposed Transaction at a General Meeting to be held at 10.00 a.m. on 8 October 2018, at the offices of Pinsent Masons LLP, at 30 Crown Place, Earl Street, London, EC2A 4ES.

Definitions in this Circular and in this announcement are set out at the end of this announcement.

Proposed Transaction

As previously announced the Board has taken the decision to dispose of (subject to Shareholder approval) the Group's Travel & Leisure division which is now conducted by Stewart Travel in order to substantially reduce the Company's debt. Completion of the sale of the division will also allow the Directors to concentrate their efforts on optimising the value of the Group's project in Crete and its monetisation for the benefit of Shareholders.

The decision to dispose of the Group's Travel and Leisure division has not been taken lightly. The principal reasons for the decision are:

- the Group has been unable to raise funds on acceptable terms to expand its Travel & Leisure division as fast as it had originally planned which has placed a strain on the Group's resources and an inability to reduce its significant debt and its associated costs;
- the date for repayment of the sums due under the Existing Facility Agreements was extended as negotiations with the Managers' proposed private equity provider continued. These negotiations resulted in considerable delays and costs to the Company and eventually the private equity fund at the centre of these negotiations felt unable to proceed. The final extension of the on-demand facilities was until 31 August 2018 and

ZAH has made it clear that it would consider enforcing its security over the Group's principal subsidiaries unless a transaction was concluded swiftly with ZAH effectively replacing that private equity provider; and

- with the grant of outline planning consent in Greece, the Group now needs to concentrate its efforts on optimising the value of the Project and monetising it for the benefit of Shareholders.

The consideration for the sale of the Stewart Shares is £6,564,520. In addition, it was agreed early in the negotiation process that the purchaser would loan Stewart Travel £1.497m in order that it could pay that amount to the Company to clear the Intercompany Debt. Since that time the level of indebtedness has been reduced by Stewart Travel such that the Intercompany Debt due to the Company will be approximately £781,749. At Completion ZAH will loan Stewart Travel via loans to Brooklyn Travel Holdings and Brooklyn Travel an amount equal to the Intercompany Debt so that Stewart Travel can pay this amount to the Company at Completion. The Consideration and the Intercompany Debt repayment will be used to substantially reduce the Group's indebtedness under the terms of the Existing Facility Agreements.

Following Completion the Company will still owe c. £900,000 to ZAH. The terms of this loan are set out in the Revised Facility Agreement the principal terms of which are summarised below and which amend and restate the terms of the Existing Facility Agreements.

The Sale Agreement is conditional on the passing of the Resolution approving the Proposed Transaction.

Information on Stewart Travel

Stewart Travel is a limited company incorporated in Scotland and its principal activity is that of operating and managing travel businesses. The Group's Travel and Leisure division is owned by Stewart Travel.

In the financial year ended 31 October 2017 Stewart Travel reported revenues of £8,700,039 (FY 2016: £7,316,789) and profit before tax of £488,088 (FY 2016: £28,623). No management charge was raised in the year by the Company (FY 2016: £100,000). At 31 October 2017 Stewart Travel had total assets of £10,196,781 (FY 2016: £8,823,114) consisting of the following:

Intangible assets:	£6,271,388 (FY 2016: £6,451,405)
Property, plant and equipment:	£574,965 (FY 2016: £571,528)
Trade and other receivables:	£3,338,902 (FY 2016: £1,778,686)
Cash and cash equivalents	£11,526 (FY 2016: £21,495)

The fees for directors of Stewart Travel in the financial years ending 31 October 2016 and 2017 were borne by Loyalward, a Minoan subsidiary, as were the consultancy and employment costs respectively of Rick Green and Brian Cassidy but they were largely recharged to Stewart Travel.

In the six months ended 30 April 2018 Stewart Travel reported revenues of £4,865,000 and profit before taxation of £455,000 and assets of £8,725,000 consisting of goodwill of £5,610,000, other non-current assets of £1,060,000, current assets of £2,305,000 and a charged related to an asset held for sale of -£250,000.

Trading in the four months commencing May 2018 has been slower than forecast. Revenues in this four month period were up by £515,000 (19%) against the same period in the previous year but this was offset by an increase in costs of £180,000 (7%) as against the same period in the previous year.

Details of the Sale Agreement

The Sale Agreement was entered into on 19 September 2018 between (1) the Company as vendor, (2) ZAH as purchaser and (3) Duncan Wilson, Rick Green and Brian Cassidy (the "**Managers**"). Duncan Wilson is a director of the Company and of Stewart Travel and is employed by Loyalward. Brian Cassidy is also currently employed by Loyalward and Rick Green provides his services pursuant to a consultancy agreement with Loyalward. At Completion each of the Managers will cease to be engaged by the Group.

The total consideration for the sale of the entire issued share capital of Stewart Travel is £6,564,520 which sum will be increased, if the Proposed Transaction does not complete by 30 September 2018, by an amount of £4,000 for each day from 30 September 2018 up to and including the day of Completion. At Completion ZAH will loan to Stewart Travel an amount equal to the Intercompany Debt and shall procure that Stewart Travel uses such sum to settle the Intercompany Debt on Completion.

Completion is conditional on Shareholders passing the Resolution by the requisite majority. The Company has undertaken to despatch a circular to Shareholders including the unanimous recommendation of the Independent Directors to vote in favour of the Resolution and to convene the General Meeting.

The Company and the Managers have respectively agreed to use their reasonable endeavours to procure so far as they are reasonably able that, among other things, the business of Stewart Travel is carried on as a going concern in the ordinary and normal course as carried on prior to the date of the Sale Agreement and that certain other actions do not occur. Such undertakings are in a form which is usual in a transaction of the nature of the Proposed Transaction.

The Sale Agreement includes rights of termination for both the Company and ZAH in certain limited circumstances and will automatically terminate twenty-one days after the date of the Sale Agreement if the Resolution has not been passed. If the Sale Agreement is so terminated then each party's rights under the Sale Agreement will cease except that the rights and liabilities of the parties which have arisen before termination will continue to exist.

The Company and each of the Managers have given warranties and indemnities which are usual in a transaction of this nature. The warranties given by the Company are limited to the actual knowledge of Christopher Egleton. The Company and each of the Managers has also entered into a tax covenant in terms which are usual in a transaction of this nature.

The Company has entered into certain restrictive covenants in favour of ZAH for a period of three years from the date of Completion including not carrying on a business competitive to that of Stewart Travel as at the date of Completion.

The maximum liability of the Company (other than in respect of certain fundamental warranties e.g. as to title and authority) for breach of warranty or under the tax covenant is capped at £75,000 and is subject to other limitations both financial and in time.

Details of the Amendment Agreement and the Revised Facility Agreement

On 19 September 2018 the Company, ZAH, Silja, ZAH and Loyalward entered into the Amendment Agreement and the Company, ZAH and Loyalward entered into the Revised Facility Agreement. Both the Amendment Agreement and the Revised Facility Agreement are conditional upon the Sale Agreement becoming unconditional on or before 30 October 2018 or such later date as the parties may agree.

Under the Amendment Agreement the parties acknowledge that on 30 September 2018 the Company will owe ZAH the sum of £8,258,990. On Completion ZAH will lend an amount equal to the Intercompany Debt to Brooklyn Travel Holdings which will lend such sum to Brooklyn Travel to lend to Stewart Travel and Stewart Travel will repay the Intercompany Debt to the

Company. The Company will then pay that sum to ZAH in part repayment of the amounts due to ZAH under the Existing Facility Agreements. After Completion the Loan Balance of approximately £900,000 will remain due to ZAH upon the terms of the Revised Facility Agreement.

Interest will accrue on the Loan Balance at ten per cent. per annum quarterly in arrears and the principal is repayable eighteen months after Completion or, if earlier, upon the occurrence of specified events of default which are on usual terms for a transaction of this nature.

The security currently provided by the Group to ZAH will remain in place except that the share pledge over the Stewart Shares will be released and Stewart Travel will be released from its obligations to ZAH.

Silja currently holds warrants exercisable over 50,000,000 Ordinary shares at a price of seven pence per share and over 1,765,733 Ordinary shares at a price of six pence per share. The warrants are exercisable on or prior to 23 October 2020. Under the relevant warrant instruments if the Company issues equity securities at a price lower than the prevailing exercise price then the exercise price is reset to a price one pence higher than the relevant issue price and Silja was entitled to a fee of £125,000 for every 10 million Ordinary Shares subscribed for out of the initial 50,000,000. As part of the Amendment Agreement the Company and Silja have agreed that these warrants will have a subscription price of 3.5 pence per share, that the fee will no longer apply and the warrants will expire on the fifth anniversary of Completion.

In addition if the Company allots additional equity securities prior to the expiry of the warrants the Company has agreed to grant Silja such number of warrants as is equivalent to 17% of the equity securities (subject to certain exceptions) issued with an exercise price equal to the price at which those equity securities were issued. Those warrants would expire on the fifth anniversary of the date of Completion.

AIM Rule 15

In accordance with AIM Rule 15, the Proposed Transaction constitutes a fundamental change of business of the Company and accordingly the Proposed Transaction is conditional on the consent of Shareholders being given in general meeting. Notice of the General Meeting convened for this purpose is set out at the end of this announcement.

Related Party Transaction

The Independent Directors consider, having consulted with the Company's nominated adviser, WH Ireland Limited, that the terms of the Proposed Transaction are fair and reasonable insofar as Shareholders are concerned.

Future prospects

The Board appreciates the continued support and forbearance of ZAH especially as regards the additional sums it has lent in recent years in order to support the Group's overheads whilst continuous efforts were made to secure the planning permission for the Project.

Following Completion the Loan Balance of approximately £900,000 will remain due from the Company to ZAH under the terms of the Revised Facility Agreement. It is the intention of the Directors to look to refinance this when an opportunity to do so becomes available in order to reduce the Group's financing costs and to release the security for other possible debt based financing.

With the disposal of Stewart Travel with its historic contribution to the Group's overheads the Company will be seeking additional funding in the near term in order to continue to meet its

costs and to advance the Project. Such funding may take the form of equity and/or debt finance ahead of a realisation of some or all of its interest in the Project.

The cost structure of the Group remains under careful scrutiny in order to keep costs to a minimum as the Group will have no operating income until it begins to monetise the Project or establishes new and complimentary income streams. Such scrutiny is likely to result in a number of changes to the management structure of the Group over the next few months in addition to the departure of the Managers.

As previously announced by the Board, following the sale of Stewart Travel, the Group's focus will be on optimising the value of the Project and progressing towards its monetisation for the benefit of Shareholders.

Despite having to make the difficult decision to dispose of Stewart Travel, the Company remains hopeful that the next twelve months should see significant progress toward the monetisation of the Project.

General Meeting and Resolution

The notice convening the General Meeting to be held at 10.00 a.m. on 8 October 2018 at the offices of Pinsent Masons LLP, at 30 Crown Place, Earl Street, London EC2A 4ES at which the Resolution will be proposed as set out within the Circular being sent out to Shareholders today.

The Resolution, which will be proposed as an ordinary resolution, asks Shareholders to approve the sale by the Company of Stewart Travel in accordance with the Sale Agreement.

Action to be taken

A proxy form for use by Shareholders at the General Meeting is enclosed within the Circular being sent to Shareholders today. Whether or not Shareholders propose to attend the General Meeting, they are requested to complete and sign the proxy form in accordance with the instructions printed thereon and return it to the Company's registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD as soon as possible and in any event so as to be received by the registrars not later than 10.00 a.m. on 4 October 2018. The completion and return of the proxy form will not preclude Shareholders from attending the General Meeting, speaking and voting in person should they wish to do so.

Recommendation

The Independent Directors consider that the Resolution is in the best interests of the Company and its Shareholders and they recommend that you vote in favour of the Resolution as the Directors intend to do in respect of their entire beneficial holdings amounting to 3,064,616 Ordinary Shares representing 1.34 per cent of the current issued Ordinary Share.

DEFINITIONS

In this announcement the following terms shall bear the meanings set out below:

Act	the Companies Act 2006
Additional Facility Agreement	the facility agreement entered into between the Company as borrower and ZAH as lender on 27 March 2018 as amended and restated from time to time pursuant to which an additional £650,000 loan was made

AIM Rule	the relevant rule of the AIM Rules for Companies as published by London Stock Exchange plc
Amendment Agreement	the conditional agreement entered into on 19 September 2018 between (1) ZAH, (2) the Company, (3) Silja and (4) Loyalward which, among other things, amends and restates the terms of the Existing Facility Agreements by way of the Revised Facility Agreement
Board or Directors	the directors of the Company at the date of this announcement
Brooklyn Travel	Brooklyn Travel Limited, a company incorporated at the direction of the ZAH for the purposes of the Proposed Transaction and which is currently wholly owned by Brooklyn Travel Holdings
Brooklyn Travel Holdings	Brooklyn Travel Holdings Limited, a company incorporated at the direction of ZAH for the purposes of the Proposed Transaction and which is currently wholly owned by ZAH
Completion	completion of the Sale Agreement in accordance with its terms
Consideration	£6,564,520 being the consideration for the Stewart Shares pursuant to the Sale Agreement
Existing Facility Agreements	the Initial Facility Agreement and the Additional Facility Agreement
General Meeting	the general meeting of the Shareholders convened for 10.00 a.m. on 8 October 2018
Group	the Company and each subsidiary of the Company
Independent Directors	the Directors other than Duncan Wilson who is a related party for the purposes of AIM Rule 13 given his involvement in the Proposed Transaction through his proposed interest in the equity of Brooklyn Travel Holdings the parent company of Brooklyn Travel to which ZAH proposes to transfer the entire issued share capital of Stewart Travel post Completion
Initial Facility Agreement	the facility agreement entered into between the Company as borrower and Hillside International Holdings Limited as lender and certain subsidiaries of the Group as guarantors on 16 October 2013 as amended and restated from time to time pursuant to which a £5 million loan was made and which agreement has been assigned by Hillside International

Holdings Limited to ZAH

Intercompany Debt	the aggregate of all amounts due from Stewart Travel to any other member of the Group as at the date of Completion less any amount due from any other member of the Group to the Company as at the date of Completion
Loan Balance	the balance of the sums due under the Existing Facility Agreements immediately following Completion as reduced by the Consideration and the Intercompany Debt repayment
Loyalward	Loyalward Limited, a subsidiary of the Company
Managers	Duncan Wilson, Rick Green and Brian Cassidy
Minoan or the Company	Minoan Group Plc
Notice of General Meeting	the notice of General Meeting set out in the Circular being sent to Shareholders today.
Ordinary Shares	the ordinary shares of 1p each in nominal value in the capital of the Company
Project	the Group's development project in Crete
Proposed Transaction	the sale of the entire issued share capital of Stewart Travel to ZAH
Resolution	the shareholders' resolution relating to the Proposed Transaction set out in the Notice of General Meeting
Revised Facility Agreement	the Existing Facility Agreements as amended by the Amendment Agreement which governs the terms of the Loan Balance
Sale Agreement	the conditional sale and purchase agreement entered into on 19 September 2018 between (1) the Company and (2) ZAH and (3) the Managers in respect of the Proposed Transaction
Shareholders	the holders of Ordinary Shares
Silja	Silja Investments Limited, a company associated with ZAH
Stewart Shares	the ordinary shares of £1.00 each in the capital of Stewart Travel

Stewart Travel Stewart Travel Limited, a company registered in Scotland with company number SC400502

ZAH Zachary Asset Holdings Limited, a company incorporated in Jersey and the Company's principal lender pursuant to the Existing Facility Agreements and the buyer under the Sale Agreement

Further Information:

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