

Admission to AIM



PEEL HUNT

Nominated Adviser, Bookrunner and Broker



Rickitt Mitchell
CORPORATE FINANCE

Financial Adviser



Lead Manager

About Van Elle

Van Elle is the UK's largest geotechnical engineering contractor. The Group offers a wide range of geotechnical techniques and services to customers in a variety of construction end markets, predominantly in the UK.



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser who specialises in advising on the acquisition of shares and other securities and is duly authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") or, if you are resident in the Republic of Ireland, is duly authorised under the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1-3) (as amended) or Ireland's Investment Intermediaries Act 1995 (as amended) or otherwise is duly authorised by the Central Bank of Ireland.

Application has been made for the entire issued and to be issued ordinary share capital of the Company to be admitted to trading on AIM, a market operated by the London Stock Exchange. It is expected that Admission will become effective, and dealings in the Ordinary Shares will commence on 26 October 2016. The Existing Ordinary Shares are not dealt on any other recognised investment exchange and no application has been or is being made for the Ordinary Shares to be admitted to any such exchange.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required, pursuant to the AIM Rules published by the London Stock Exchange, to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. Neither the UK Listing Authority nor the London Stock Exchange has itself examined or approved the contents of this Document.

Prospective investors should read the whole text of this Document and should be aware that an investment in the Company is speculative and involves a high degree of risk and prospective investors should carefully consider the section entitled "Risk Factors" set out in Part II of this Document. All statements regarding the Company's business, financial position and prospects should be viewed in light of these risk factors.

This Document, which is drawn up as an AIM admission document in accordance with the AIM Rules, has been issued in connection with the application for admission to trading on AIM of the entire issued and to be issued ordinary share capital of the Company. This Document does not constitute an offer to the public requiring an approved prospectus under section 85 of FSMA and, accordingly, this Document does not constitute a prospectus for the purposes of FSMA and the Prospectus Rules and has not been pre-approved by the FCA pursuant to section 85 of FSMA. Copies of this Document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Peel Hunt, Moor House, 120 London Wall, London EC2Y 5ET and the registered office of the Company, from the date of this Document until one month from the date of Admission in accordance with the AIM Rules. A copy of this Document will also be available from the Company's website at www.van-elle.co.uk.

The Directors, whose names appear on page 9 of this Document, and the Company accept responsibility, both individually and collectively, for the information contained in this Document. To the best of the knowledge and belief of the Company and the Directors (having taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Van Elle Holdings plc

(a company incorporated in England and Wales under the Companies Act 2006 with company number 04720018)

Placing of 40,000,000 Ordinary Shares at 100 pence per Ordinary Share and Admission to trading on AIM

Peel Hunt LLP
Nominated Adviser, Bookrunner and Broker

Rickitt Mitchell & Partners Limited
Financial Adviser

finnCap Ltd
Lead Manager

Enlarged Ordinary Share Capital immediately following Admission

Number	Issued and fully paid	Amount £
80,000,000	Ordinary Shares of £0.02 each	1,600,000

The Placing is conditional, *inter alia*, on Admission taking place by 8.00 a.m. on 26 October 2016 (or such later date as the Company and Peel Hunt may agree, being not later than 30 November 2016). The Placing Shares and the Existing Ordinary Shares will, upon Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions declared paid or made in respect of the Ordinary Shares after

Admission. It is emphasised that no application is being made for the Enlarged Ordinary Share Capital to be admitted to the Official List or to any other recognised investment exchange.

Peel Hunt, which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser, bookrunner and broker to the Company in connection with the proposed Placing and Admission. Its responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this Document. Peel Hunt will not be offering advice and will not otherwise be responsible to anyone other than the Company for providing the protections afforded to clients of Peel Hunt or for providing advice in relation to the contents of this Document or any other matter.

Rickitt Mitchell, which is authorised and regulated in the United Kingdom by the FCA, is acting as financial adviser to the Company and no one else in connection with the matters set out in this Document and will not regard any other person (whether or not a recipient of this Document) as its client in relation to the matters in this Document. Rickitt Mitchell will not be offering advice and will not otherwise be responsible to anyone other than the Company for providing the protections afforded to clients of Rickitt Mitchell or for providing advice in relation to the contents of this Document or any other matter.

finnCap, which is authorised and regulated in the United Kingdom by the FCA, is acting as Lead Manager to the Company and no one else in connection with the matters set out in this Document and will not regard any other person (whether or not a recipient of this Document) as its client in relation to the matters set out in this Document. finnCap will not be offering advice and will not otherwise be responsible to anyone other than the Company for providing the protections afforded to clients of finnCap or for providing advice in relation to the contents of this Document or any other matter.

Without limiting the statutory rights of any person to whom this Document is issued, no representation or warranty, express or implied, is made by Peel Hunt or Rickitt Mitchell as to the contents of this Document. Apart from the responsibilities and liabilities, if any, which may be imposed on Peel Hunt and/or Rickitt Mitchell by FSMA or the regulatory regime established thereunder, no liability whatsoever is accepted by Peel Hunt or Rickitt Mitchell for the accuracy of any information or opinions contained in this Document, for which the Directors are solely responsible, or for the omission of any information from this Document for which it is not responsible.

In accordance with the AIM Rules for Nominated Advisers, Peel Hunt has confirmed to the London Stock Exchange that it has satisfied itself that the Directors have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules and that, in its opinion and to the best of its knowledge and belief, all relevant requirements of the AIM Rules have been complied with.

This Document does not constitute an offer to sell or an invitation to subscribe for, or solicitation of an offer to subscribe for or buy, shares to any person in any jurisdiction to whom it is unlawful to make such offer, invitation or solicitation. In particular, this Document must not be taken, transmitted, distributed or sent, directly or indirectly, in, or into, the United States, Canada, Australia, Japan or the Republic of South Africa or transmitted, distributed or sent to, or by, any national, resident or citizen of such countries. Accordingly, the Placing Shares may not, subject to certain exceptions, be offered or sold, directly or indirectly, in, or into, or from, the United States, Canada, Australia, Japan or the Republic of South Africa or in any other country, territory or possession where to do so may contravene local securities laws or regulations. The Placing Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under the securities legislation of any state or other jurisdiction of the United States, any province or territory of Canada, Australia, Japan or the Republic of South Africa and may not be offered or sold, directly or indirectly, within the United States, Canada, Australia, Japan or the Republic of South Africa or to or for the account or benefit of any national, citizen or resident of the United States of America, Canada, Australia, Japan or the Republic of South Africa or to any US person (within the definition of Regulation S made under the United States Securities Act 1933 (as amended)).

The distribution of this Document outside the UK may be restricted by law. No action has been taken by the Company or Peel Hunt that would permit a public offer of shares in any jurisdiction

outside the UK where action for that purpose is required. Persons outside the UK who come into possession of this Document should inform themselves about the distribution of this Document in their particular jurisdiction. Failure to comply with those restrictions may constitute a violation of the securities laws of such jurisdiction.

IMPORTANT INFORMATION

In deciding whether or not to invest in Ordinary Shares, prospective investors should rely only on the information contained in this Document. No person has been authorised to give any information or make any representations other than as contained in this Document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors, or Peel Hunt. Neither the delivery of this Document nor any subscription or purchase made under this Document 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 contained herein is correct as at any time after its date.

Investment in the Company carries risk. There can be no assurance that the Company's strategy will be achieved and investment results may vary substantially over time. Investment in the Company is not intended to be a complete investment programme for any investor. The price of Ordinary Shares and any income from Ordinary Shares can go down as well as up and investors may not realise the value of their initial investment. Prospective investors should carefully consider whether an investment in Ordinary Shares is suitable for them in light of their circumstances and financial resources and should be able and willing to withstand the loss of their entire investment (see "Part II: Risk Factors" of this Document).

Potential investors contemplating an investment in Ordinary Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant upon the performance of the Group. No assurance is given, express or implied, that investors will receive back the amount of their investment in Ordinary Shares.

If you are in any doubt about the contents of this Document you should consult your stockbroker or your financial or other professional adviser.

Investment in the Company is suitable only for financially sophisticated individuals and institutional investors who have taken appropriate professional advice, who understand and are capable of assuming the risks of an investment in the Company and who have sufficient resources to bear any losses which may result therefrom.

Potential investors should not treat the contents of this Document or any subsequent communications from the Company as advice relating to legal, taxation, investment or any other matters. Potential investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares that they might encounter; and (c) the income and other tax consequences that may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares. Potential investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Statements made in this Document are based on the laws and practices currently in force in England and Wales and are subject to changes therein.

This Document should be read in its entirety before making any investment in the Company.

Forward looking statements

Certain statements contained in this Document are forward looking statements and are based on current expectations, estimates and projections about the potential returns of the Group and industry and markets in which the Group operates, the Directors' beliefs and assumptions made by the Directors. Words such as "expects", "anticipates", "may", "should", "would", "could", "will", "intends", "plans", "believes", "targets", "seeks", "estimates", "aims", "projects", "pipeline" and variations of such words and similar expressions are intended to identify such forward looking statements and expectations. These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties, outcomes of negotiations and due diligence and assumptions that are difficult to predict, qualify or quantify. Therefore, actual outcomes and results may differ materially from what is expressed in such forward looking statements or expectations. Among the factors that could cause actual results to differ materially are: the general economic climate, competition, interest rate levels, loss of key personnel, the result of legal and commercial due diligence, the availability of financing on acceptable terms and changes in the legal or regulatory environment.

Such forward looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. These forward looking statements speak only as of the date of this Document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

Presentation of financial information

The financial information contained in this Document, including that financial information presented in a number of tables in this Document, has been rounded to the nearest whole number or the nearest decimal place. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this Document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

No Incorporation of Website

The contents of the Company's website (or any other website) do not form part of this Document.

General notice

This Document has been drawn up in accordance with the AIM Rules and it does not comprise a prospectus for the purposes of the Prospectus Rules in the United Kingdom. It has been drawn up in accordance with the requirements of the Prospectus Directive only in so far as required by the AIM Rules and has not been delivered to the Registrar of Companies in England and Wales for registration.

This Document has been prepared for the benefit only of a limited number of persons all of whom qualify as "qualified investors" for the purposes of the Prospectus Directive, to whom it has been addressed and delivered and may not in any circumstances be used for any other purpose or be viewed as a document for the benefit of the public. The reproduction, distribution or transmission of this Document (either in whole or in part) without the prior written consent of the Company, and Peel Hunt is prohibited.

Governing law

Unless otherwise stated, statements made in this Document are based on the law and practice currently in force in England and Wales and are subject to changes therein.

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KEY STATISTICS

Existing share capital at the date of this Document

Number of Existing Ordinary Shares	70,000,000
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Placing

Placing Price	100p
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Number of Placing Shares	40,000,000
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– to be sold by the Selling Shareholders (Existing Ordinary Shares)	30,000,000
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– to be issued by the Company (New Ordinary Shares)	10,000,000
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Gross proceeds of the Placing (receivable by the Company)	£10 million
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Estimated net proceeds of the Placing available to Company	£7.2 million
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Costs of the Placing and Admission	£3.5 million
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Upon Admission

Number of Ordinary Shares in issue upon Admission	80,000,000
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Percentage of Enlarged Ordinary Share Capital represented by the New Ordinary Shares	12.5%
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Dilutive effect on a Shareholder not participating in the Placing	12.5%
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Estimated market capitalisation of the Company at Admission at the Placing Price	80,000,000
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ISIN number	GB00BYX4TP46
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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Admission Document	21 October 2016
Admission and commencement of dealings in the Enlarged Ordinary Share Capital on AIM	26 October 2016
CREST accounts credited (where applicable)	26 October 2016
Dispatch of definitive share certificates (where applicable) by	10 November 2016

Notes:

1. References to time in this Document are to London (GMT) time unless otherwise stated
2. If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement on an RIS

DIRECTORS, SECRETARY AND ADVISERS

Directors:	Michael Frank Ellis (<i>Non-Executive Chairman</i>) Jonathan Merlin Fenton (<i>Chief Executive Officer</i>) Paul Michael Pearson (<i>Chief Financial Officer</i>) Thomas Edward Lindup (<i>Group Managing Director</i>) Adrian Barden (<i>Non-Executive Director</i>) Robin George Walton Williams (<i>Non-Executive Director</i>)
Registered Office:	Kirkby Lane Pinxton Nottinghamshire NG16 6JA
Company Secretary:	Thomas Lindup
Nominated Adviser, Bookrunner and Broker:	Peel Hunt LLP Moor House 120 London Wall London EC2Y 5ET
Financial Adviser:	Rickitt Mitchell & Partners Limited Centurion House 129 Deansgate Manchester M3 3WR
Lead Manager:	finnCap Ltd 60 New Broad Street London EC2M 1JJ
Reporting Accountants:	Deloitte LLP 2 Hardman Street Manchester M3 3HF
Solicitors to the Company:	Eversheds LLP Eversheds House 70 Great Bridgewater Street Manchester M1 5ES
Solicitors to Peel Hunt and finnCap:	Addleshaw Goddard LLP Milton Gate 60 Chiswell Street London EC1Y 4AG
Financial PR:	Instinctif Partners 65 Gresham Street London
Company Registrars:	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Principal Bankers	Lloyds Bank PLC 33 Park Row Butt Dyke House Nottingham NG1 6GY

DEFINITIONS

The following definitions apply throughout this Document, unless the context requires otherwise or unless defined in Part III of this Document, for the purposes of that part only:

“Act”	the Companies Act 2006 (as amended)
“Admission”	the admission of the issued and to be issued Ordinary Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“Admission Date”	the date of Admission
“Admission Document” or “Document”	this document dated 21 October 2016
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange from time to time (including, without limitation, any guidance notes or statements of practice) which govern the rules and responsibilities of companies whose shares are admitted to trading on AIM
“AIM Rules for Nominated Advisers”	the rules setting out the eligibility, ongoing obligations and certain disciplinary matters in relation to nominated advisers, as published by the London Stock Exchange from time to time
“Articles”	the articles of association of the Company, as at the date of Admission, a summary of which is set out in paragraph 4 of Part IV of this Document
“Audit Committee”	the audit committee of the Board, as constituted from time to time
“Board”	the board of directors of the Company from time to time, or a duly constituted committee thereof
“certificated” or “in certificated form”	recorded on the relevant register of the share or security concerned as being held in certificated form in physical paper (that is not in CREST)
“Company”	Van Elle Holdings plc, a public limited company incorporated in England & Wales with registered number 04720018 and registered office at Kirkby Lane, Pinxton, Nottinghamshire, NG16 6JA
“Concert Party”	as defined at paragraph 6(o) of Part IV of this Document
“Corporate Governance Code”	the UK Corporate Governance Code published by the Financial Reporting Council as modified by the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies 2013 published by the Quoted Companies Alliance
“CREST”	the computer based system and procedures which enable title to securities to be evidenced and transferred without a written instrument, administered by Euroclear UK & Ireland in accordance with the CREST Regulations
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755), including (i) any enactment or subordinate legislation which amends those regulations; and (ii) any applicable rules made under those regulations or such enactment or subordinate legislation for the time being in force
“CSOP”	the Van Elle Holdings plc Company Share Option Plan 2016
“Dealing Day”	a day on which the London Stock Exchange is open for the transaction of business
“Directors”	the directors of the Company as at the date of this Document, whose names are set out on page 9 of this Document

“Enlarged Ordinary Share Capital”	the Ordinary Shares in issue immediately following the Placing and Admission, comprising the Existing Ordinary Shares and the New Ordinary Shares
“EU”	European Union
“Euroclear UK & Ireland”	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales with registered number 2878738 and the operator of CREST
“Existing Ordinary Shares”	the 70,000,000 Ordinary Shares in issue as at the date of this Document
“FCA”	the Financial Conduct Authority of the United Kingdom
“finnCap”	finnCap Ltd, a limited liability company incorporated in England and Wales with registered number 06198898 and whose registered office is at 60 New Broad Street, London EC2M 1JJ
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Group” or “Van Elle”	the Company and its subsidiary undertakings
“HMRC”	HM Revenue and Customs
“ITEPA”	Income Tax (Earnings and Pensions) Act 2003
“London Stock Exchange”	London Stock Exchange plc
“LTIP”	the Van Elle Holdings plc Long Term Incentive Plan 2016
“New Ordinary Shares”	the 10,000,000 new Ordinary Shares to be issued and allotted pursuant to the Placing
“Nomination Committee”	the nomination committee of the Board, as constituted from time to time
“Official List”	the official list maintained by the UK Listing Authority
“Ordinary Shares”	ordinary shares of £0.02 each in the capital of the Company
“Panel”	the Panel on Takeovers and Mergers
“Peel Hunt”	Peel Hunt LLP, a limited liability partnership incorporated in England and Wales with registered number OC357088 and registered office at Moor House, 120 London Wall, London EC2Y 5ET
“Placees”	the subscribers for Placing Shares pursuant to the Placing
“Placing”	the conditional placing of the Placing Shares by Peel Hunt, as agent for the Company and the Selling Shareholders, pursuant to the terms of the Placing Agreement
“Placing Agreement”	the placing agreement dated 21 October 2016 between the Company, the Directors, Peel Hunt and the Selling Shareholders relating to the Placing
“Placing Price”	100 pence per Placing Share
“Placing Shares”	the 30,000,000 Existing Ordinary Shares and 10,000,000 New Ordinary Shares to be purchased or subscribed for pursuant to the Placing
“Prospectus Directive”	Directive 2003/71/EC of the European Parliament and of the Council of the European Union, as amended
“Prospectus Rules”	the Prospectus Rules made by the FCA pursuant to Part VI of FSMA
“QCA”	the Quoted Companies Alliance
“Recognised Growth Market”	a market recognised as such by HMRC and included on the list of Recognised Growth Markets maintained and published on the HMRC website

“Recognised Stock Exchange”	any market of a recognised investment exchange as defined by section 1005 of the Income Tax Act 2007
“Registrars”	the Company’s registrars, being Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
“Relationship Agreement”	the relationship agreement dated 21 October 2016 between the Company and the Selling Shareholders (other than the Ellis Childrens Settlement Trust) and Thomas Lindup
“Remuneration Committee”	the remuneration committee of the Board, as constituted from time to time
“Rickitt Mitchell”	means Rickitt Mitchell & Partners Limited, a limited liability company incorporated in England and Wales with registered number 01104142 and whose registered office is at Centurion House, 129 Deansgate, Manchester, M3 3WR
“RIS”	Regulatory Information Service
“Schedule 2 Share Incentive Plan”	a scheme which meets the requirements of Parts 2 to 9 (inclusive) of Schedule 2 ITEPA
“Schedule 3 Save as you Earn Scheme”	a scheme which meets the requirements of Parts 2 to 7 (inclusive) of Schedule 3 ITEPA
“Schedule 4 CSOP Scheme”	a scheme which meets the requirements of Parts 2 to 6 (inclusive) of Schedule 4 ITEPA
“Selling Shareholders”	those persons (including any trustees) who will be selling Existing Ordinary Shares pursuant to the Placing
“Senior Manager”	as defined at paragraph 6 of Part IV of this Document
“Share Incentive Plans”	the CSOP and the LTIP
“Shareholder(s)”	holder(s) of Ordinary Shares
“Takeover Code”	the City Code on Takeovers and Mergers published by the Takeover Panel
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the FCA, acting in its capacity as the competent authority for the purposes of FSMA
“uncertificated” or “uncertificated form”	recorded on the relevant register of the share or security as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all other areas subject to its jurisdiction
“VAT”	value added tax
“£” or “Sterling”	British pounds sterling

EXECUTIVE SUMMARY

The following information is derived from, and should be read in conjunction with, the whole of this Document including, in particular, the section headed Risk Factors relating to the Company in Part II of this Document. Shareholders should read the whole of this Document and not rely on this Executive Summary section.

INTRODUCTION

Founded in 1984 by its Chairman Michael Ellis and his wife Joan Ellis, Van Elle is the UK's largest geotechnical engineering contractor. The Group offers a wide range of geotechnical techniques and services to customers in a variety of construction end markets, predominantly in the UK. The Directors believe that the Group has a number of key strengths which differentiate Van Elle's business from its competitors. Over its 32 year history, it has created a strong reputation in its core ground engineering markets, built on service quality, technical expertise, innovation, safety and the successful delivery of value-driven solutions to its customers.

Van Elle has continuously focused its business on those markets where the Directors believe future prospects are greatest and best suited to the Group's strengths including the new-build residential, infrastructure, commercial, industrial and public non-housing sectors. The Directors believe that Van Elle's differentiated offering in these sectors, operational flexibility and robust management systems will enable the Group to benefit from the future growth opportunities these markets present, including increased investment in major rail and road infrastructure projects and strategies to address structural shortages in the supply of housing in the UK.

The Group has achieved significant profit growth in recent years, both through market share gains and by extending its offering into higher value specialist services. In 2016, the Group was recognised for a second time, this time ranked as number 19, in the Sunday Times Profit Track 100 list of the UK's 100 fastest growing private companies, and number 8 in the East Midlands fastest growing companies.

The Directors believe that Admission will position the Group for its next stage of development, including further raising the profile of the Group, incentivising employees and providing it with a well-funded platform for future growth. Admission will also enable the Selling Shareholders to realise, in whole or in part, their investment in the Company.

PRINCIPAL ACTIVITIES

Van Elle's end-to-end solutions encompass: site investigation, driven, bored, drilled and augered piling and ground stabilisation services. In addition, the Group develops, manufactures and installs precast concrete products for use in specialist foundation applications.

The Group operates through four distinct business divisions:

General Piling: This division delivers drilled, augered, bored, and driven piling solutions to customers in a broad range of end markets. Operating principally on open site construction projects, the division is, at any one time, engaged on jobs ranging from several days to several months duration. In the year ended 30 April 2016, the General Piling division generated revenue of £42.1m, representing 50 per cent. of total Group revenue. In the same period, the division generated gross profit of £13.0m at a margin of 30.8 per cent.

Specialist Piling: This division provides piling solutions in environments with access and operational constraints which require the use of specialist piling rigs and techniques. Through Van Elle Rail, the division also operates in "on-track" rail environments for which it retains a fleet of specialist road/rail rigs. In the year ended 30 April 2016, the division generated revenue of £25.8m, representing 31 per cent. of total Group revenue. In the same period the division generated gross profit of £12.7m at a margin of 49.2 per cent.

Ground Engineering Services: This division offers temporary and permanent solutions for ground stability and support as well as a broad range of geotechnical services. The Group's ground stabilisation offering includes ground anchors, soil nails, grouting techniques and mine consolidation. Its geotechnical solutions include general site investigation work, pile testing and geothermal bore-holes. These solutions can be implemented in open site, restricted access and ontrack rail environments. In the year ended 30 April 2016, the division generated revenue of £10.2m, representing 12 per cent. of total Group revenue. In the same period the division generated gross profit of £3.1m at a margin of 30.3 per cent.

Ground Engineering Products: This division designs and manufactures precast piles, including both traditional long piles and segmental VeMech® piles, for the Group's General Piling division. The Group also designs, manufactures and installs a modular precast foundation system targeted at the housebuilding market, under its patented Smartfoot® trademark. Van Elle's principal manufacturing operations are located at the Group's 16 acre site at Kirkby-in-Ashfield in Nottinghamshire which is ISO 9001, 14001 and 18001 accredited (as is the Group as a whole). In the year ended 30 April 2016, the division generated revenue of £6.1m, representing 7 per cent. of total Group revenue. In the same period the division generated gross profit of £1.6m at a margin of 26.9 per cent.

In order to support these activities, the Group has invested significantly in recent years in its capital equipment to expand, update and refresh its fleet of piling rigs and specialist engineering attachments. In the four year period ended 30 April 2016, Van Elle invested approximately £18.5m in plant and equipment, increasing the Group's rig fleet from 53 to 98. In addition, the Group has invested £4.8m over the same period in its facilities, including the expansion of its precast concrete manufacturing capabilities following the acquisition of the Kirkby-in-Ashfield site in 2013.

STRATEGIES

The Group's corporate objective is to grow and develop a sustainable business for the benefit of all of its stakeholders. As part of this strategy the Group intends, specifically, to focus upon:

- **Organic growth and increasing market share** – The Directors believe that the Group has secured a strong market position across its range of services which will enable Van Elle to compete effectively for new work. In addition, the Directors see the opportunity to further expand the rig fleet, thereby enabling the Group to undertake more work in its existing markets.
- **Expansion into complementary markets and adjacent geographies** – The Directors intend to pursue opportunities to provide additional services within the wider UK ground engineering sector, which may also include add-ons to existing products and services. In addition, the Group intends to explore opportunities to expand its presence in other markets and geographies with attractive growth characteristics. The Directors will look to leverage the Group's existing capabilities, expertise and broad service offering together with its understanding of client requirements so as to continue developing its geographical footprint within the UK.
- **Targeted complementary acquisitions** – The Group will look to broaden and enhance its capabilities and accelerate its growth profile through targeted acquisitions. The Directors believe that there are opportunities to pursue acquisitions which would enhance the Group's core offering, broaden the Group's service proposition by adding new ground engineering techniques which are complementary to its existing service offering and which can offer further opportunities to cross-sell these services, extend coverage into adjacent or other geographies and provide the opportunity to enhance operating margins and improve cash generation.

THE PLACING

The Company is proposing to raise approximately £7.2m of net proceeds by way of a conditional placing by the Company of 10,000,000 New Ordinary Shares, at the Placing Price with new investors. The New Ordinary Shares will represent approximately 12.5 per cent. of the Enlarged Ordinary Share Capital at Admission.

The Company intends to use the net proceeds from the Placing to further its strategy through investment to support organic growth and, where attractive opportunities present themselves, to fund bolt-on acquisitions.

In order to realise a proportion of their investment in the Company, the Selling Shareholders have agreed, pursuant to the Placing, to sell 30,000,000 Existing Ordinary Shares at the Placing Price to new investors. The Existing Ordinary Shares sold pursuant to the Placing will represent 37.5 per cent. of the Enlarged Ordinary Share Capital at Admission. The Company will not receive any of the proceeds from the sale of Existing Shares by the Selling Shareholders save in respect of repayment of the Directors' loans which shall be repaid in full.

DIRECTORS

On Admission, the members of the Board and their positions will be:

Michael Ellis (*Non-Executive Chairman, aged 72*)

Mr. Ellis is a qualified chartered structural engineer with 40 years' experience in ground engineering. Mr. Ellis founded Van Elle in 1984 and has overseen the Group's development since its inception. Mr. Ellis has been instrumental in expanding the Group to become the UK's largest and most profitable geotechnical contractor with motivated, dedicated and well trained staff.

Adrian Barden (*Senior Independent Non-Executive Director, aged 61*)

Mr. Barden has worked in the construction materials industry for over 40 years across Europe, and was previously chairman of the Construction Products Association and chief business development officer of Wolseley plc as well as a board member of Sanitec Corporation Sweden. Mr Barden is currently a board member of Volution Group PLC. Mr Barden is Chair of the Nomination Committee, Chair of the Remuneration Committee and a member of the Audit Committee.

Jonathan Fenton (*Chief Executive Officer, aged 56*)

Mr. Fenton is a qualified chartered civil engineer with extensive experience in ground engineering. Mr. Fenton originally joined Van Elle in 1986 and was instrumental in helping develop the open site piling offering of the Group before moving to the United States in 2000 to broaden his ground engineering experience with Malcolm Drilling as Area Manager. Mr. Fenton returned to Van Elle in 2010, assuming the role of Group Chief Executive Officer, and taking over the full responsibility of running the Group's day to day operations from Mr. Ellis.

Paul Pearson (*Chief Financial Officer, aged 48*)

Mr. Pearson is an FCCA qualified accountant with over 30 years' experience within finance. Mr. Pearson joined the Group in 2013 following senior finance roles with Yorkshire Electricity Group plc and May Gurney Limited (now part of Kier Group plc).

Thomas Lindup (*Group Managing Director, aged 39*)

Mr. Lindup is a qualified corporate lawyer and joined Van Elle in 2015. Prior to joining the Group, Mr. Lindup spent 13 years at Sidley Austin LLP where he worked on a variety of corporate transactions within both private equity and capital markets. Mr. Lindup also acts as Company Secretary and focuses on the contractual, compliance, insurance, negotiation and legal elements of the Group's operations.

Robin Williams (*Independent Non-Executive Director, aged 59*)

Mr. Williams is an engineering graduate and qualified chartered accountant with over 30 years' experience in listed companies, initially as an adviser and then as a senior executive in two FTSE 250 companies including Hepworth plc, the building materials business. Mr. Williams is currently Chairman of NHS Professionals Ltd and of Xaar plc and is a non-executive director and audit committee chairman at Nanoco Group plc. Mr. Williams is Chair of the Audit Committee and a member of the Remuneration and Nomination Committees.

DIVIDEND POLICY

The Board intends to adopt a progressive dividend policy for the Company from Admission which will seek to maximise Shareholder value and reflect the Group's strong earnings potential and cash flow characteristics, while allowing it to retain sufficient capital to fund on-going operating requirements and to invest in the Company's long term growth. The Board may revise the dividend policy from time to time.

RISK FACTORS

Investors should note the risks associated with an investment in the Company as set out in Part II of this Document.

PART I

INFORMATION ON THE GROUP

1. OVERVIEW OF THE GROUP

Founded in 1984 by its Chairman Michael Ellis and his wife Joan Ellis, Van Elle is the UK's largest geotechnical engineering contractor. The Group offers a wide range of geotechnical techniques and services to customers in a variety of construction end markets, predominantly in the UK. Van Elle's end-to-end solutions encompass: site investigation, driven, bored, drilled and augered piling and ground stabilisation services. In addition, the Group develops, manufactures and installs precast concrete products for use in specialist foundation applications. Based in Nottinghamshire, Van Elle employed 519 staff as at 20 October 2016 from a number of locations situated throughout the UK.

The Directors believe that the Group has a number of key strengths which differentiate Van Elle's business from its competitors. Over its 32 year history, it has created a strong reputation in its core ground engineering markets, built on service quality, technical expertise, innovation, safety and the successful delivery of value-driven solutions to its customers. As a consequence, the Group has developed a large number of longstanding relationships with major contractors, housebuilders and property developers enabling it to capitalise on a range of growth opportunities.

Van Elle has continuously focused its business on those markets where the Directors believe future prospects are greatest and best suited to the Group's strengths. For the year ended 30 April 2016, approximately 40 per cent. of the Group's revenues were derived from customers in the new-build residential sector, approximately 30 per cent. from the infrastructure sector, approximately 20 per cent. from the commercial and industrial sector, approximately 9 per cent. from public non-housing and approximately 1 per cent. from other sectors. Within these markets, Van Elle has a broad customer base of which, in the year ended 30 April 2016, the top 20 customers accounted for approximately 47 per cent. of the Group's revenues with no single customer accounting for more than seven per cent. The Directors believe that Van Elle's differentiated offering in these sectors, operational flexibility and robust management systems will enable the Group to benefit from the future growth opportunities these markets present, including increased investment in major rail and road infrastructure projects and strategies to address structural shortages in the supply of housing in the UK.

The Group has achieved significant profit growth in recent years, both through market share gains and by extending its offering into higher value specialist services. In 2016, the Group was recognised for a second time, this time ranked as number 19, in the Sunday Times Profit Track 100 list of the UK's 100 fastest growing private companies, and number 8 in the East Midlands fastest growing companies. Over the last three years, the Group's revenues have grown by 81 per cent., from £46.6m in the year ended 30 April 2014, to £84.2m in the year ended 30 April 2016. Over the same period, operating profit has increased by 252.9 per cent. from £3.1m to £11.1m with the operating margin increasing from 6.7 per cent. to 13.1 per cent. The Group has a long track record of strong financial performance, having delivered a profit for each of the last 15 years. In addition, Van Elle has sustained growth whilst retaining low levels of borrowings with net debt of £8.3m as at 30 April 2016, which, together with the net proceeds of the Placing, provides the Group with a strong balance sheet with which to pursue and deliver its strategic aims.

The Group operates through four distinct business divisions:

General Piling: This division delivers drilled, augered, bored, and driven piling solutions to customers in a broad range of end markets. Operating principally on open site construction projects, the division is, at any one time, engaged on jobs ranging from several days to several months duration. In the year ended 30 April 2016, the General Piling division generated revenue of £42.1m, representing 50 per cent. of total Group revenue. In the same period, the division generated gross profit of £13.0m at a margin of 30.8 per cent.

Specialist Piling: This division provides piling solutions in environments with access and operational constraints which require the use of specialist piling rigs and techniques. Through Van Elle Rail, the division also operates in "on-track" rail environments for which it retains a fleet of specialist road/rail rigs. In the year ended 30 April 2016, the division generated revenue of £25.8m, representing 31 per cent. of total Group revenue. In the same period the division generated gross profit of £12.7m at a margin of 49.2 per cent.

Ground Engineering Services: This division offers temporary and permanent solutions for ground stability and support as well as a broad range of geotechnical services. The Group's ground stabilisation offering includes ground anchors, soil nails, grouting techniques and mine consolidation. Its geotechnical solutions include general site investigation work, pile testing and geothermal bore-holes. These solutions can be implemented in open site, restricted access and on-track rail environments. In the year ended 30 April 2016, the division generated revenue of £10.2m, representing 12 per cent. of total Group revenue. In the same period the division generated gross profit of £3.1m at a margin of 30.3 per cent.

Ground Engineering Products: This division designs and manufactures precast piles, including both traditional long piles and segmental VeMech® piles, for the Group's General Piling division. The Group also designs, manufactures and installs a modular precast foundation system targeted at the housebuilding market, under its patented Smartfoot® trademark. Van Elle's principal manufacturing operations are located at the Group's 16 acre site at Kirkby-in-Ashfield in Nottinghamshire which is ISO 9001, 14001 and 18001 accredited (as is the Group as a whole). In the year ended 30 April 2016, the division generated revenue of £6.1m, representing 7 per cent. of total Group revenue. In the same period the division generated gross profit of £1.6m at a margin of 26.9 per cent.

2. HISTORY AND DEVELOPMENT OF THE COMPANY

History

Van Elle was founded in 1984 by its current Chairman, Michael Ellis and his wife, Joan Ellis. Initially, the Group focused on the underpinning and mini-piling market, principally serving individual home-owners and small developments in the Midlands. Having identified a number of larger market opportunities, the Group subsequently diversified its ground engineering capabilities by investing in additional techniques and equipment for open site piling and ground stabilisation services. This organic growth was supplemented by acquisitions including, in 1997, the acquisition of the patented rights to the Hoopsafe® post tensioning system which was originally designed for use in the repair of subsistence damaged houses. This system was subsequently developed into the Group's Smartfoot® modular foundation technology which forms the cornerstone of Van Elle's pre-cast concrete products offering.

By 2003, Van Elle had expanded its expertise in the geotechnical engineering sector with the business delivering a turnover of £21m and employing over 250 staff. At this time, Van Elle underwent a partial management buy-out from the Ellis family which provided senior management with an opportunity to acquire an equity stake in the Group.

Since 2003 the Group has continued to diversify its ground engineering offering and develop the business. Despite extremely challenging market conditions following the global financial crisis in 2008, Van Elle delivered an operating profit in each of the years ended 30 April 2009 and 30 April 2010 which the Directors believe demonstrates the strength of the Group's operating systems and model. In 2010, the Group further strengthened its management team with the engagement of Jonathan Fenton as Chief Executive. Jonathan had previously worked for the Group between 1986 and 2002 and his re-engagement was intended to, amongst other things, ensure the Group's business plan and growth strategy were duly implemented.

Key developments

Founding and growth of the General Piling division

Having initially focussed on underpinning and mini-piling, the Group established an open site piling division to provide a fuller service to existing clients and, in particular, the new-build housing market. The Directors believe that this allowed the Company to provide a competitive offering in the larger, open site market. The Group identified that ground engineering businesses require the techniques and equipment capable of deploying relatively high volumes of piles rapidly, across a range of ground substrates. By including driven rigs in the Group's fleet, and rigs which could perform both driven and augered piling, the Group was able to further broaden the ground conditions in which open site piling work could be undertaken. The open site piling business, which forms the majority of the General Piling Division, has been an area of sustained focus and investment for Van Elle and has grown to become the largest operation within the Group by revenue with a dedicated fleet of 17 rigs as at 30 April 2016.

Founding and growth of Van Elle Rail

In 2013, having worked on railway related infrastructure projects for many years, the Group identified a potentially significant growth opportunity in the on-track rail sector and launched its specialist on-track rail business. The Directors believed that, given the high technical and operational requirements of this work and Van Elle's established reputation for specialist engineering expertise and customer service, this market represented an excellent opportunity for the Group. Having obtained Achilles Link-up approval and certification as a Network Rail Plant Operator Scheme supplier, both of which are a pre-requisite for all UK rail contractors, the operating unit was initially engaged by Volker Fitzpatrick to deliver specialist on-track ground engineering works in connection with the extension of platforms at Carshalton and Norbury Stations. Having established a presence and strong reputation in this market, the Group has continued to invest in increasing its capacity and, as at 30 April 2016, the road rail vehicle fleet stood at 12 with a dedicated workforce of 79 and an additional 6 specialist rigs and 1 volumetric mixer on order.

In addition, in 2015, Van Elle obtained a provisional principal contractor licence enabling it to contract directly with Network Rail on projects in the UK for the first time, and subsequently, in 2016, the Group was confirmed as a provider under the Network Rail NR13C-CP5 Track Bed Stabilisation Programme which the Directors believe provides the Specialist Piling division with the opportunity to generate an increased revenue going forward.

Investment in Group central functions

As both the Group and individual divisions grew, with increasing instances where work on a particular site was undertaken by more than one division, it was determined that, where possible, functions common to all divisions should be conducted by a single internal team rather than being spread throughout the Group. This allowed for greater coordination of these functions throughout the Group, but also allowed divisional directors to focus instead on operational and commercial matters within their division. The Directors believe that the decision to bring functions such as health and safety and transport in house was driven by the desire both to save on costs as the Group expanded, and also to allow for a greater level of control and efficiency from a service and operational perspective.

Expansion of the Group's operating base at Kirkby-in-Ashfield, Nottinghamshire

In 2013, Van Elle acquired a five acre site at Kirkby-in-Ashfield, close to the Group's head office at Pinxton. Initially, the Group invested £1.8m to develop the site, including the refurbishment and construction of new offices, a concrete batching plant and a precast concrete manufacturing facility. This investment enabled the Group to increase the number of staff and provided the necessary space to house new equipment and expand its operations. In addition, the Group was able to relocate production of Smartfoot[®] beams from its East Dereham facility to Kirkby-in-Ashfield, and also to begin in-house production of long precast concrete piles and increase the volume of short sectioned VeMech[®] piles being produced. The site also served to increase the Group's yard and office space which was necessary to support its ongoing expansion of the General Piling division and transport and maintenance department.

In 2015, in light of the significant growth opportunities identified across the Group, Van Elle acquired an additional 11 acre site adjacent to the existing Kirkby-in-Ashfield premises increasing the area to a single 16 acre site. The Group is in the process of developing a further precast concrete manufacturing facility principally to allow for the increased production of precast concrete piles. The site will also host the offices of a newly inaugurated training academy which is expected to be completed during 2017. It is anticipated that this will allow for greater control of training for the Group's staff and reduce the Group's training spend whilst also providing the opportunity to generate additional income through offering training to customers and industry specialists. The site houses the Group's internal transport and maintenance department and provides refurbishment and storage facilities for general and specialist plant and equipment as well as holding stocks of precast concrete piles and other products. The Directors believe that expansion of the Kirkby-in-Ashfield site represents a very important element of the next phase of the Group's strategy, providing increased production capacity, internal support infrastructure and training facilities that will support Van Elle in realising future growth opportunities.

Once the development is completed, Van Elle's headquarters and key central operations will be located at a single site. It is anticipated that the current headquarters at the Group's three acre site at Pinxton will be sold for housing development. In addition to its operating sites, the Group owns

60 acres of land at Pinxton, for which planning permission to develop a solar farm was granted to the Company in June 2016 by Ashfield District Council.

Recognition of the Group's Achievements

Van Elle has been a multiple industry award winner over a number of years. The Group has either been the winner of or shortlisted for the following awards:

- Winner of the 2015 East Midlands Chamber Business Awards "Business Growth Champion"
- Winner of the 2015 East Midlands Chamber Business Awards "Business of the Year"
- Winner of the 2015 Offshore Excellence Awards "Best in Class for Technical Excellence"
- Winner of the 2015 Ground Engineering Awards "Contractor of the Year"
- Winner of the 2015 Construction News Awards "Specialist Contractor of the Year"
- Winner of the 2015 BCLive Award for "New Business Achievement"
- Shortlisted for the 2016 GE Awards "Ground Investigation Specialist of the Year"
- Shortlisted for the 2016 GE Awards "Specialist Contractor of the Year"
- Shortlisted for the 2016 CN Awards "Specialist Contractor of the Year"
- High Commended Specialists Awards "Specialist Contractor of the Year (turnover over £25m)"
- Winner of the 2016 NCE 100 Awards "Technology Trailblazer"
- Ranked No. 19 in Top 100 Sunday Times Profit Track List 2016
- Ranked No. 8 in East Midland Profit Track List 2016

Innovation and development

The Directors believe that Van Elle has a long history of innovation in respect of project delivery and the development of new or enhanced techniques, products and systems within the UK geotechnical engineering market.

Having established in-house manufacturing capabilities, Van Elle has developed innovative foundation products for use in a variety of applications including the Vemech[®] segmental piling solution, the Smartfoot[®] post-tensioned precast system for new-build housing and, more recently the Smartbase[®] product for infrastructure applications. In addition, the Group has worked with suppliers to design and adapt bespoke engineering equipment for use in specialist applications, including: drilling attachments; augers; on-track concrete mixers; and, truck-mounted piling rigs.

As well as developing new products, Van Elle has broadened its service offering by importing techniques and equipment from the international ground engineering market. Examples include the Elemex drilling system and, in 2016, large diameter (>1200mm) CFA piling with the acquisition of a LLamada P160TT piling rig. The Directors believe that few, if any, of the Group's competitors can offer these specialist services in the UK market.

Alongside innovation within its product and service offering, Van Elle has developed its in-house capabilities to ensure the Group can maintain its operating efficiency and effectiveness. In 2006, Van Elle established an internal transport division which, as at 30 April 2016, encompassed 24 support vehicles and an engineering team responsible for planned and preventative maintenance on the rig fleet. In addition, the Group has significantly increased its concrete manufacturing footprint with the establishment of facilities in the East Anglia, the Midlands and Scotland.

3. MARKET

The demand for geotechnical engineering services in the UK, which represent the Group's core activities across its four divisions, is driven primarily by the level of construction activity across a broad range of end markets, both in the public and private sector.

Historically, the overall level of activity within private sectors of the UK construction market, including the development of new-build residential, commercial and industrial buildings, has been closely correlated to the overall activity level of the UK economy.

Investment in the construction, maintenance and renovation of the UK infrastructure assets and networks is typically funded by the UK government and other publicly funded institutions. The overall level of activity in public sector construction is determined by national and local

governmental policy and, in particular, large scale, multi-year infrastructure construction, extension or modernisation programmes.

As a consequence, levels of overall UK construction activity can vary over time and differ between end markets. The Directors believe the Group's ability to adapt to changing conditions in its underlying markets, by focusing resources where demand conditions are most robust, and to provide consistently high quality service across a broad range of sectors has to date proven to be, and will continue to be, an important element of Van Elle's success. The Group's wide range of activities and customer base have helped to reduce the Group's susceptibility to short term weaknesses exhibited by other engineering sectors and the UK construction market as a whole.

UK Construction market overview

UK construction output totalled £133.4bn in 2015, (a 4.2 per cent. increase compared to 2014). In September 2016, the Construction Products Association ("CPA") published its forecasts of UK construction output to 2018¹. Given the high degree of uncertainty, following the EU referendum vote in June 2016, the CPA identified a central scenario with higher and lower bounds reflecting the extent of the uncertainty rather than produce single point forecasts for each year. The CPA central scenario forecasts indicate that construction output will rise by 0.4 per cent. in 2016 to £134.0bn, before contracting by 0.6 per cent. in 2017 to £133.2bn and rise again by 1.2 per cent. in 2018 to £134.7bn. The CPA expects that the uncertainty created by the referendum result is likely to have caused projects in certain sectors to be put on hold and lead to a hiatus in new contracts being signed. However, some sectors are still anticipated to grow throughout its central scenario. For example, infrastructure is expected to grow significantly due to increased spending in regulated sub-sectors such as water, rail and energy.

UK Infrastructure market, recent trends and developments

UK infrastructure output totalled £18.5bn in 2015 (a 30.3 per cent. increase compared to 2014). The CPA central scenario forecasts indicate that UK infrastructure output will rise by 18.6 per cent. to £21.9bn by 2018. The infrastructure sector is forecast to see the most significant growth of all the construction sectors with output growing at an average of 5.8 per cent. per year in the period.

The rail sub-sector in 2015 saw significant work on key projects including Crossrail, the Thameslink programme and major station redevelopments in London. Medium-term activity will largely be driven by the redevelopment of Bank station in London (project value: £563m) and the electrification of cross-country routes, including the Great Western Main Line (project value: £2.8bn), North West Lines and East Midland Main Lines. Network Rail's £38bn Delivery Plan for Control Period 5 from April 2014 to March 2019 continues to drive improvements and ease capacity constraints. Network Rail's Periodic Review 2018 will establish outputs and funding for Control Period 6 from April 2019 to March 2024 and the initial industry plans are expected to be published in the Autumn of 2016. New orders for rail construction increased by 7.4 per cent. in 2015 and while output is expected to be flat in 2016, growth of 10.0 per cent. in 2017 and 10.0 per cent. in 2018 is expected. Additional support will be provided by main tunnelling works on the Northern Line extension to Battersea alongside construction work on the London Overground extension to Barking Riverside (project value: £263m).

The roads sub-sector accounted for 28.0 per cent. of total infrastructure output in 2015 and increased 78.0 per cent. in 2015 following two consecutive years of growth in 2013 and 2014. Future growth will be supported by the Government's £15.2bn "Road Investment Strategy: for the 2015/16-2019/20 Road Period". In the 2016 Budget², the Chancellor confirmed the following projects: an additional £161m for Highways England to accelerate the upgrade of the M62 to a four-lane SMART motorway; £75m for Highways England to further develop the case for a Trans-Pennine tunnel between Sheffield and Manchester as well as options to enhance the A66 and A69 and the north-west quadrant of the M60; £24m from the Local Growth Fund to improve roads across North Yorkshire; and £151m from the Local Majors Fund to finance new river crossings at Lowestoft and Ipswich. This budgeted expenditure was announced by the National Infrastructure Commission.

1 Construction Products Association: Construction Industry Scenarios, Summer 2016

2 www.gov.uk/government/publications/budget-2016-documents/budget-2016

National Infrastructure Delivery Plan 2016-2021³

In March 2016, the Government published the National Infrastructure Delivery Plan 2016-2021 ("NIDP") which updates and replaces the previous National Infrastructure Plan (October 2010 and subsequent updates) setting out £483bn of investment in over 600 infrastructure projects and programmes in all sectors and spread across the UK, to 2020-21 and beyond. In the near term, the NIDP focuses on nearly £300bn of projects that will be delivered over the next five years, with approximately £88bn, representing 30 per cent., dedicated to transport infrastructure programmes. Alongside transport and energy infrastructure, the plan also includes proposals for infrastructure investment to support large-scale housing and regeneration projects.

UK new housing market, recent trends and developments

UK new-build housing output totalled £28.6bn in 2015 (a 3.2 per cent. increase compared to 2014). The CPA central scenario forecasts indicate that UK new-build housing output will rise by 1.2 per cent. in 2016. Housing growth has been driven by private housing (3.0 per cent. growth forecast in 2016) due to a strong underlying demand and Government policies intended to increase home ownership. Short term demand for private residential construction is dependent on a number of factors including consumer confidence, house prices and mortgage lending. In light of macroeconomic uncertainty following the UK referendum, the CPA has proposed a range of scenarios for UK Housing construction output reflecting adverse or positive movements in these market indicators. The CPA's forecasts suggest UK Housing construction output for 2017 could range between growth of 2.0 per cent. to a contraction of 6.3 per cent., with a 2.3 per cent. fall as the central scenario. In 2018, this range moves to potential growth of 4.7 per cent. at the upper case and a contraction of 5.0 per cent. in the lower case with a flat year-on-year performance as the central scenario.

The Office for Budget Responsibility forecasts UK house prices will rise 5.7 per cent. in 2016/2017 and 4.5 per cent. in 2017/2018. Sustained house price inflation and concerns regarding affordability in key areas of demand such as London, are being driven by the consistent undersupply of housebuilding relative to the number of households created. Government policies such as Help to Buy may partially offset some affordability issues but may in the medium-term enable further demand for new builds adding to the constraints on supply.

In February 2016, the Department for Communities and Local Government (DCLG) released figures⁴ stating the number of starts and completions on new build homes was at its highest level since 2008 with the number of new-build homes started up 23 per cent. in the fourth quarter of 2015 compared to the same period in 2014, and the number of new-build homes completed up 21 per cent. on the previous year. Figures from the Home Builders Federation⁵ published in March 2016 showed a 9 per cent. rise in residential planning approvals in the third quarter of 2015 compared to the same period in 2014.

In December 2014, the UK Government set out details of its Starter Homes initiative⁶ announced at the Conservative Party Conference in October 2014 that will offer 100,000 first time buyers new-homes with a 20 per cent. discount, as part of a major push to help people onto the housing ladder. At the heart of the Starter Homes initiative is a change to the planning system which will allow housebuilders to develop under-used or unviable brownfield land and free them from planning costs and levies. In return, housebuilders will be able to offer homes at a minimum 20 per cent. discount exclusively to first time buyers under the age of 40.

In March 2013, the Government announced the Help to Buy programme⁷. Help to Buy makes new build homes available to all home buyers (not just first time buyers) who wish to buy a new home, but may be constrained in doing so, but who could otherwise be expected to sustain a mortgage. Up to a maximum of 20 per cent. in England and 40 per cent. in London of the purchase price is available to the buyer through an equity loan funded by the Government.

The Housing and Planning Act 2016 contains a number of different planning measures including putting a general duty on all planning authorities to promote the supply of Starter Homes and creating a zonal system for brownfield land creating automatic planning permission in principle for

3 www.gov.uk/government/uploads/system/uploads/attachment_data/file/510525/2904569_NIDP_2016-2021_updated.pdf

4 www.gov.uk/government/news/housing-starts-and-completions-hit-7-year-high

5 www.hbf.co.uk/?elID=dam_frontend_push&docID=24989&filename=HPL_Report_2015_Q3.pdf

6 www.gov.uk/government/news/20-discount-on-your-first-home-announces-pm#history

7 www.helptobuy.gov.uk/wp-content/uploads/Help-to-Buy-Buyers-Guide-Feb-160216.pdf

housing. The Government also announced plans to accelerate housing supply by supporting the regeneration of previously developed brownfield sites in the green belt by allowing them to be developed in the same way as other brownfield land, providing it contributes to Starter Homes and subject to local consultation such as through neighbourhood plans.

UK commercial market, recent trends and developments

UK commercial output totalled £24.3bn in 2015 (a 1.3 per cent. increase compared to 2014). The CPA central scenario forecasts indicate that UK commercial output will rise 1.8 per cent. in 2016.

Commercial offices represent the largest sub-sector and recorded the highest growth in output in 2015 of 11.9 per cent. Offices construction output is expected to continue on its upward trend with a 7.0 per cent. rise in 2016. Low availability combined with job creation and job relocation away from more expensive locations like London has resulted in a shortage of Grade A new office space in the UK's key regional cities⁸. Occupier demand in the City of London remains buoyant with prime rents increasing across all wider submarkets due to the supply constraint⁹. Occupiers continue to absorb space as fast as it can be delivered with Central London expected to experience the most constraint. Research from Jones Lang LaSalle¹⁰ found that the number of office pre-lets reached a record high in UK major cities in 2015 and a survey by Deloitte¹¹ found that the new construction starts in London during 2015 were the highest in 20 years.

The student accommodation market witnessed peak levels of investment in 2015 and a record breaking increase in student numbers due to the poor employment market encouraging more people to seek higher education and to stay on for postgraduate study¹².

Public non-housing is expected to be less affected by the uncertainty following the EU referendum vote than the housing and commercial sectors given that activity is largely determined by capital funding allocated to departmental budgets by central Government¹³.

Van Elle operates in each of these market sectors and priced approximately £727m of work in the year ended 30 April 2016. Collectively, these anticipated trends and developments give Van Elle opportunities to increase its turnover and derived income from various geographic locations (e.g. the total value of orders won within Scotland was £5.5m in 2015 and £9.4m in 2016) and also successfully convert more quotations into work projects giving the Group a healthy opportunity for growth.

4. PRINCIPAL ACTIVITIES

The Directors intend to continue to develop each of Van Elle's four divisions by investing in modern and bespoke equipment, staff, safety and training, all of which are essential in providing customers with value-engineered solutions to contracts which deliver technical benefits, financial savings and time reductions.

4.1. General Piling

Services and customers

The General Piling division, which is the largest division within the Group by revenue, offers a variety of ground engineering and foundation solutions for open site construction projects. The division operates nationwide, offering a range of piling techniques and services which can be applied depending on the specific environmental and ground conditions encountered on site.

8 www.savills.co.uk/blog/article/199893/commercial-property/regional-office-rents-to-rise-as-under-supply-bites.aspx

9 www.colliers.com/-/media/files/emea/uk/research/research%20and%20forecasting/201603_reif.pdf?la=en-GB

10 www.jll.co.uk/united-kingdom/en-gb/Research/JLL-UK-Office-Market-Outlook-H1-2016.pdf?2b475daa-555e-4f21-91c6-7a9db3dd9971

11 <http://www2.deloitte.com/uk/en/pages/real-estate/articles/crane-survey.html>

12 <http://pdf.euro.savills.co.uk/residential—other/spotlight—uk-student-housing-2015.pdf>

13 Construction Products Association: Construction Industry Scenarios, Summer 2016

The principal techniques offered by the division include:

- Driven piling. One of the least complex forms of piling which involves the installation of precast concrete piles (manufactured in-house by the Ground Engineering Products division) or steel tube piles. Driven piling can be used in a wide range of soil conditions and provides relatively fast installation.
- Continuous flight auger (“CFA”) piling. A technique that allows for the simultaneous removal of spoil and replacement with pumped concrete into the pile with one drilling action. It is one of the quietest forms of piling available and is virtually vibration free.
- Rotary bored piling. Typically larger in diameter than other piles, rotary bored piles are often used to support larger loads, overcome ground obstructions and penetrate ground too hard for the use of driven or CFA techniques.
- Drilled pilling. Commonly used on projects where man made underground obstructions are expected or to penetrate dense or hard strata.

The General Piling division operates across a broad range of construction end markets. In the year ended 30 April 2016, approximately 52 per cent. of the division’s revenues were derived from customers in the new-build residential sector, approximately 25 per cent. from the commercial and industrial sector, approximately 8 per cent. from the infrastructure sector, approximately 14 per cent. from customers in the public non-housing sector and approximately 1 per cent. from other customers. The division has a strong presence in the private housebuilding sector in which the Group has operated for a number of years and where, more recently, the division has benefitted from the cross-selling of the Ground Engineering Products division’s Smartfoot® modular foundation system. As a consequence, the division has established a number of significant, longstanding relationships with major UK housebuilders. The division also shares a number of significant blue chip UK general contracting and construction customers with the rest of the Group.

Whilst the Group has the breadth of techniques, experience and capacity to undertake large and complex open site projects, the division continues to deliver services to a wide range of customers and on projects varying significantly in size. In the year ended 30 April 2016, the division’s fleet of 31 rigs were engaged for 497 jobs and had an average contract value of £86,000.

Competition

The market in which the General Piling division operates is UK focused and fragmented with a number of providers, none of which has a particularly significant overall market share. Furthermore, open site piling projects in sectors where the Group operates, can range in value from several thousand to several million pounds. The Directors believe that many of the Group’s competitors focus either on larger or smaller scale jobs, as a consequence of their own scale and range of services. The Directors believe that there are very few, if any, firms that compete with Van Elle across the market as a whole.

The General Piling division’s principal competitors vary by region, project size and end market such that it competes with a number of major general contractors’ own in-house ground engineering companies, such as Balfour Beatty, Bachy Soletanche, Roger Bullivant, BAM Ritchies and Skanska Cementation, international ground engineering groups, including Keller and Bauer Technologies, as well as smaller UK regional players such as Hill Piling, Central Piling and Cannon Piling.

The Directors believe that the Group’s competitive advantage in the open site piling services market is based on a number of factors including:

- its wide range of techniques and services offered;
- its ability to offer a flexible service across a range of job sizes;
- its availability of a large incentivised, technically qualified and highly skilled workforce;
- its control over its own transport fleet and in-house support services;
- its status as the UK’s largest, geotechnical engineering specialist;
- its consistently achieved high service levels; and
- its longstanding customer relationships;

Growth opportunities

During the year ended 30 April 2016, the Group experienced high numbers of enquiries for its open site piling services across a number of end markets and, as at 1 May 2016, the General

Piling division's order book stood at £8.4m. In light of certain identified opportunities, the Directors intend to expand the General Piling division's existing rig fleet with the addition of a further five rigs in the three year period ending 30 April 2019 to extend the division's capacity for its existing services. In addition, on 2 June 2016, the General Piling division took delivery of a Llamada P160TT, its largest CFA rig which can construct CFA piles of 1,200 mm diameter to a depth of 33 metres. The Directors believe that this new rig will allow the Group to offer an alternative to slower, more expensive large diameter bored piling, which will open up new opportunities for Van Elle to compete for work in additional segments of the market. The Directors believe that, by leveraging the division's strong market position, this additional capacity will enable Van Elle to grow its market share.

The Directors also believe that there is an opportunity to enhance the General Piling division's competitive position through increasing the range of techniques and services it can offer and thereby accelerate the opportunity for further revenue and market share growth. The Directors have identified a number of services, including displacement piling and pulse piling which are not currently provided by the Group. By offering these complementary services, the Directors believe that the division will be able to bid on a wider range of contracts as well as capture additional revenue from larger and more complex construction projects.

As is the case across the Group, the Directors believe that, given the division's strong customer relationships with major national contractors and housebuilders, there is an opportunity to develop Van Elle's geographic footprint further. To this end, the Group has established an enlarged operating base in Glasgow from which to target opportunities in the Scottish market and the Directors are considering similar investment to further increase Van Elle's presence in the South East and South West of England.

4.2. Specialist Piling

Services and customers

The Specialist Piling division provides a range of piling and other geotechnical solutions in operationally constrained environments such as inside existing buildings, bridges, tunnels and basements as well as in on-track rail environments. In construction environments with restricted access and operational constraints, ground engineering works require the use of specialist equipment and the implementation of innovative techniques.

The division's restricted access unit operates a modern fleet of 31 rigs including purpose built rigs for the installation of drilled, rotary bored and driven piles. Work in these environments will frequently be technically complex and the division utilises a highly qualified and experienced in-house design team to identify flexible solutions that can be implemented effectively and adapted quickly to overcome any unforeseen ground conditions.

The Van Elle Rail unit currently has a purpose built fleet of 12 road rail vehicles ("RRV") with 6 more on order, capable of running directly on-track and designed, alongside specialist attachments, specifically for rail related work. In addition to the technical challenges of delivering ground engineering services in the rail environment, site availability is typically restricted, given the need to minimise service disruption, and work is frequently performed under time constraints including overnight, at weekends and during public holiday periods when the track is under possession.

The Specialist Piling division operates across a range of construction end markets and, through a carefully planned strategy, has grown in the infrastructure sector. In the year ended 30 April 2016, approximately 65 per cent. of the division's revenues were derived from customers in the infrastructure sector, approximately 19 per cent. from customers in the commercial and industrial sector, approximately 10 per cent. from customers in the new-build residential sector, approximately 5 per cent. from customers in the public non-housing sector and approximately 0.1 per cent. from other customers. Within the infrastructure sector, ground engineering works typically constitute a small element of a large overall project being delivered by a major general contractor and the division will frequently be engaged as a sub-contractor to deliver specialist piling services. As such, major UK and international general contractors represent the division's largest customer group by value. Following the award of its provisional principal contractor licence, Van Elle Rail has recently bid for work directly as principal contractor with Network Rail and, as a consequence, the Directors believe that Network Rail will become an important customer of the division in the future. In the year ended 30 April 2016, the division's fleet of 43 rigs were engaged for 288 jobs and had an average contract value of £90,000.

Competition

Given the highly specialised nature of the techniques and services offered, the Specialist Piling Division's principal competitors typically vary by market or specific service. The Directors do not believe that any other UK ground engineering contractor offers as broad a range of restricted access and innovative piling techniques and, as such, will continue to take more market share.

The division's restricted access operating unit competes with a number of national players, including Keller, BAM Richies and Bachy Soletanche for certain specialist services, particularly in the infrastructure sector. In addition, the Group competes with a number of specialist restricted access engineering contractors including Cannon Piling, Martello Piling and Morcon Foundations.

The division's rail operating unit also competes with a small number of national players and regional ground engineering contractors for "off track" works that typically require more traditional piling techniques such as new stations and existing station platform extensions. In respect of on-track rail work, the division competes predominantly with general contractors such as Keltbray, Aspin and Terrawise, rather than other ground engineering specialists, who, the Directors believe, have a limited presence in the UK on-track rail market.

The Directors believe that the Group's competitive advantage in the specialist piling market is based on its extensive engineering capability, wide range of complex techniques offered, well invested fleet of specialist piling rigs and attachments and its technically qualified and highly skilled operatives. Furthermore, the Directors believe that the Group's ability to utilise its varied portfolio of specialist techniques and equipment enable it to address a broader range of ground engineering requirements than any individual competitor. In addition, the Directors believe that the division's expertise as a specialist ground engineering contractor enables it to offer a differentiated service to on-track rail customers as compared with general construction contractors who typically offer a narrower range of geotechnical and piling solutions.

Growth opportunities

As with the General Piling division, the Specialist Piling division has experienced high enquiry levels across a number of end markets and, as at 1 May 2016, the Specialist Piling division's order book stood at £7m. The Directors believe that the Group's competitive position within the restricted access piling market is particularly strong in light of the high technical barriers to entry. As a consequence, the Group intends to acquire additional restricted access rigs to capitalise on the supportive market backdrop and increase the division's market share. This investment includes two truck mounted rigs, enabling the division to deliver mobile piling services on roads, in particular motorways, as well as expanding the existing rig fleet capacity.

The Directors believe that the rail sector presents a particularly significant growth opportunity for the Group. Revenues from the division's on-track services have grown from zero in the year ended 30 April 2013 to over £11m in year ended 30 April 2016 and the Directors believe that the Group is well positioned to win additional work as a consequence of a number of large scale, committed programmes including for track bed stabilisation and electrification of large sections of the UK rail network. As such, the Group intends to increase its on-track engineering capacity through the acquisition of additional, specialist RRVs. The Company has just constructed its own 100 metre long test track to carry out obligatory rail track tests on all its equipment which is also being used as a training facility and will be able to be offered externally to third parties. In addition, the division has developed its own large diameter rotary percussion drilling system which is the only such system at present available to Network Rail. The division also took delivery in August 2016 of an on-track volumetric concrete mixer which allows concrete to be batched at the location, rather than 2-3 miles down the track, further enhancing Van Elle's operating efficiency.

4.3. Ground Engineering Services

Services and customers

The Ground Engineering Services division offers a range of ground stabilisation and geotechnical services on construction projects across a broad range of end markets. There are two operating units within the division, each with a distinct service offering and specialisation:

The division's ground stabilisation operating unit provides a range of solutions including:

- Drilling and grouting. Particular focus on the investigation and subsequent consolidation of old mines and solution features.

- Ground anchoring. Specialist soil anchors inserted into the ground, typically to retain walls and slopes and contiguous and secant piled walls installed by both the General and Specialist Piling division.
- Soil nailing. Used to stabilise existing slopes and walls to allow for slope cutting and steepening for applications such as road widening and railway embankment stabilisation.

Ground stabilisation services are frequently required for large civil engineering projects, such as motorway expansion and embankment cutting, as well as new-build residential schemes. As such, the division's ground stabilisation customers are predominantly large infrastructure contractors, housebuilders and developers.

The division's geotechnical services operating unit provides a range of technically complex, critical services including:

- Ground investigation. Site monitoring and analysis including soil testing, gas, noise and vibration monitoring, supported by external laboratory testing where appropriate. The reports produced by the geotechnical team give clients the opportunity to address design, planning and land purchase concerns or avoid previously unrecognised risks prior to incurring avoidable costs.
- Pile testing. Integrity, dynamic and static load testing of piles to ensure the installed solution is fit for purpose as designed.
- Geothermal boreholes. Installation of geothermal piles/boreholes in the renewable energy sector.

The Ground Engineering Services division operates across a range of construction end markets. In the year ended 30 April 2016, approximately 45 per cent. of the division's revenues were derived from customers in the infrastructure sector, approximately 37 per cent. from customers in the new-build residential sector, approximately 14 per cent. from customers in the commercial and industrial sector and approximately 4 per cent. from customers in the public non-housing sector.

Competition

Geotechnical services are a pre-requisite for almost all construction projects, given the necessity to undertake ground investigation work as part of the development planning process. As such, the overall market for geotechnical services is significant and covers a very broad range of end markets and project sizes. The division's geotechnical services unit competes predominantly with specialist geotechnical services companies such as Soil Engineering, Geoservices, ESG and Dunelm Geotechnical & Environmental.

Geotechnical services are technically complex and the Directors believe that the Group's well invested equipment base, highly trained engineering staff and experience in delivering these services provides the division with a competitive advantage compared to smaller scale operators. As an integrated geotechnical and ground engineering group, Van Elle is able, in certain circumstances, to leverage the services of the Group's General and Specialist Piling divisions such that it can offer geotechnical services customers an "end-to-end" solution covering investigation through to installation of foundation solutions at an agreed fixed price. The Directors believe that the division's customers view this as an important differentiator for the Group, as compared to other geotechnical services specialists, because it allows customers to fix the costs of foundations where there is substantial risk on costs to clients on most construction projects.

Ground stabilisation services have been a core offering of the Group for a number of years and the Directors believe that the division has established a strong reputation in this market. Whilst ground stabilisation services may be required in a wide variety of construction environments, the Group has typically targeted larger and more complex projects, such as civil engineering and housebuilding developments, where the division's technical and operational differentiation are of greater value to the customer. Typically the ground stabilisation operating unit competes against both local and national competitors such as Forkers, Albion, M&J Drilling and Keller.

Growth opportunities

Given the large addressable market for geotechnical and ground stabilisation services, the Directors believe that there is scope to increase the Ground Engineering Services division's market share by capitalising on the Group's established brand and reputation. In order to achieve this, the Group intends to acquire additional specialist geotechnical and ground stabilisation equipment to increase its capacity, with a focus on road and rail infrastructure. In particular, the Directors believe

that the Group's strong relationships with customers in the infrastructure and civil engineering sectors position the division well to bid for additional work on projects such as the SMART motorway roll-out.

In addition, the Directors believe that the Group can leverage its strong position in the rail market by providing additional geotechnical services to this sector. In particular, the Directors believe there is an opportunity to provide site investigation services to rail customers and has commissioned two bespoke Unimog mounted RRV rigs capable of delivering this service.

4.4. Ground Engineering Products

Products and customers

The Ground Engineering Products division designs, manufactures and installs modular foundation systems and other precast concrete products which have been developed internally to complement its existing ground engineering activities. In addition, the division manufactures precast concrete piles for use by the General Piling division. All products are manufactured under ISO9001 accredited conditions and fully comply with European design regulations and capabilities. The division's current precast concrete product range can be sub-divided as follows:

- **VeMech®** piles. A modular precast pile for use in driven piling techniques. The pile is produced in 2.5 and 4.0 metre lengths, which can be extended to longer lengths by joining individual piles together. All of the piles manufactured are installed by the Group's fleet of self-made bespoke VeMech® rigs. This system utilises a reduced piling mat giving an immediate saving to the client.
- **Long precast piles.** Concrete piles for use by the General Piling division which can be produced in single lengths of up to 12 metres and jointed to 18 metres. Historically, precast piles have been sourced from third party suppliers. However, the additional capacity provided at the enlarged Kirkby-in-Ashfield site has enabled the Group to manufacture these piles in-house which has both reduced costs and reliance on the supply chain and is keeping margin within the Group.
- **Smartfoot®.** A bespoke, modular precast, post-tensioned foundation system designed for rapid on-site assembly. The product is approved by the National House Building Council and is primarily used on new build residential projects. Smartfoot® can be installed on sites significantly quicker than cast in situ foundations, which involve the excavation of trenches and the pouring of wet concrete which takes a number of days to cure. Furthermore, installation is not constrained by weather conditions. Van Elle's Smartfoot® operations are supported by a fully automated and bespoke computer aided design system, thereby reducing the scope for human error in production and installation to within 3mm of desired specification. Beams are currently manufactured to the desired specifications at the Kirkby-in-Ashfield plant, ensuring the potential for wastage is minimised. In response to strong local demand, and to enable the Group to reduce transport costs, additional production of Smartfoot® beams commenced on 1 June 2016 at Van Elle's new Glasgow site with output currently at a rate of 250 linear metres per week. The Group has won over £1.4m of orders for Smartfoot® in the year ended 30 April 2016 in Scotland alone.
- **Smartbase®.** A modular precast foundation system designed primarily for installation in rail and road environments to support signals and gantries. The product has the ability to be installed more rapidly than traditional foundation methods which involve casting concrete in situ, offering potential time and financial savings to the end user which is of particular importance when working during times of limited availability on track
- **Other precast products.** The Group has been able to utilise its expertise in precast concrete manufacturing to produce bespoke products to solve specific customer requirements. These include a £1.5m contract to produce and install precast concrete parapet beams to support viaducts in London. In addition, the division is in the process of developing additional precast products, including a precast concrete pile for Smartfoot®, to extend its current range.

The Group currently has capacity to produce up to 340 linear metres of beams per day and 5,200 linear metres of piles per week across its Kirkby-in-Ashfield, Glasgow and Dereham sites. The Directors believe that the additional capacity provided by the Group's recently expanded production facilities at Kirkby-in-Ashfield will also allow the Group to manufacture other precast concrete products such as a platform system for Network Rail. The factories currently operate a day shift

only, however, the Group has the capacity to increase production to 24 hours if the demand for precast products continues to rise.

The division's precast piles, including the VeMech[®] system, are utilised within the Group by the General Piling and Specialist Piling divisions. The Smartfoot[®] system is designed primarily for use in housing developments and, in the year ended 30 April 2016, 99.3 per cent. of the division's external revenues were derived from the new-build residential sector with the remaining 0.7 per cent. derived from customers in the commercial and industrial sector.

Competition

The Group's Smartfoot[®] foundation system is a bespoke product offered as an alternative to cast in situ foundations commonly used in the new-build residential sector replacing the traditional technique with a cheaper alternative, which saves both time and installation costs. As such, the Ground Engineering Products division's principal competitors for this product are other ground engineering contractors, similar to those with whom the Group's General Piling division competes. The Directors believe that the Smartfoot[®] product offers considerable operational advantages, as compared to traditional techniques including installation speed, quality and accuracy of tolerance.

A small number of other UK ground engineering companies offer a precast modular foundation system for use in the new-build residential sector, including Roger Bullivant, BBGE and Aarsleff. However, the Directors are not aware of any competing product that incorporates post-tensioning and which is offered as a completely dry system, providing inherent advantages as concrete cannot be successfully mixed and poured in freezing weather conditions. Post-tensioned concrete products offer a number of advantages over un-reinforced or steel-reinforced alternatives, including a requirement for less concrete and steel for the same structural capacity, and therefore reduced cost. As a consequence of these inherent benefits, as well as the Group's strong relationships with a number of major UK housebuilders, the Directors believe that the division's Smartfoot[®] product has a very strong market position.

Building on its growing manufacturing expertise, the division has developed the Smartbase[®] system for the road and rail sector. Similar to Smartfoot[®], the Smartbase[®] system has been created to deliver specific operational benefits for customers in the infrastructure sector, in particular as regards installation speed, and provide an attractive alternative to traditional foundation systems. The Directors believe that the Smartbase[®] system shares many of the competitive advantages of Smartfoot[®] and, over time, will be capable of achieving a similarly strong market position.

Growth opportunities

The UK new-build residential market has experienced significant growth in the period following the financial crisis in 2008 and the Group has been able to capitalise on these supportive market conditions to increase overall revenue from housebuilding customers. Within this, the Smartfoot[®] system continued to gain market share with revenues increasing at an annualised growth rate of 21 per cent. from £1.8m in the year ended 30 April 2010 to £5.5m in the year ended 30 April 2016. The Directors believe that long term structural shortages in UK housing stock will continue to support growth in the sector into the longer term. As a consequence, the Directors believe that there is clear opportunity to continue to grow Smartfoot's[®] market share. In particular, the Group has identified a strong opportunity for Smartfoot[®] in Scotland with demand increasing from £0.4m of orders in the year ended 30 April 2015 and reaching £1.4m in the year ended 30 April 2016. In response to this, the Group's precast concrete manufacturing footprint is currently being expanded through the establishment of the Glasgow facility and development of the Kirkby-in-Ashfield site which, on completion, will provide the opportunity to respond to increasing demand by moving Smartfoot[®] production to 24 hours. The installation of the Smartfoot[®] system requires preparatory piling work which, in turn enables the division to cross sell the Group's open site piling services and vice-versa.

The Directors believe that the infrastructure market will be a key driver of growth for the Group in the future. Furthermore, Van Elle has developed a number of customer relationships in the sector across its General Piling, Specialist Piling and Ground Engineering Services divisions. As a consequence, the Directors believe that there is scope for the division's Smartbase[®] system to replicate the success of the Smartfoot[®] product and provide a new revenue stream for the Group.

Alongside the production of products for external customers of the Group, the division also manufactures long and VeMech[®] piles, used by the General Piling division. Initially, the decision to

manufacture its own precast concrete piles was taken in December 2015 to reduce the Group's reliance on third party suppliers as well as to reduce procurement costs and thereby increase returns. Once completed, the expansion of the Group's manufacturing facilities will increase production capacity for precast piles by 27 per cent. to 6,600 linear metres per week. Taking into account the anticipated growth in the General Piling division's activities, the Directors believe that the Ground Engineering Products division will be able to produce precast piles in excess of the Group's internal requirements and, as a consequence, intends to sell precast concrete piles and other precast concrete products to third parties.

In addition to Smartfoot® and Smartbase®, the Ground Engineering Products division is developing new products and foundation systems for a range of markets and geotechnical applications. The Directors believe that by combining the Group's significant experience in delivering geotechnical services with its in-house manufacturing capabilities, the Ground Engineering Products division is well placed to develop competitive and disruptive products for a range of construction markets and, in so doing, create a further source of revenue and profit growth for the Group.

5. KEY STRENGTHS

Broad and differentiated ground engineering offering

With a strong service culture, Van Elle offers its customers a broad range of innovative ground engineering services, from initial geotechnical site investigation through to installation of foundation systems for large and complex development projects. Through the provision of multiple piling systems and techniques, alongside a range of specialist rigs and equipment, the Group is able to deliver piling and engineering services in a wide variety of ground and operational conditions.

Although site investigation ordinarily occurs in advance of all major construction projects, actual ground conditions on any particular site may vary from those anticipated and present challenges to the safe and efficient installation of the required foundation systems. By offering a range of innovative and different techniques and equipment, Van Elle is able to adapt its engineering solution over the course of delivery or installation to ensure that the required foundation systems can be completed without incurring undue time delays or cost overruns to the client.

In construction environments with restricted width or height conditions, traditional piling equipment and techniques may be impractical. Van Elle offers a number of engineering techniques specific to restricted access environments, for example within basements of buildings. In addition, the Group has invested in bespoke, specialist rigs and engineering attachments that are purpose-built to deliver piling services in challenging environments. There are a limited number of comparable rigs available elsewhere in the UK market. The Directors believe that the requirement for specialist equipment and engineering experience in a variety of complex techniques creates a high technical barrier to entry in respect of many of the Group's services, particularly in the rail sector.

Flexible model focussed on operational efficiency

Van Elle's highly skilled and trained workforce are directly employed and incentivised, via a bonus scheme, to complete jobs safely and in a timely fashion. Where work is completed ahead of schedule, resources will be redeployed onto new jobs immediately and so generate enhanced overhead recovery for the Group. To facilitate flexible work scheduling, Van Elle operates an internal transportation fleet which allows the Group to retain control and responsibility for the safe and on-time movement of all plant. The transportation fleet operates 24 hours a day, seven days a week when required meaning equipment is able to be transported overnight and arrive on site by 7.00 a.m. the following day. The Group also utilises its own internal fleet of concrete trucks and on-site holding drums to give it greater control over the supply of concrete in situations where local infrastructure may give rise to congestion and late delivery of materials. The Directors believe that Van Elle's operational flexibility is a key element in maintaining high rig utilisation rates and so generating attractive returns from the Group's asset base.

Well-positioned in attractive markets

The Group has focused its business model and service offering on those markets where the Directors believe there are attractive, long term growth characteristics. For the year ended 30 April 2016, Van Elle derived approximately 40 per cent. of Group revenues from customers in the housebuilding sector and 30 per cent. of Group revenues from customers in the infrastructure sector.

Given Van Elle's experience in operating in challenging conditions and utilising complex techniques, together with the investment made in recent years in specialist rigs and equipment, the Directors believe that the Group's offering is particularly well suited to delivering projects to customers in the infrastructure sector. Specialist Piling works on infrastructure projects, particularly in on-track rail environments, require highly specialised rigs and drilling equipment and require operatives to work under stringent operating and regulatory conditions. The Group has delivered services to customers in the infrastructure sector across its General Piling, Specialist Piling and Ground Engineering Services divisions for a number of years establishing strong relationships with large contractors delivering road, rail and water infrastructure projects. However, from 2013, with the establishment of the Van Elle's on-track rail piling services, the Group's infrastructure related activity has grown significantly with Group revenues derived from the infrastructure sector increasing from £9.1m in the year ended 30 April 2014 to £24.6m in the year ended 30 April 2016. The Directors believe that, given the high technical and operating barriers to entry for ground engineering on large and complex infrastructure projects, Van Elle is well positioned to benefit from further external investment in this sector. The UK government has announced a number of major road and rail infrastructure projects to be delivered in the period to 2020, including HS2, Crossrail 2, electrification and the extension of the SMART motorway network, and the Directors believe that this will provide Van Elle with a significant source of revenue into the medium term.

Van Elle has provided ground engineering services to the new-build housing sector for over 30 years and has established, longstanding relationships with a number of major UK housebuilders and contractors operating within their supply chains. In 1998, Van Elle further strengthened its offering to housebuilding customers with the launch of Smartfoot®, the Group's precast foundation system which offers considerable installation advantages when compared to conventional "cast in situ" foundation methods. Group revenues derived from the housebuilding sector have grown from £18.8m in the year ended 30 April 2014 to £34.2m in the year ended 30 April 2016 and, given the undersupply of housing stock, the Directors believe that the UK new-build housing market will remain an important driver of the Group's growth in the future.

In addition to targeting specific new market sectors where the Directors believe growth opportunities are most attractive, the Group has continued to invest in maintaining and enhancing its offering across a range of end markets to broaden its customer base and reduce its dependency on any one sector as a result. The Directors believe that this broad customer base, as well as the Group's wide menu of services, has meant that the Group's divisions have proven resilient during economic downturns, and provide a strong platform and base for the future.

Attractive financial profile and consistent record of delivering growth

Over a number of years, the Group has deliberately focused on growing its existing specialist engineering and proprietary products businesses, in particular within the Specialist Piling and Ground Engineering Products divisions, expanding its service proposition to clients and increasing its ability to generate and maintain high margins and strong cash returns. For these reasons, the Group, going forward, will continue to focus its growth strategy on these activities which generate higher margins and offer opportunities for continued growth.

The Group has shown substantial growth in revenue and profit over the past three financial years. This has been achieved through the broadening of Van Elle's service offering and investment in its rig fleet and operating infrastructure which have enabled the Group to increase its market share in its core markets and to focus resources on market opportunities, such as on-track rail work, where the financial returns are most attractive. In addition, Van Elle's operational procedures enable the Group to consistently achieve attractive margins across a range of services provided to customers in a large number of end markets.

In the three years ended 30 April 2016 the Group increased its rig fleet by 24 per cent. and, in June 2015, expanded the Kirkby-in-Ashfield site, providing a significant increase in manufacturing capability and capacity for the Group's central functions. The Directors believe that this operational infrastructure will sustain Van Elle's continued growth by:

- helping the Group to maintain existing customer relationships and to win new ones;
- allowing the Group to provide a continually widening range of specialist techniques, which enables the Group to price these services at a premium to traditional techniques; and
- maximising asset utilisation and overhead recovery.

Well-invested, scalable platform capable of supporting future growth

Van Elle's services are delivered through four distinct divisions. Each division operates as a standalone profit centre and is managed by a director who has accountability for delivering the operating unit's budget, maintaining safety and quality standards and leading general day-to-day management. The directors are highly experienced in the ground engineering sector and several have been with the Company in excess of 10 years. The Directors believe that the degree of operational and financial autonomy given to the operating unit directors makes them responsible for the performance of their operating unit at a level below the Board and helps create a scalable platform for the Group to continue to grow. The operating unit directors are also required to sit on the operational board which the Directors believe assists in ensuring they are accountable in respect of their responsibilities to the Group.

The Group has consistently invested in its workforce and central supporting functions (such as in-house design and regulatory compliance and training) in recent years to strengthen the Group's operating structure and drive efficiencies as the business has grown. The Group spends in excess of £0.5m per year on training courses for operatives and staff, which excludes the salary costs of those in attendance. Van Elle has commenced construction of a £0.6m training facility at Kirkby-in-Ashfield which the Directors believe will become a recognised training centre for the rail and construction industries and, with the Government's sponsored Apprenticeship Scheme, capable of generating an incremental profit for the Group. The Directors believe that this commitment to training and development of its staff, together with a well-invested operational platform, will help avoid the need for significant incremental increases in the overhead base in the future as Van Elle continues to grow.

Given the nature of its service offering, Van Elle's ability to maintain its market position is heavily dependent on the quality of its asset base and its staff. The Group has invested significantly in recent years in its capital equipment to expand, update and refresh its fleet of piling rigs and specialist engineering attachments. In the four year period ended 30 April 2016, Van Elle invested approximately £18.5m in plant and equipment, increasing the Group's rig fleet from 53 to 98. In addition, the Group has invested £4.8m over the same period in its facilities, including the expansion of its precast concrete manufacturing capabilities following the acquisition of the Kirkby-in-Ashfield site in 2013. In 2015, Van Elle acquired an 11 acre site adjacent to the existing facility at Kirkby-in-Ashfield and has commenced construction of a second concrete products manufacturing facility. The Directors believe that this expansion will enable the Group to become self-sufficient in the production of precast concrete piles and will expand the capacity to meet the demand from clients for the Group to produce Smartfoot[®] as well as new precast concrete products that the Group develops in future years, including the Smartbase[®] foundation system for rail and road applications. The site will also incorporate additional offices, further yard space and the training academy which will leave the Group well placed to manage future growth from an operational perspective.

The Directors intend to implement an investment programme of £15m, to be deployed over the three year period ending 30 April 2019, which they anticipate would expand the rig fleet by 31 to 129. The Directors intend that nearly half of the new rigs will be used in Specialist Piling.

Strong management team with operational experience across numerous cycles

The Group's management team possesses extensive experience in the UK ground engineering sector, with the Group Chief Executive Officer and Non-Executive Chairman having combined experience in the sector of over 70 years.

The current management team has been instrumental in driving the Group's growth and diversification. The Directors believe their ability to react quickly to market trends and control the cost base accordingly has been fundamental in driving the Group's profitability in recent years.

The Group has a proven record of developing and retaining high quality staff, with many of the current employees in mid and high level management positions having progressed internally from on-site operative positions.

6. STRATEGIES

The Group's corporate objective is to grow and develop a sustainable business for the benefit of all of its stakeholders. As part of this strategy the Group intends, specifically, to focus upon:

Organic growth and increasing market share

Van Elle will continue to seek to increase its levels of business from existing clients and to win new clients in its existing markets. The Directors believe that there is a significant opportunity to capitalise on the high quality, longstanding relationships it has established with its clients as well as its established reputation for reliability, service quality and successful delivery of value-added engineering services, thereby increasing the Group's market share in its key markets. The Directors believe that the Group has secured a strong market position across its range of services which will enable Van Elle to compete effectively for new work. In addition, the Directors see the opportunity to further expand the rig fleet, thereby enabling the Group to undertake more work in its existing markets.

Expansion into complementary markets and adjacent geographies

The Group has sought consistently to broaden the range of services it can provide to its customers, expanding from small scale ground engineering works and open site piling techniques into complex, specialist piling services and the design and manufacture of proprietary precast concrete products. Going forward, the Directors intend to pursue further opportunities, geographically and organically, to provide additional services within the wider UK ground engineering sector, which may also include add-ons to existing products and services.

The Group intends to explore opportunities to expand its presence in its core markets and geographies and in other markets and geographies with attractive growth characteristics. The Directors will look to leverage the Group's existing capabilities, expertise and broad service offering together with its understanding of client requirements so as to continue developing its geographical footprint within the UK. In particular, the Directors believe that significant scope exists to expand the Group's presence within Scotland, a region which accounted for approximately 8 per cent. of Group turnover in the year ended 30 April 2016. The Group appointed a business development manager in the region and has secured offices and yard space to facilitate the planned growth and to reduce material and transportation costs on work performed in Scotland. In addition, the Group has recently appointed business development managers in London, the South East of England, the South West of England and the Midlands ensuring that the Group has business development coverage throughout the United Kingdom.

Targeted complementary acquisitions

The Group will look to broaden and enhance its capabilities and accelerate its growth profile through targeted acquisitions. The Directors believe that there are opportunities to pursue acquisitions which would enhance the Group's core offering, broaden the Group's service proposition by adding new ground engineering techniques which are complementary to its existing service offering and which can offer further opportunities to cross-sell these services, extend coverage into adjacent or other geographies and provide the opportunity to enhance operating margins and improve cash generation.

In particular, should appropriate opportunities arise, in the short term the Group would seek to make acquisitions in the following areas:

General Piling

The division's acquisition strategy will target opportunities that either: increase the Group's presence in geographical areas within the UK where the General Piling Division is under-represented (for example the South East); or broaden the technical ability of the division through acquiring specialist equipment; or increase market penetration through access to new contracts and end markets.

Specialist Piling

The division's acquisition strategy will target opportunities that will enhance the delivery capacity of the division and provide access to new end customers, particularly in the on-track rail sector.

Ground Engineering Products

The division's acquisition strategy will target companies that supply innovative products into markets that are not currently served by the Ground Engineering Products division, for example, products bespoke to the agricultural market or specialist foundation solutions. Opportunities that increase the manufacturing capacity and footprint of the Group and strategies to reduce product transportation costs will also be considered.

Ground Engineering Services

The division's acquisition strategy will target opportunities that increase the breadth of services offered and increase the level of cross selling opportunities within the Group. Technical consulting services businesses will also be considered to broaden the division's service offering into areas such as environmental consultancy, larger scale viability and project appraisal reporting.

The Group has a successful track record of delivery regarding its acquisition strategy, having successfully acquired the business and certain assets of A & G (Steavenson) Limited and the entire issued share capital of Dram (Investments) Limited. The Directors view acquisitions as an attractive way to accelerate the Group's growth plans.

7. HEALTH AND SAFETY

The Group has developed a strong culture of health and safety throughout the business and places significant emphasis on ensuring internal procedures are comprehensive and regularly reviewed to ensure this remains the case. A member of the operational board leads the in-house dedicated health and safety team and performance is reviewed and discussed weekly at operational board and divisional level as well as at regular foreman's meetings.

In the year ended 31 December 2015, the Group recorded a RIDDOR (reporting of injuries, diseases and dangerous occurrences) rate of 2.29 per 1,000 employees, well below the UK piling industry average of 4.26 over the same period. Any individual accident that occurs is reviewed by the operational board with the results of the review fed back to all employees. Van Elle holds a BS OHSAS 18001 – Occupational Health and Safety Management accreditation.

Van Elle carried out 533 health, safety, quality and environmental audits in 2015, of which 34 were performed by operational board members.

The Group's works committee meets on a quarterly basis which is used as a forum to discuss health, safety and training issues within the organisation. Representatives from all divisions and levels of the organisation attend the meetings, including an operational board member.

8. SUMMARY FINANCIAL INFORMATION

Part III of this Document contains audited historical financial information of the Group for the three years ended 30 April 2016.

The following financial information has been derived from the financial information contained in Part III of this Document and should be read in conjunction with the full text of this Document. Investors should not rely solely on the summarised information.

	Year ended 30 April		
	2014	2015	2016
	£'000	£'000	£'000
Revenue	46,645	73,586	84,199
EBITDA	4,663	9,723	14,388
Operating profit	3,133	7,372	11,055
Profit after taxation	2,233	5,428	8,445

The Group's geotechnical offering encompasses a range of services that vary in their technical complexity, equipment, material and labour requirements. In addition, certain of Van Elle's services are required to be delivered under access or operational constraints. As a result, the profitability of each of the Group's four divisions is, in a large part, determined by the specific range of services offered and the mix of this work in any given period. The following table sets out the gross profit achieved by each of the Group's divisions for the three years ended 30 April 2016:

Gross profit	Year ended 30 April		
	2014 £'000	2015 £'000	2016 £'000
General Piling	7,277	10,998	12,977
<i>Margin</i>	<i>29.0%</i>	<i>28.7%</i>	<i>30.8%</i>
Specialist Piling	5,087	10,337	12,711
<i>Margin</i>	<i>40.5%</i>	<i>48.5%</i>	<i>49.2%</i>
Ground Engineering Services	2,121	2,648	3,072
<i>Margin</i>	<i>38.0%</i>	<i>33.6%</i>	<i>30.3%</i>
Ground Engineering Products	700	1,469	1,643
<i>Margin</i>	<i>20.7%</i>	<i>24.0%</i>	<i>26.9%</i>
Total Group	15,185	25,451	30,403

Van Elle offers services throughout the year across each of its divisions, although actual delivery patterns reflect factors relevant to specific end markets. For the General Piling, Ground Engineering Services and Ground Engineering Products divisions, Van Elle typically delivers higher volumes of work during the spring (February to May) and autumn (September to November) periods in line with the broader construction industry. However, within the Specialist Piling division, the Group has recently experienced increased demand during the winter period (December to January) as a significant proportion of on-track rail services, which are generally required to be undertaken whilst the track is under possession, are delivered at this time. As a result of this seasonality, in particular within Specialist Piling, the Directors would ordinarily expect the Group to generate a greater proportion of its revenues and profits in the second half of the financial year.

9. CURRENT TRADING AND PROSPECTS

Since the year ended 30 April 2016, conditions in the Group's end markets have remained robust. Enquiry levels in each of the divisions have been higher than the previous year and, as at the end of August 2016, Van Elle's orderbook stood at a record £27m. The Directors remain confident in their expectations for the current financial year.

Over the longer term, the Directors believe the Group is well positioned to benefit from Van Elle's strong market position and service offering and take advantage of attractive structural growth opportunities.

10. OPERATING LOCATIONS

The Group's premises include:

Pinxton, Nottinghamshire – The Group's current headquarters occupies 3.5 acres and houses the majority of its support functions in addition to a yard for the storage of both ground stabilisation and specialist piling plant & equipment.

Kirkby-in-Ashfield, Nottinghamshire – The initial 5 acres were acquired in 2013 and £1.8m was invested to develop the site, including the refurbishment and construction of a new office block, a concrete batching plant and a precast concrete manufacturing facility. An additional 11 acre site adjacent to the premises was acquired in 2015 and the construction of additional precast manufacturing facilities, office space and an in-house training academy is currently underway. The extensive yard on the site is used for the storage of general and specialist plant equipment, in addition to the stocking of precast concrete piles and products. The site also houses the Group's internal transport and maintenance department.

Dereham, Norfolk – The 3 acre site houses office space, workshops and yard space for piling equipment to support the Group's South Eastern regional operations as well as a high value, low-volume precast concrete manufacturing facility for the production of VeMech[®] piles.

Scotland – The Group has secured the lease for the site in Scotland to provide additional yard space and precast concrete manufacturing facilities to reduce transportation costs and journey times and to increase the manufacturing capacity of Smartfoot® beams.

A small amount of office space is maintained in Warrington and Washington, primarily to house local business development and support staff. Van Elle is also intending to set up similar facilities in the South East and South West of England.

11. PLACING AGREEMENT AND SHAREHOLDER LOCK-INS

The Placing Shares will represent approximately 50.0 per cent. of the Ordinary Shares upon Admission. The Selling Shareholders have agreed to sell 30,000,000 Existing Ordinary Shares at the Placing Price which will be placed with investors by Peel Hunt and finnCap. In addition, the Company will issue 10,000,000 New Ordinary Shares which will be subscribed for by new investors at the Placing Price. Pursuant to the Placing Agreement, Peel Hunt and finnCap agreed to use reasonable endeavours to procure purchasers and subscribers for the Placing Shares at the Placing Price. To the extent that such purchasers and subscribers are not procured, Peel Hunt has agreed to purchase such Placing Shares on its own account. Pursuant to the Placing Agreement, the Company, the Directors and the Selling Shareholders have given certain warranties and the Company has given an indemnity to Peel Hunt and finnCap, all of which are in customary form.

The Placing, is conditional, *inter alia*, on the Placing Agreement becoming unconditional, not having been terminated and Admission occurring no later than 26 October 2016 or such date as Peel Hunt, finnCap and the Company may agree, being no later than 30 November 2016. The estimated net proceeds of the Placing are approximately £36.5m, £7.2m of which will be payable to the Company. Further details of the Placing Agreement are set out in paragraph 9 of Part IV of this document.

In addition to the Placing Agreement, all Selling Shareholders (excluding Jack Yarham, Trevor Collin and the Ellis Childrens Settlement Trust) have entered into a Lock-In deed whereby they have agreed with the Company, Peel Hunt and finnCap not to dispose of any interest in their Ordinary Shares for a period ending on the date of announcement of the half year trading update of the Company for the financial year ending on 30 April 2018 (which will be at least 12 months from the date of Admission), save in certain limited circumstances. Furthermore, the Selling Shareholders (excluding Jack Yarham, Trevor Collin and the Ellis Childrens Settlement Trust) have each agreed following the period referred to above, not to dispose of any interest in their Ordinary Shares for a period of 6 months except through and with the consent of Peel Hunt (as broker) to maintain an orderly market in the Ordinary Shares. Further details of the lock-in deed are set out at paragraph 10(e) of Part IV of this document.

12. REASONS FOR ADMISSION, THE PLACING AND USE OF PROCEEDS

The Directors believe that Admission will position the Group for its next stage of development, including further raising the profile of the Group, incentivising employees and providing it with a well-funded platform for future growth. Admission will also enable the Selling Shareholders to realise, in whole or in part, their investment in the Company.

The Company will receive approximately £7.2m of net proceeds from the Placing (after deducting placing commissions, other estimated offering-related fees and other related expenses incurred by the Group of approximately £2.8m).

The Company intends to use the net proceeds from the Placing to further its strategy through investment to support organic growth and, where attractive opportunities present themselves, to fund bolt-on acquisitions.

The Company will not receive any of the proceeds from the sale of Existing Ordinary Shares by the Selling Shareholders save in respect of repayment of the Directors' loans (referred to at paragraph 8(a) of Part IV) which shall be repaid in full.

13. DIRECTORS AND SENIOR MANAGEMENT

The Board on Admission will comprise Michael Ellis as Non-Executive Chairman, Adrian Barden as Senior Independent Non-Executive Director, Jonathan Fenton as Chief Executive, Paul Pearson as Chief Financial Officer, Thomas Lindup as Group Managing Director and Robin Williams as Independent Non-Executive Director.

Directors

Michael Ellis (Non-Executive Chairman, aged 72)

Mr. Ellis is a qualified chartered structural engineer with 40 years' experience in ground engineering. Mr. Ellis founded Van Elle in 1984 and has overseen the Group's development since its inception. Mr. Ellis has been instrumental in expanding the Group to become the UK's largest and most profitable geotechnical contractor with motivated, dedicated and well trained staff.

Adrian Barden (Senior Independent Non-Executive Director, aged 61)

Mr. Barden has worked in the construction materials industry for over 40 years across Europe, and was previously chairman of the Construction Products Association and chief business development officer of Wolseley plc as well as a board member of Sanitec Corporation Sweden. Mr Barden is currently a board member of Volution Group PLC. Mr Barden is Chair of the Nomination Committee, Chair of the Remuneration Committee and a member of the Audit Committee.

Jonathan Fenton (Chief Executive Officer, aged 56)

Mr. Fenton is a qualified chartered civil engineer with extensive experience in ground engineering. Mr. Fenton originally joined Van Elle in 1986 and was instrumental in helping develop the open site piling offering of the Group before moving to the United States in 2000 to broaden his ground engineering experience with Malcolm Drilling as Area Manager. Mr. Fenton returned to Van Elle in 2010, assuming the role of Group Chief Executive Officer, and taking over the full responsibility of running the Group's day to day operations from Mr. Ellis.

Paul Pearson (Chief Financial Officer, aged 48)

Mr. Pearson is an FCCA qualified accountant with over 30 years' experience within finance. Mr. Pearson joined the Group in 2013 following senior finance roles with Yorkshire Electricity Group plc and May Gurney Limited (now part of Kier Group plc).

Thomas Lindup (Group Managing Director, aged 39)

Mr. Lindup is a qualified corporate lawyer and joined Van Elle in 2015. Prior to joining the Group, Mr. Lindup spent 13 years at Sidley Austin LLP where he worked on a variety of corporate transactions within both private equity and capital markets. Mr. Lindup also acts as Company Secretary and focuses on the contractual, compliance, insurance, negotiation and legal elements of the Group's operations.

Robin Williams (Independent Non-Executive Director, aged 59)

Mr. Williams is an engineering graduate and qualified chartered accountant with over 30 years' experience in listed companies, initially as an adviser and then as a senior executive in two FTSE 250 companies including Hepworth plc, the building materials business. Mr. Williams is currently Chairman of NHS Professionals Ltd and of Xaar plc and is a non-executive director and audit committee chairman at Nanoco Group plc. Mr. Williams is Chair of the Audit Committee and a member of the Remuneration and Nomination Committees.

Senior Management

Michael Mason (Group Director, Health & Safety, Training and Human Resources, aged 47)

Mr. Mason joined Van Elle in 1995, starting as a grouting operative. Mr. Mason became the Group safety officer in 1997 and was promoted to Director in charge of Health, Safety and Personnel in February 2002. Mr. Mason is a qualified chartered safety professional.

14. EMPLOYEES

As at 20 October 2016, being the last practicable date prior to the publication of this document, the Group employed 519 employees.

The table below sets out the average number of employees, including Directors, for the financial years ended 30 April 2014, 30 April 2015 and 30 April 2016.

	Year ended 30 April		
	2014	2015	2016
Site operatives	195	261	316
Administration	95	122	147
Average number of employees during the period	290	383	463

The Group's workforce is comprised of both full- and part-time salaried employees who deliver the Group's services directly.

The Directors believe that providing employees with access to the Group's senior management is important to ensuring the effective operation of Van Elle's longstanding management and robust systems. As such, one of the Chief Executive Officer, Group Managing Director, Group Health & Safety Director or Group Marketing Director is present and made available to staff at either the Pinxton or Kirkby office every Saturday morning.

15. SHARE INCENTIVE SCHEMES

In order to align the interests of Shareholders and employees following Admission, the Company is proposing to establish, on or prior to Admission, the Share Incentive Plans, further details of which are set out in paragraph 5 of Part IV of this Document.

The Company intends to grant awards pursuant to the LTIP on, or shortly after, Admission to certain Directors, a Senior Manager and employees of the Group. Details of the awards proposed to be granted to Directors and the Senior Manager are set out in paragraph 6(c) of Part IV of this document. In addition to the awards proposed to be granted to the Directors and the Senior Manager as set out in paragraph 6(c) of Part IV of this document, the Company also intends to grant awards pursuant to the LTIP on, or shortly after, Admission over Ordinary Shares with an aggregate market value (by reference to the Placing Price), of approximately £620,000 to 10 employees of the Group who are not Directors or Senior Managers. Details of the performance conditions to which the proposed awards will be subject are set out in paragraph 5 of Part IV of this document.

The Company intends to grant options pursuant to the CSOP on, or shortly after, Admission over Ordinary Shares with an aggregate market value (by reference to the Placing Price) of approximately £1,420,000. It is intended that such options will be granted to circa 71 employees of the Group who have provided long term service within Van Elle. In relation to such initial grant of options under the CSOP, none of the persons identified in paragraph 6(c) of Part IV of this document will be receiving an option under the CSOP. Each individual's participation in the CSOP is restricted by statute so that the aggregate market value of Ordinary Shares subject to all options (calculated at the date of grant of each option), held by that individual and granted under the CSOP or any other Schedule 4 CSOP Scheme operated by the Company or any associated company cannot exceed £30,000. Due to this restriction and hence the modest number of Ordinary Shares that may be placed under any option granted to an individual pursuant to the CSOP, it is proposed that the initial grant of options under the CSOP on, or shortly after, Admission will not be subject to any performance conditions. Further details of the CSOP are set out in paragraph 5 of Part IV of this document.

16. TAXATION

Information regarding taxation is set out in paragraph 11 of Part IV of this Document. These details are intended only as a general guide to the current tax position in the UK.

If an investor is in any doubt as to his or her tax position or is subject to tax in a jurisdiction other than the UK, he or she should consult his or her own independent financial adviser immediately.

17. ADMISSION, SETTLEMENT AND DEALINGS

Application has been made to the London Stock Exchange for the Enlarged Ordinary Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Ordinary Shares on AIM will commence at 8.00 a.m. on 26 October 2016.

The Ordinary Shares will be in registered form and will be capable of being held in either certificated or uncertificated form (i.e. in CREST). Accordingly, following Admission, settlement of transactions in the Ordinary Shares may take place within the CREST system if a Shareholder so wishes. In respect of Shareholders who will receive Ordinary Shares in uncertificated form, Ordinary Shares will be credited to their CREST stock accounts on 26 October 2016. Shareholders who wish to receive and retain share certificates are able to do so and share certificates representing the Ordinary Shares to be issued pursuant to the Placing are expected to be despatched by post to such Shareholders by no later than 10 November 2016.

CREST is a paperless settlement enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations. The Articles permit the holding of Ordinary Shares in CREST. The Company will apply for the Enlarged Ordinary Share Capital to be admitted to CREST from the date of Admission.

18. INTERESTS IN ORDINARY SHARES

Upon Admission, the Directors will in aggregate be interested in, directly and indirectly, 20,251,229 Ordinary Shares representing approximately 25.3 per cent. of the Enlarged Ordinary Share Capital. Further information is available in paragraph 6 of Part IV of this Document.

In addition to the Directors, nine employees of the Group will have a combined shareholding of 21.8 per cent. of the Enlarged Ordinary Share Capital immediately following Admission.

19. CORPORATE GOVERNANCE

The Directors acknowledge the importance of the principles set out in the Corporate Governance Code.

The Directors intend to apply the Corporate Governance Code, as far as they consider appropriate for a company of its size and nature.

Immediately following Admission, the Board will comprise six directors, three of whom shall be executive directors and three of whom shall be non-executive directors (including the Chairman), reflecting a blend of different experience and backgrounds. Adrian Barden and Robin Williams are considered independent.

The Board intends to meet regularly to consider strategy, performance and the framework of internal controls. To enable the Board to discharge its duties, all Directors will receive appropriate and timely information. Briefing papers will be distributed to all Directors in advance of Board meetings. All Directors will have access to the advice and services of the Chief Financial Officer, who will be responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. In addition, procedures will be in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

Board Committees

The Company will, upon Admission, have established Audit, Nomination and Remuneration Committees.

The Audit Committee will be chaired by Robin Williams, and will have primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Group is properly measured and reported on and reviewing reports from the Group's auditors relating to the Group's accounting and internal controls, in all cases having due regard to the interests of Shareholders. The Audit Committee will meet at least twice a year. Adrian Barden and Michael Ellis will be the other members of the Audit Committee.

The Nomination Committee will be chaired by Adrian Barden, and will identify and nominate, for the approval of the Board, candidates to fill Board vacancies as and when they arise. The Nomination Committee will meet as required. Robin Williams and Michael Ellis will be the other members of the Nomination Committee.

The Remuneration Committee will be chaired by Adrian Barden, and will review the performance of the executive directors and determine their terms and conditions of service, including their remuneration and the grant of options, having due regard to the interests of Shareholders. The Remuneration Committee will meet at least once a year. Robin Williams and Michael Ellis will be the other members of the Remuneration Committee.

Share dealing code

The Directors understand the importance of complying with the AIM Rules relating to dealings by directors and certain other employees of the Group in the Ordinary Shares and have established a share dealing code. The Company will take all reasonable steps to ensure compliance by the directors and any relevant employees. The Directors believe that the share dealing code adopted by the Board is appropriate for a company quoted on AIM. The Board will comply with Rule 21 of the AIM Rules relating to directors' dealings and will take reasonable steps to ensure compliance by the Company's "applicable employees" as defined in the AIM Rules.

20. DIVIDEND POLICY

The Board intends to adopt a progressive dividend policy for the Company from Admission which will seek to maximise Shareholder value and reflect the Group's strong earnings potential and cash flow characteristics, while allowing it to retain sufficient capital to fund on-going operating requirements and to invest in the Company's long term growth. The Board may revise the dividend policy from time to time.

21. TAKEOVER CODE

The Company is a public company incorporated in England and Wales and its Ordinary Shares will be admitted to trading on AIM. Accordingly, the Takeover Code applies to all takeover and merger transactions in relation to the Company.

The Takeover Code governs, *inter alia*, transactions which may result in a change of control of a company to which the Takeover Code applies. Under Rule 9 of the Takeover Code any person who acquires, whether by a series of transactions over a period of time or not, an interest (as defined in the Takeover Code) in shares which, taken together with shares in which he is already interested or in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, that person will normally be required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, Rule 9 of the Takeover Code also provides that when any person, together with persons acting in concert with him, is interested in shares which, in aggregate, carry more than 30 per cent. of the voting rights of such company, but does not hold shares carrying 50 per cent. or more of such voting rights, a general offer will normally be required if any further interest in shares is acquired by any such person.

An offer under Rule 9 must be in cash and must be at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company in question during the 12 months prior to the announcement of the offer.

Persons acting in concert include persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of that company.

The Company understands that the Panel considers the individuals set out in paragraph 6(o) of Part IV of this Admission Document to be acting in concert (the 'Concert Party') for the purposes of the Takeover Code.

Immediately following Admission, the Concert Party will be interested in, in aggregate, 39,999,949 issued Ordinary Shares representing approximately 49.99 per cent. of the Enlarged Ordinary Share Capital.

As set out in paragraph 6(o) of Part IV of this Admission Document, it is currently intended to grant to members of the Concert Party 6 awards under the LTIP over a maximum entitlement to 865,000 Ordinary Shares and an award under the CSOP over a maximum entitlement to 20,000 Ordinary Shares. On the basis that all 865,000 Ordinary Shares are issued pursuant to the LTIP and all 20,000 Ordinary Shares are issued pursuant to the CSOP and assuming no other shares had been issued, the total holding of the Concert Party will be 40,884,949 Ordinary Shares representing 50.5 per cent. of the Enlarged Ordinary Share Capital following the issue of the LTIP and the CSOP shares. Notwithstanding Rule 9.1 of the Takeover Code, the Panel has confirmed to the Company that it would not require the Concert Party to make a mandatory offer if the Concert Party's interest in Ordinary Shares has increased only as a result of the allotment of Ordinary Shares pursuant to the LTIP and the CSOP arrangements as described in this Admission Document. This confirmation has been given by the Panel on the basis that the consequences of such increases have been fully disclosed to prospective investors in this Admission Document.

However, should any member of the Concert Party acquire any interest in Ordinary Shares apart from pursuant to the arrangements described above (or should any individual member of the Concert Party acquire any interest in Ordinary Shares such that they are interested individually in 30 per cent. or more of the voting rights of the Company), this will normally give rise to an obligation upon that member of the Concert Party to make an offer for the entire issued share capital of the Company in accordance with Rule 9 of the Takeover Code.

22. RISK FACTORS

Your attention is drawn to the risk factors set out in Part II of this Document and to the section entitled “Forward Looking Statements” therein. In addition to all other information set out in this Document, potential investors should carefully consider the risks described in those sections before making a decision to invest in the Company.

23. ADDITIONAL INFORMATION

You should read the whole of this Document and not just rely on the information contained in this Part I.

Your attention is drawn to the information set out in Parts II to IV (inclusive) of this Document which contains further information on the Group.

PART II

RISK FACTORS

Before making any investment decision, prospective investors should carefully consider all the information contained in this Document including, in particular, the risk factors described below.

Ordinary Shares may not be a suitable investment for all recipients of this Document. If you are in any doubt about the Ordinary Shares and their suitability for you as an investment, you should consult a person authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

In addition to the usual risks associated with an investment in a company, the Directors consider that the factors and risks described below are the most significant in relation to an investment in the Company and should be carefully considered, together with all the information contained in this Document, prior to making any investment decision in respect of the Ordinary Shares. The list below is not exhaustive, nor is it an explanation of all the risk factors involved in investing in the Company and nor are the risks set out in any order of priority.

It should be noted that the risks described below are not the only risks faced by the Group and there may be additional risks that the Directors currently consider not to be material or of which they are currently not aware.

If any of the events described in the following risks actually occur, the Group's business, financial condition, results or future operations could be materially affected. In such circumstances, the price of the Ordinary Shares could decline and investors could lose all or part of their investment.

Risks relating to the Group

General volatility, economic and market cycles and the global economic downturn could adversely affect the future prospects, financial condition and results of operations of the Group

National and International economic downturns and recessionary conditions in the markets in which the Group operates have had and could continue to have an adverse effect on the Group's business. Factors such as inflation, investor sentiment, the availability and cost of credit and the liquidity of the global financial markets could significantly affect the businesses of the Group. A deterioration of these economic and financial conditions could have a material adverse effect on the financial performance and/or financial condition of the Group. The businesses may experience reductions in trading activity, asset impairments and lower profitability. A global recession or deeper recessionary conditions could result in a significant fall in expenditure in the infrastructure and construction industry which could have a material adverse effect on the business, results of operations and overall financial condition of the Group.

The cyclical nature of the construction industry could adversely affect the future prospects, financial condition and results of operation of the Group

Demand for the Group's services is largely dependent on the level of activity within the UK construction sector which, in turn, is influenced by overall activity levels in the UK economy. Fluctuating demand cycles are common in the construction industry and the financial results of the Group may be impacted in any given period by a wide variety of factors beyond its control including, but not limited to, inflation, prevailing interest rates, the availability of mortgage and other construction related financing and UK Governmental fiscal and / or economic stimulus policies. Any overall decrease in construction activity levels could have a significant impact on the degree of competition for available projects, and demand for construction services which may affect revenue and margin and thus the Group's results.

Any downturn in the UK housing market could adversely affect the future prospects, financial condition and results of operation of the Group

The Group derives approximately 40 per cent. of its revenues from the new build residential sector (and in the case of the Ground Engineering Products division, approximately 99 per cent.). Activity levels in the UK residential construction sector may be impacted by factors affecting the wider UK housing market which are outside of the Group's control including, *inter alia*, consumer confidence,

house prices and transaction activity levels, mortgage availability and UK government policy. Any decrease in residential construction activity levels could have an adverse effect on the Group's results of operations and prospects.

Dependence on the public sector could adversely affect the future prospects, financial condition and results of operations of the Group

A significant portion of the revenues currently generated by the Group are derived from contracts indirectly funded by various governments or their agencies. In particular, the Group derives approximately 30 per cent. of its revenues from infrastructure related construction projects. Consequently, any reduction in demand for the Group's services by principal contractors within the public sector arising from funding constraints, changing political priorities or other factors would likely have an adverse effect on the Group if that business could not be replaced from within the private sector.

Exposure to a variety of risks in relation to contract pricing and estimating, cost inflation and overruns and disputes

The nature of the Group's business is such that the majority of its services are procured through contracts, secured on the basis of competitive tendering, where services may be required to be delivered over an extended period of time. If the Group is unable to assess or estimate accurately the overall risks, revenues or costs on a particular contract, then a lower than anticipated profit may be achieved or a loss incurred on such contract. The Group is susceptible to the pressures of cost inflation. If increases in costs are not met through corresponding increases in revenues from the Group's contracts or predicted cost inflation is not accurately estimated or factored into the relevant cost escalator in any contract pricing mechanism, then the Group may suffer losses in relation to such contracts which may have a material adverse impact on the Group's cash flows and its business, financial condition and results of operations. Cost overruns, whether due to inefficiency; poor provision by, or lack of information from, the contract counterparty during the estimating process; or other factors, may result in lower profit or a loss on a particular project or contract. If estimates of the overall risks, revenues or costs prove inaccurate or circumstances change, then a lower profit or a loss on the contract may result. Any failure effectively to mitigate the risks associated with, or any losses arising from, underperforming contracts may have a material and adverse effect on the business, financial condition and results of operations of the Group.

Operating constraints inherent in on-track rail services provided by the Group

There are specific rules regulating the arrangement for engineering access to the rail network. The rules regulate the standard timings between stations and junctions together with other matters enabling trains to be scheduled into the working timetable for the various parts of the main rail network. This set structure of when work can be delivered can result in severe delays and/or rescheduling of engineering work if a particular window of access is missed for any reason. The rail services provided by the Group are, therefore, subject to the necessary sections of track being available at, and for the duration of time, anticipated when work is originally scheduled. In the event the track is not available at, or for, the requisite time period it may not be possible to deliver the anticipated work for a protracted period which, in turn, could have an adverse effect on the results of operations of the Group.

The Group operates in highly competitive markets and may not be able to compete effectively and/or profitably

The Group operates in a highly competitive industry competing with other large contractors, as well as many mid-size and smaller companies. The introduction of new techniques, technologies or equipment by competitors may make existing services of the Group less sought after by customers.

The Group relies on factors such as technical expertise, project management expertise, quality of management, product quality, overall competitive pricing, the availability of equipment and labour in order to continue to compete successfully. In increasingly competitive markets, it is likely that competitors will offer pricing reductions and improved commercial terms to try and win work which contribute to increased pricing pressure. Potential pressure on profit margins may result in the Group having to be more selective with the projects it bids for. Inability to compete effectively and/

or profitably could have an adverse effect on the future prospects, financial condition and results of operations of the Group.

The Group's business depends on the effective performance of the principal contractor from whom it sub-contracts work

When the Group serves as a subcontractor on a project it will become dependent on the effective performance of the principal contractor for whom it works. When contractors fail to adequately manage projects by, for example, not properly coordinating amongst other contractors, subcontractors and service providers, the Group may be unable effectively to perform its duties in relation to the project. Furthermore, where a principal contractor fails to secure payment from a client for amounts due in connection with a project, the Group may experience a delay in receiving payment for work they have completed in connection with such project. Accordingly, ineffective management of a project by a principal contractor for whom the Group is carrying out work could have a material adverse effect on the Group's financial condition or results of operations.

The costs of tendering for new contracts, contract renewals and contract extensions and the failure to succeed in such tenders could adversely affect the Group's future prospects, financial condition and results of operations

A significant amount of the Group's work is competitively tendered, and a proportion of the Group's revenue is directly or indirectly derived from large scale projects undertaken by principal contractors. It is difficult for the Directors to predict whether and/or when the Group will be awarded a sub-contract as the process can be affected by a number of factors, such as price and technical expertise. The Group will participate in a significant number of tenders each year and failure to win such tenders may adversely affect their future prospects, financial condition or results of operations.

Contract disputes can result in payment delays or refusals to pay on completed contracts which could adversely affect the future cash flows and profitability of the Group

Disputes in relation to services provided by the Group can arise frequently, for example where contractors allege that quality standards are not met, milestones have not been achieved or project delays have occurred. Such disputes can be prolonged, and can be significant in terms of value. The Group are subject to the risk that payments due under contracts for work undertaken will not be recovered in full, or indeed at all, and that recovery of such amounts can take longer than expected under the contract. Delays in receipt of payment or failure to receive payment altogether may adversely affect the Group's cash flow and profitability.

The Group may engage in joint ventures, which exposes them to liability based on acts and omissions of their joint venture partners, and the poor performance of those partners may limit the ability of the Group to achieve budgeted and planned profit targets and may have a negative impact on the Group's reputation

The Group may bid for a particular contract jointly with a principal contractor or other subcontractor. In these circumstances, their ability to maximise the profitability of any contract awarded to them may be adversely affected by the performance of their joint venture partners. In addition, the Group may be dependent on the expertise of such partners in assessing certain of the costs of the contract. In the event that such partners are unable to perform as required or provide the anticipated expertise, the Group may be unable to perform their obligations under the contract or may be subject to unexpected increased costs. In certain circumstances, the Group may be jointly and severally liable for the acts or omissions of their joint venture partners. In addition, the Group's reputation could be affected if their names are associated with a partner which has engaged in misconduct on a given project, particularly if the partners are jointly and severally liable for each other's actions. If a client was to pursue a claim against the Group as a result of the acts or omissions of its partners, the Group's ability to recover from such partners may be limited. In addition, recovery under such arrangements may involve delay or additional management time, costs and expenses, or may not be possible at all, which could adversely affect the Group's financial performance and reputation.

A major catastrophic incident in relation to one of the Group's projects could subject the Group to liability and significant reputational harm

It is possible that a major catastrophic event could occur at one of the projects in relation to which the Group has provided construction or engineering services. Such a catastrophic event could

result in the personal injury or death of one or more employees of the Group, employees of other contractors working on the project or members of the public, significant, actionable environmental harm, and/or extensive damage to third party property. In the event that such a catastrophic event is found to be caused by the professional negligence of the Group, it could have a significant impact on its business.

Such catastrophic incidents could subject the Group to claims for personal injury, wrongful death, property damage or claims by contractors, governments, employees or members of the public, which could lead to the payment of extensive damages, and result in significant adverse publicity and reputational harm. Such adverse publicity and reputational harm could lead to a loss of business or a decline in the Company's share price if Shareholders anticipate a loss of business.

Any failure of health, safety or environmental programmes or policies could subject the Group to potential liabilities and reputational damage

The nature of the Group's business requires the adoption and maintenance of rigorous health and safety policies and, to a lesser extent, environmental risk management programmes since the Group's business is subject to a broad range of laws, regulations and standards, including those relating to the health and safety of employees, protection of the public and protection of the environment. The Group are involved in significant and complex projects, for which a high standard of health, safety and environmental performance is critical. Any failure in health and safety performance, safe working practices or environmental risk management which results in a major or significant health and safety or environmental incident could subject the Group to investigations, prosecutions and/or civil litigation, each of which could be costly in terms of potential liabilities, settlements and management time. Furthermore, such a failure could generate significant adverse publicity and have a negative impact on the Group's reputation and ability to win new business, which in turn could adversely affect operating and financial performance.

Failure to meet quality thresholds and/or failure to complete or loss of major contracts

The work undertaken and services provided by the Group or on its behalf by sub-contractors could be subject to quality measures and satisfaction of KPIs imposed by customers and clients. In the event that the Group fails to achieve the quality measures and/or KPIs imposed upon it or is otherwise found to be in breach of contract for any reason, it is subject to the risk that payments due under contracts for work undertaken may not be recovered in full or will not be recovered at all or that contracts could potentially be terminated or not renewed. In turn, this could have an adverse impact on the future profitability of the Group and could damage its reputation, thereby adversely affecting its ability to secure future business or to secure future business on terms acceptable to it.

Failure to attract, develop and retain appropriately skilled management or other personnel could adversely impact the Group's business, strategy and growth

The success of the Group is dependent on recruiting, retaining, motivating and developing sufficient appropriately skilled and competent people at all levels of its organisation. The Group faces strong competition for personnel from other companies and organisations. There may at any time be shortages in the availability of appropriately skilled people at all levels within the Group. This may have an adverse impact on the Group's prospects, results of operations and financial condition.

Reliance on senior management

The Group is reliant on the continued service of its senior management to drive future success. If the Group is unable to retain key members of its senior management team, and is unable to attract suitable replacements, it could delay the achievement of the Group's development objectives and have an adverse impact on the Group's prospects, results of operations and financial condition.

Failure to maintain and develop existing customer relationships

A key element of the Group's strategy is to develop long-term relationships with key clients and customers in order to win repeat business from those clients and customers and to cross-sell the Group's other products and services to those clients and customers. Whilst the Group attempts to increase client spend as a relationship matures by identifying additional services that may be needed, for example, cross-selling the services provided by the Group's other divisions into existing contractual relationships, there can be no guarantee that existing customer relationships will

continue to grow or that key customers will not scale back their use of the Group or cease to contract with the Group altogether.

General risks relating to the Ordinary Shares

Suitability of the Ordinary Shares

Investment in the Ordinary Shares may not be suitable for all readers of this Document. Readers are accordingly advised to consult a person duly authorised under the FSMA who specialises in investments of this nature before making any investment decisions.

Volatility in the prices of Ordinary Shares

The Placing Price has been agreed between the Board, Peel Hunt and finnCap and may not be indicative of the market price for the Ordinary Shares following Admission.

The subsequent market price of the Ordinary Shares may be subject to wide fluctuations in response to a number of events and factors that are unrelated to the Group's operating performance such as variations in operating results, changes in financial estimates, recommendations by securities analysts, the share price performance of other companies that investors may deem comparable to the Company, market perceptions of the Group, new reports relating to trends in the Company's markets, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory changes, national and global economic conditions and various other factors and events. These fluctuations may adversely affect the trading price of the Ordinary Shares, regardless of the Group's performance.

The price at which the Ordinary Shares will be traded and the price at which investors may realise these investments will be influenced by a large number of factors, some not specific to the Group and its operations. Furthermore, there is no guarantee that the market price of an Ordinary Share will accurately reflect its underlying value.

No prior trading market for Ordinary Shares

Prior to Admission, there was no public market for the Ordinary Shares. Admission to trading on AIM should not be taken as implying that a liquid market for the Ordinary Shares will either develop or be sustained following Admission. The Company cannot predict the extent to which investor interest in the Ordinary Shares will lead to the development of a trading market. The liquidity of a securities market is often a function of the volume of the underlying Ordinary Shares that are publicly held by unrelated parties. If a liquid trading market for the Ordinary Shares does not develop, the price of Ordinary Shares may become more volatile and it may be more difficult to complete a buy or sell order for Ordinary Shares.

Future issues of Ordinary Shares may result in dilution of existing Shareholders

The Company may decide to issue additional Ordinary Shares in the future in subsequent public offerings or private placements to fund expansion and development. If existing Shareholders do not subscribe for additional Ordinary Shares on a *pro rata* basis in accordance with their existing shareholdings, this will dilute their existing interests in the Company. Furthermore, the issue of additional Ordinary Shares may be on more favourable terms than the Placing Shares. The issue of additional Ordinary Shares by the Company, or the possibility of such issue, may cause the market price of the Ordinary Shares to decline and may make it more difficult for Shareholders to sell Ordinary Shares at a desirable time or price. There is no guarantee that market conditions prevailing at the relevant time will allow for such a fundraising or that new investors will be prepared to subscribe for Ordinary Shares at a price which is equal to or in excess of the Placing Price.

Future performance of the Company cannot be guaranteed

There is no certainty and no representation or warranty is given by any person that the Company will be able to achieve any returns referred to in this Document. The financial operations of the Company may be adversely affected by general economic conditions or by the particular financial condition of other parties doing business with the Company.

There is no guarantee that the Company will maintain its quotation on AIM

The Company cannot assure investors that the Company will always retain a quotation on AIM. If the Company fails to do so, certain investors may decide to sell their Ordinary Shares, which could

have an adverse impact on the share price. Additionally, if in the future the Company decides to obtain a listing on another exchange, in addition to AIM or as an alternative, this may affect the liquidity of the Ordinary Shares traded on AIM.

Share price effect of sales of Ordinary Shares

The market price of Ordinary Shares could decline significantly as a result of any sales of Ordinary Shares by certain Shareholders following the expiry of the relevant lock-in periods, details of which are set out in paragraph 10(e) of Part IV of this Document, or the expectation or belief that such sales of shares may occur.

Higher risk for shares traded on AIM than on the Official list

Application has been made for the Ordinary Shares to be admitted to trading on AIM, a market designated primarily for emerging or smaller companies. The AIM Rules for Companies are less onerous than those of the Official List and an investment in shares that are traded on AIM is likely to carry a higher risk than an investment in shares listed on the Official List.

Conditionality of the Placing

The Placing is conditional upon, among other things, Admission. In the event that any condition to which Admission is subject is not satisfied or, if capable of waiver, waived, Admission (and therefore the Placing) will not occur.

Legislation and tax status

This Document has been prepared on the basis of current legislation, regulation, rules and practices and the Directors' interpretation thereof. Such interpretation may not be correct and it is always possible that legislation, rules and practice may change. Any change in legislation or regulation and, in particular, in tax status or tax residence of the Group or in tax legislation or practice may have an adverse effect on the returns available on an investment in the Company.

Taxation

The attention of potential investors is drawn to paragraph 11 of Part IV of this Document headed "Taxation". The tax rules and their interpretation relating to an investment in the Company may change during its life. Any change in the Company's tax status or in taxation legislation or its interpretation could affect the value of the investments held in the Company or the Company's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders. Representations in this Document concerning the taxation of the Company and its investors are based upon current tax law and practice which is, in principle, subject to change. Current and potential investors are strongly recommended to consult an independent financial adviser authorised under FSMA who specialises in investments of this nature before making any investment decision in respect of Ordinary Shares.

Dividends

The Company's ability to pay dividends will depend on the level of distributions, if any, received from its operating subsidiaries. The Company's subsidiaries may, from time to time, be subject to restrictions on their ability to make distributions including foreign exchange limitations, and regulatory, fiscal and other restrictions. There can be no assurance that such restrictions will not have a material adverse effect on the Group's results or financial condition.

Forward looking statements

All statements other than statements of historical fact included in this Document, including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to Shareholder returns, dividends or any statements preceded by, followed by or that include the words "targets", "estimates", "envisages", "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof, are forward looking statements.

Such forward looking statements involve known and unknown risks, uncertainties and other important factors beyond the Group's control that could cause the actual results and performance to be materially different from future results and performance expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions

regarding the Group's present and future business strategies and the environment in which the Group will operate in the future.

These forward looking statements speak only as of the date of this Document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

PART III
HISTORICAL FINANCIAL INFORMATION
SECTION A – ACCOUNTANTS’ REPORT

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21 October 2016

Van Elle Holdings plc

We report on the financial information for the three years ended 30 April 2016 set out in Part III of the AIM admission document dated 21 October 2016 of Van Elle Holdings plc (the “Company” and, together with its subsidiaries, the “Group”) (the “Admission Document”). This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in note 2 to the financial information. This report is required by Annex I item 20.1 of the Commission Regulation (EC) No 809/2004 (the “Prospectus Directive Regulation”) as applied by Paragraph (a) of Schedule Two to the AIM Rules for Companies and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

The Directors of Van Elle Holdings plc are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two to the AIM Rules for Companies 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 as applied by Paragraph (a) of Schedule Two to the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with 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.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial Information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at 30 April 2016, 30 April 2015 and 30 April 2014, and of its profits, cash flows and changes in equity for the financial years ended 30 April 2016, 30 April 2015 and 30 April 2014 in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph a of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document 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 AIM admission document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

Deloitte LLP
Chartered Accountants

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

SECTION B – FINANCIAL INFORMATION

Consolidated Statement of Comprehensive Income.

	Note	2014 £'000	2015 £'000	2016 £'000
Revenue	4	46,645	73,586	84,199
Cost of sales		(31,460)	(48,135)	(53,796)
Gross profit		15,185	25,451	30,403
Administrative expenses	5	(12,052)	(18,079)	(19,348)
Profit from operations		3,133	7,372	11,055
Finance expense	7	(276)	(335)	(344)
Finance income	7	—	—	11
Profit before tax		2,857	7,037	10,722
Tax expense	8	(624)	(1,609)	(2,277)
Profit for the year and total comprehensive income		2,233	5,428	8,445
Earnings per share				
Basic (pence)	9	100.5p	203.6p	316.7p
Diluted (pence)	9	100.5p	203.6p	316.7p

Consolidated Statement of Financial Position at 30 April 2013, 2014, 2015 and 2016

	Note	2013 £'000	2014 £'000	2015 £'000	2016 £'000
Assets					
Non-current assets					
Property, plant and equipment	11	6,490	11,064	17,204	25,120
Intangible assets	12	2,179	2,179	2,179	2,291
		8,669	13,243	19,383	27,411
Current assets					
Inventories	13	604	1,072	1,104	1,611
Trade and other receivables	14	6,259	11,186	17,136	16,696
Cash and cash equivalents		884	975	2,344	3,601
		7,747	13,233	20,584	21,908
Total assets		16,416	26,476	39,967	49,319
Liabilities					
Current liabilities					
Trade and other payables	15	7,989	12,870	16,176	14,251
Loans and borrowings	16	888	1,429	2,397	3,500
Corporation tax payable		465	245	811	1,224
		9,342	14,544	19,384	18,975
Non-current liabilities					
Loans and borrowings	16	1,686	3,708	5,890	8,442
Provisions	18	—	405	1,306	375
Deferred tax	19	142	340	596	712
Total liabilities		11,170	18,997	27,176	28,504
NET ASSETS		5,246	7,479	12,791	20,815
Share capital	20	1,002	1,002	1,069	1,069
Retained earnings		4,226	6,459	11,704	19,728
Minority Interest		18	18	18	18
TOTAL EQUITY		5,246	7,479	12,791	20,815

Consolidated statement of changes in equity

	Share capital £'000	Retained earnings £'000	Non- controlling interest £'000	Total equity £'000
Balance at 1 May 2013	1,002	4,226	18	5,246
Profit and total comprehensive income for the year	—	2,233	—	2,233
Balance at 30 April 2014	1,002	6,459	18	7,479
Profit and total comprehensive income for the year	—	5,428	—	5,428
Issue of shares during the year	67	—	—	4
Dividends	—	(183)	—	(183)
Balance at 30 April 2015	1,069	11,704	18	12,791
Profit and total comprehensive income for the year	—	8,445	—	8,445
Dividends	—	(421)	—	(421)
Balance at 30 April 2016	1,069	19,728	18	20,815

Consolidated Cash Flow Statement

	Note	2014 £'000	2015 £'000	2016 £'000
Cash flows from operating activities				
Profit for the year		2,233	5,428	8,445
<i>Adjustments for:</i>				
Depreciation of property, plant and equipment		1,530	2,351	3,333
Finance income		—	—	(11)
Finance expense		276	335	344
Gain on sale of property, plant and equipment		(44)	(49)	(53)
Income tax expense		624	1,609	2,277
		4,619	9,674	14,335
(Increase)/decrease in trade and other receivables		(4,927)	(5,950)	440
Increase in inventories		(468)	(32)	(507)
Increase/(decrease) in trade and other payables		3,449	6,137	(1,920)
Increase/(decrease) in provisions		—	901	(931)
Interest paid on finance leases and loans		(276)	(335)	(344)
Interest received		—	—	11
Cash generated from operations		2,397	10,395	11,085
Income taxes paid		(410)	(787)	(1,748)
Net cash flows from operating activities		1,987	9,608	9,337
Investing activities				
Purchases of property, plant and equipment		(2,350)	(3,367)	(6,162)
Disposal of property, plant and equipment		157	73	97
Purchase of intangibles		—	—	(112)
Net cash used in investing activities		(2,193)	(3,294)	(6,177)
Financing activities				
Proceeds from bank borrowings		1,601	—	1,425
Repayment of bank borrowings		(110)	(8)	—
Repayment of confidential invoice discounting facility		—	(2,764)	(4)
Payments to finance lease creditors		(1,194)	(1,990)	(2,903)
Dividends paid to the holders of the parent		—	(183)	(421)
Net cash from/(used in) financing activities		297	(4,945)	(1,903)
Net increase in cash and cash equivalents		91	1,369	1,257
Cash and cash equivalents at beginning of year		884	975	2,344
Cash and cash equivalents at end of year	24	975	2,344	3,601

1 General information and basis of preparation

Basis of preparation

Van Elle 03 Limited (“the **Operating Company**”) is incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is Kirkby Lane, Pinxton, Nottinghamshire, NG16 6JA.

The principal activities of the Operating Company, together with its subsidiaries (“Operating group”), are the provision of total foundation solutions to the construction, civil engineering and rail sectors, and manufacture and installation of these solutions by a variety of techniques, including open site piling, ground stabilisation, restricted access piling, geotechnical, on-track rail piling, site investigation and the installation of modular foundations.

The consolidated Historical Financial Information (“HFI”) has been prepared in accordance with International Financial Reporting Standards (IFRS), in accordance with IFRS adopted by the European Union and therefore the consolidated HFI comply with Article 4 of the EU IAS Regulation subject to the application of SIC 2000.

The consolidated HFI is presented in pounds sterling because that is the currency of the primary economic environment in which the Operating Group operates.

“Historical Period” refers to the three year period ended 30 April 2016. “2016”, “2015” and “2014” throughout refers to the years ended 30 April 2016, 2015 and 2014 respectively.

Basis of accounting

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

The consolidated HFI has been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs). The consolidated HFI is presented in Sterling, which is also the Group’s functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated.

The preparation of the consolidated HFI in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group’s accounting policies. The areas where significant judgments and estimates have been made in preparing the consolidated HFI and their effect are disclosed in note 3.

The consolidated HFI has been prepared on a historical cost basis.

2 Adoption of new and revised standards

At the date of authorisation of these consolidated HFI, the following new Standards, interpretations and amendments, which are not yet effective and have not been adopted early in the HFI may have an effect on the Group’s future financial statements:

Standard/amendment	Effective dates (on or after)
Annual Improvements to IFRSs: 2012-2014 Cycle (Sept 2014)	1 January 2016
Amendments to IAS 1 (Dec 2014)	1 January 2016
IFRS 9 Financial Instruments	1 January 2018*
IFRS 15 Revenue from Contracts with Customers	1 January 2018*
IFRS 16 Leases	1 January 2019*
Recognition of deferred tax assets for unrealised losses (Amendments to IAS 12)	1 January 2017*
Disclosure initiative: Amendments to IAS 7	1 January 2017*
Clarification of IFRS 15 revenue from contracts with customers	1 January 2018*

* Not yet endorsed in the EU

Basis of consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to

affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated HFI presents the results of the company and its subsidiaries (“the Group”) as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated HFI incorporates the results of business combinations using the acquisition method. In the statement of financial position, the acquiree’s identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Non-controlling interest

Any changes in ownership in minority interests is accounted for as an equity transaction.

Investments

Fixed asset investments are included at cost or valuation less any permanent diminution in value.

Intangible assets

Intangible assets are depreciated over their useful economic life unless deemed to have an indefinite life, in which case they are subject to annual impairment review.

Goodwill

Goodwill, which was acquired prior to 1 January 2010, represents the excess of the cost of a business combination over, the Group’s interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income.

Impairment of non-financial assets (excluding inventories and deferred tax assets)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units (‘CGUs’). Goodwill is allocated on initial recognition to each of the Group’s CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Provisions

Provisions represent best estimates of expenditure required to settle a present obligation at the balance sheet date, after considering the risks and uncertainties that surround the underlying event.

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity.

The Group’s accounting policy for each category is as follows:

Fair value through profit or loss

The Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Loans and receivables

These arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially

recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the customer or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable and for trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and – for the purpose of the statement of cash flows – bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

The Group's accounting policy for each category is as follows:

Fair value through profit or loss

The Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Other financial liabilities include the following items:

- Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Share capital

The Group's ordinary shares are classified as equity instruments.

Defined contribution pension schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased asset and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the consolidated statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The

aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Property, plant and equipment

Items of property, plant and equipment are recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any residual value. The corresponding liability is recognised within provisions.

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Freehold buildings	—	10% per annum straight line
Plant and machinery	—	10%-20% per annum straight line
Office equipment	—	10%-25% per annum straight line
Motor vehicles	—	10%-25% per annum straight line

Inventories

Inventories are initially recognised at cost, and comprise raw materials and consumables held in storage or on project sites and work-in-progress.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Work-in-progress represents amounts recoverable on contracts that have not yet been charged to customers and included within revenue.

Revenue

Turnover represents the total amounts receivable by the Group for goods supplied and services provided and work performed on contracts not yet invoiced, excluding value added tax and trade discounts. The Group's turnover arises in the UK.

In the case of long term contracts, turnover reflects the contract activity during the year and represents the proportion of total contract value which costs incurred to date bear to total expected contract cost.

3 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including

expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of goodwill

The Group is required to test whether goodwill has suffered any impairment. The directors consider that recent and expected profitability supports the recorded value of goodwill and that there is no impairment.

Impairment of other intangible assets and investments

Other intangible assets and investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted the recoverable amount of the asset is based on the net present value of future cash flows expected to arise from the continuing operation of the entities using an appropriate discount rate.

Useful lives of property, plant and equipment

Property, plant and equipment are depreciated over their estimated useful economic lives based on management's estimates of the period that the assets will generate revenue, which are periodically reviewed for appropriateness.

Revenue recognition on long-term contracts

The group recognises contracts on the timing of services rendered and has ensured appropriate cut-off procedures have been performed. In addition the group has considered and made appropriate provision for loss making contracts.

Bad debt provisions

The group has recognised impairment provisions in respect of bad and doubtful trade debtors. The judgements and estimates necessary to calculate these provisions are based on historical experience and other reasonable factors.

Warranty and claims provisions

The group has recognised provisions in respect of possible warranties claims and claims for issues in delivery of services that are considered appropriate to the nature of the business and the history of claims received. The group has insurance against delivery of service issues and only provides for any excess above the cover of insurance. The judgements and estimates necessary to calculate these provisions are based on historical experience and other reasonable factors.

4 Segment information

The Group has four main divisions:

- *General Piling division* – This division is involved in open piling on brown and green field sites, particularly on new housing and new development sites. The division installs pre-cast concrete piles (some of which are produced in-house); steel tube piles, rotary and bored piles. Certain contracts delivered by the division may use the techniques provided by one of the other operational divisions.
- *Specialist Piling division* – This division is involved in installing piles where access to the area is restricted (under structures or in buildings) or specialist techniques are required. The division has an array of piling rigs and accessories that provide a wide menu of specialist piling techniques. Certain contracts delivered by the division may use the techniques provided by one of the other operational divisions.
- *Ground Engineering Services division* – This division is involved in providing site investigation, soil sampling drilling, grouting and soil nailing techniques to consolidate ground conditions, in particular where mining and existing underground works occur. Certain contracts delivered by the division may use the techniques provided by one of the other operational divisions.
- *Ground Engineering Products division* – This division manufactures and installs modular pre-cast concrete beams, primarily to the new housing market and also manufactures pre-cast concrete piles of varying lengths for use by the General Piling division.

The Group's reportable segments, as reported to the Chief Executive, are strategic business units that offer different techniques and services. They are managed separately because each business requires different technology and marketing strategies. The segments are sub-divided into operational units based around the piling techniques that they deliver.

The Group evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with IFRS but excluding non-recurring losses, such as goodwill impairment, and the effects of share-based payments.

Inter-segment sales are priced along the same lines as sales to external customers, with an appropriate discount being applied to encourage use of group resources at a rate acceptable to local tax authorities.

Loans and borrowings, insurances and head office central services' costs are allocated to the segments based on levels of turnover.

Factors that management used to identify the Group's reportable segments

The Group's reportable segments are strategic business units that offer different techniques and services. They are managed separately because each business requires different technology and marketing strategies.

The segments are sub-divided into operational units based around the piling techniques that they deliver

2016	General Piling £'000	Specialist Piling £'000	Ground Engineering Services £'000	Ground Engineering Products £'000	Head Office £'000	Total £'000
<i>Revenue</i>						
Total revenue	42,707	25,840	10,151	8,358	37	87,093
Inter-segmental revenue	(596)	—	—	(2,261)	(37)	(2,894)
Total revenue from external customers	42,111	25,840	10,151	6,097	—	84,199
Group's revenue per consolidated statement of comprehensive income	42,111	25,840	10,151	6,097	—	84,199
Depreciation	1,421	1,316	435	161	—	3,333
Segment profit/(loss)	4,735	5,879	456	(15)	—	11,055
Finance expense						(344)
Finance income						11
Group profit before tax						10,722

2015	General Piling £'000	Specialist Piling £'000	Ground Engineering Services £'000	Ground Engineering Products £'000	Head Office £'000	Total £'000
<i>Revenue</i>						
Total revenue	39,054	21,322	7,879	7,740	90	76,085
Inter-segmental revenue	(788)	—	—	(1,621)	(90)	(2,499)
Total revenue from external customers	38,266	21,322	7,879	6,119	—	73,586
Group's revenue per consolidated statement of comprehensive income	39,054	21,322	7,879	5,331	—	73,586
Depreciation	1,113	805	324	109	—	2,351
Segment profit	1,796	5,099	383	94	—	7,372
Finance expense						(335)
Group profit before tax						7,037
2014	General Piling £'000	Specialist Piling £'000	Ground Engineering Services £'000	Ground Engineering Products £'000	Head Office £'000	Total £'000
<i>Revenue</i>						
Total revenue	25,592	12,552	5,580	4,342	—	48,065
Inter-segmental revenue	(459)	—	—	(962)	—	(1,420)
Total revenue from external customers	25,133	12,552	5,580	3,380	—	46,645
Group's revenue per consolidated statement of comprehensive income	25,592	12,552	5,580	2,921	—	46,645
Depreciation	774	452	258	46	—	1,530
Segment profit/(loss)	1,202	1,603	467	(139)	—	3,133
Finance expense						(276)
Group profit before tax						2,857

	External revenue by location of customers			Non-current assets by location of assets		
	2014 £'000	2015 £'000	2016 £'000	2014 £'000	2015 £'000	2016 £'000
UK	46,645	73,586	84,199	13,243	19,383	27,411
	46,645	73,586	84,199	13,243	19,383	27,411

Revenues from one customer total £5,411k (2015: £6,029k, 2014: £1,267k). This major customer purchases services from the Specialist Piling segment.

5 Expenses by nature

	2014 £'000	2015 £'000	2016 £'000
Depreciation of property, plant and equipment	1,530	2,351	3,333
Operating lease expense:			
– Plant and machinery on short term hire	1,841	3,480	3,871
– Other	263	235	159
Profit on disposal of property, plant and equipment	(44)	(49)	(53)
Fees payable to the company's auditor or an associate of the company's auditor for the auditing of the company's annual accounts	24	27	31
Fees payable to the company's auditor or an associate of the company's auditor for taxation compliance services	4	4	4
Fees payable to the company's auditor or an associate of the company's auditor for other non-audit services	4	28	52
Cost of services based claims made against the Group	—	—	950
Insurance proceeds received in respect of services based claims made against the Group	—	—	(900)

6 Employee benefit expenses

	2014 £'000	2015 £'000	2016 £'000
Employee benefit expenses (including directors) comprise:			
Wages and salaries	12,373	17,805	21,236
Defined contribution pension cost	1,291	1,952	2,517
Social security contributions and similar taxes	63	183	257
	13,727	19,940	24,010

	2014 Number	2015 Number	2016 Number
Weekly paid staff	204	262	317
Salaried staff	95	122	148
	299	384	465

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the company, the Finance Director and Operating Unit Divisional Directors.

	2014 £'0000	2015 £'000	2016 £'000
Salary	1,083	2,119	1,545
Pension costs	14	10	12
Amounts paid to third parties in respect of directors' services	—	449	—
	<u>1,097</u>	<u>2,578</u>	<u>1,557</u>

Directors' remuneration

	2014 £'000	2015 £'000	2016 £'000
Directors' emoluments	1,123	1,407	722
Company contributions to defined contribution pension schemes	4	—	—
Amounts paid to third parties in respect of directors' services	97	449	—
	<u>1,224</u>	<u>1,856</u>	<u>722</u>

The total amount payable to the highest paid director in respect of emoluments was £187k (2015: £615k, 2014: £336k). Company pension contributions of £nil (2015: £nil, 2014: £4k) were made to defined contribution schemes on their behalf.

The payments noted above include payments of £nil (2014: £449k) in respect of certain services provided by the directors. All tax related matters in respect of these payments have been agreed with HMRC and settled in full.

7 Finance income and expense**Recognised in profit or loss**

	2014 £'000	2015 £'000	2016 £'000
Finance income			
Interest received on bank deposits	—	—	11
Total finance income	<u>—</u>	<u>—</u>	<u>11</u>
Finance expense			
Finance leases	(276)	(335)	(323)
Loan interest	—	—	(21)
Total finance expense	<u>(276)</u>	<u>(335)</u>	<u>(344)</u>
Net finance income recognised in profit or loss	<u>(276)</u>	<u>(335)</u>	<u>(344)</u>

8 Tax expense

	2014 £'000	2015 £'000	2016 £'000
Current tax expense			
Current tax on profits for the year	446	1,319	2,071
Adjustment in respect of prior periods	(20)	34	90
Total current tax	426	1,353	2,161
Deferred tax expense			
Origination and reversal of temporary differences	162	205	105
Recognition of previously unrecognised deferred tax assets	36	51	11
Total deferred tax	198	256	116
Total tax expense	624	1,609	2,277

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2014 £'000	2015 £'000	2016 £'000
Profit before income taxes	2,857	7,037	10,722
Tax using the standard corporation tax rate of 20% (2015: 20.92%, 2014: 22.84%)	657	1,472	2,144
Expenses not deductible for tax purposes	17	13	55
Adjustment for under/(over) provision in previous periods	16	85	101
Short term timing differences/Other	(66)	39	(23)
Total tax expense	624	1,609	2,277

Changes in tax rates and factors affecting the future tax charge

As announced during the July 2015 budget the main rate of corporation tax will reduce to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. In addition, the 2016 budget will further reduce the main rate of corporation tax to 17% in 2020. These tax rate reductions have been reflected in the HFI as necessary in respect for the provision for deferred tax.

9 Earnings per share

	2014 £'000	2015 £'000	2016 £'000
<i>Numerator</i>			
Profit for the year and earnings used in basic EPS	2,233	5,428	8,445
Earnings used in diluted EPS	2,233	5,428	8,445
<i>Denominator</i>			
	Number	Number	Number
Weighted average number of shares used in basic EPS	2,222,222	2,666,666	2,666,666
Earnings per share – basic and diluted	100.5p	203.6p	316.7p

10 Dividends

	2014 £'000	2015 £'000	2016 £'000
Final dividend paid			
A & B Shares – nil (2015: nil)	—	—	—
C Shares – nil (2015: nil)	—	—	—
D Shares – nil (2015: 4 nil)	—	—	—
Interim dividend paid:			
A & B Shares – 16 pence per share (2015: 8 pence per share)	—	(159)	(312)
C Shares – 15 pence per share (2015: 3 pence per share)	—	(7)	(33)
D Shares – 17 pence per share (2015: 4 pence per share)	—	(17)	(76)
	—	(183)	(421)

11 Property, plant and equipment

	Land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Office equipment £'000	Total £'000
Cost					
At 1 May 2014	1,403	17,524	4,393	966	24,286
Additions	520	5,866	2,125	4	8,515
Disposals	—	(231)	(52)	—	(283)
At 30 April 2015	1,923	23,159	6,466	970	32,518
At 1 May 2015	1,923	23,159	6,466	970	32,518
Additions	2,929	6,539	1,668	157	11,293
Disposals	—	—	(75)	—	(75)
At 30 April 2016	4,852	29,698	8,059	1,127	43,736
Accumulated depreciation					
At 1 May 2014	20	9,525	2,936	741	13,222
Depreciation	95	1,746	477	33	2,351
Disposals	—	(227)	(32)	—	(259)
At 30 April 2015	115	11,044	3,381	774	15,314
At 1 May 2015	115	11,044	3,381	774	15,314
Depreciation	107	2,430	743	53	3,333
Disposals	—	—	(31)	—	(31)
At 30 April 2016	222	13,474	4,093	827	18,616
Net book value					
At 1 May 2014	1,383	7,999	1,457	225	11,064
At 1 May 2015	1,808	12,115	3,085	196	17,204
At 30 April 2016	4,630	16,224	3,966	300	25,120

Included within property, plant and equipment are the following amounts held under finance leases:

	Motor vehicles			Plant and equipment		
	2014 £'000	2015 £'000	2016 £'000	2014 £'000	2015 £'000	2016 £'000
Net book value	1,242	890	1,931	5,468	9,364	12,533
Depreciation charged in the year	(266)	(210)	(266)	(520)	(929)	(2,779)

12 Intangible assets

	Software £'000	Goodwill £'000	Total £'000
Cost			
At 1 May 2014 and 1 May 2015	—	2,179	2,179
Amortisation	—	—	—
Additions	112	—	112
At 30 April 2016	112	2,179	2,291

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

13 Inventories

	Group 2014 £'000	Group 2015 £'000	Group 2016 £'000
Raw materials and consumables	709	672	994
Work-in-progress	363	432	617
	1,072	1,104	1,611

14 Trade and other receivables

	Group 2014 £'000	Group 2015 £'000	Group 2016 £'000
Trade receivables	9,656	15,551	15,127
Less: provision for impairment of trade receivables	(50)	(94)	(25)
Trade receivables – net	9,606	15,457	15,102
Receivables from related parties	477	299	213
Prepayments	927	693	1,329
Other receivables	176	687	52
Total trade and other receivables	11,186	17,136	16,696

The carrying value of trade and other receivables classified as loans and receivables approximates fair value.

All amounts shown under receivables fall due within one year.

As at 30 April 2016 trade receivables of £6,264k (2015: £7,698k, 2014: £5,049k) were past due but not impaired. They relate to the customers with no default history. The ageing analysis of these receivables is as follows:

	2014 £'000	2015 £'000	2016 £'000
Up to 3 months	4,854	7,123	5,973
3 to 6 months	110	550	140
6 to 12 months	85	25	151
	5,049	7,698	6,264

Movements in the impairment allowance for trade receivables are as follows:

	2014 £'000	2015 £'000	2016 £'000
At 1 May	55	50	94
Increase/(decrease) during the year	18	56	(24)
Receivable written off during the year as uncollectible	(23)	(12)	(45)
At 30 April	50	94	25

The movement in the impairment allowance for trade receivables has been included in the Administrative expenses line in the consolidated statement of comprehensive income.

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

15 Trade and other payables

	2014 £'000	2015 £'000	2016 £'000
Trade payables	8,118	11,916	12,622
Other payables	3,911	2,479	860
Accruals	446	867	386
Other tax and social security payments	395	914	383
Total trade and other payables	12,870	16,176	14,251

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value. The other payables in 2014 include £8k in respect of a confidential invoice discounting facility. Amounts totalling £nil (2015: £4k, 2014: £2,768k) within other payables relate to funding arrangements and are secured by a charge over debtors of the Group.

16 Loans and borrowings

The book value and fair value of loans and borrowings are as follows:

	Book value 2014 £'000	Fair value 2014 £'000	Book value 2015 £'000	Fair value 2015 £'000	Book value 2016 £'000	Fair Value 2016 £'000
Non-Current						
Secured loans	—	—	—	—	1,275	1,275
Finance leases	3,708	3,708	5,890	5,890	7,167	7,167
	<u>3,708</u>	<u>3,708</u>	<u>5,890</u>	<u>5,890</u>	<u>8,442</u>	<u>8,442</u>
Current						
Secured loans	8	8	—	—	150	150
Finance leases	1,421	1,421	2,397	2,397	3,350	3,350
	<u>1,429</u>	<u>1,429</u>	<u>2,397</u>	<u>2,397</u>	<u>3,500</u>	<u>3,500</u>
Total loans and borrowings	<u>5,137</u>	<u>5,137</u>	<u>8,287</u>	<u>8,287</u>	<u>11,942</u>	<u>11,942</u>

Maturity of debt:

	Secured loans 2014 £'000	Secured loans 2015 £'000	Secured loans 2016 £'000
Due within one year	8	—	150
Due 2 to 5 years	—	—	600
Due more than 5 years	—	—	675
Total Trade and other payables	<u>8</u>	<u>—</u>	<u>1,425</u>

The Group has a bank loan of £1,500k (2015: £nil; £2014: £nil). The loan was taken out on 8 August 2015. The loan is repayable in 20 consecutive quarterly instalments in respect of principal only, commencing on 9 November 2015. The loan is secured by a first legal charge over the freehold land and buildings at Pinxton, Kirkby in Ashfield and Dereham which have a carrying value of £4,852k (2015: £1,923k; 2014: £1,403k). The loan carries an interest rate of LIBOR plus an interest margin of 2.25% per annum.

17 Leases

Finance lease – lessee

Future lease payments are due as follows:

	Minimum lease payments £'000	Interest £'000	Present Value £'000
2016			
Not later than one year	3,710	360	3,350
Between one year and five years	7,938	771	7,167
	<u>11,648</u>	<u>1,131</u>	<u>10,517</u>
Current liabilities	3,710	360	3,350
Non-current liabilities	7,938	771	7,167
2015			
Not later than one year	2,663	266	2,397
Between one year and five years	6,544	654	5,890
	<u>9,207</u>	<u>920</u>	<u>8,287</u>
Current liabilities	2,663	266	2,397
Non-current liabilities	6,544	654	5,890
2014			
Not later than one year	1,572	151	1,421
Between one year and five years	4,101	393	3,708
	<u>5,673</u>	<u>544</u>	<u>5,129</u>
Current liabilities	1,572	151	1,421
Non-current liabilities	4,101	393	3,708

Operating leases – lessee

The total future value of minimum lease payments is due as follows:

	2014 £'000	2015 £'000	2016 £'000
Not later than one year	232	37	163
Later than one year and not later than five years	—	28	571
Later than five years	—	—	2,034
	<u>232</u>	<u>65</u>	<u>2,768</u>

18 Provisions

	Warranty provision £'000	Insurance provision £'000	Total £'000
At 1 May 2014	335	70	405
Additional provision	856	265	1,121
Utilised in year	(150)	(70)	(220)
At 30 April 2015	1,041	265	1,306
At 1 May 2015	1,041	265	1,306
Additional provision	32	—	32
Utilised in year	(369)	(60)	(429)
Released in year	(534)	—	(534)
At 30 April 2016	170	205	375
Due within one year or less	—	—	—
Due after more than one year	170	205	375
	170	205	375

Warranty Provision relates to workmanship claims and is based on potential costs to make good defects and associated legal and professional fees in contesting the claims, net of amounts covered by insurance.

Insurance Provision comprises insurance policy excesses associated with insurance claims.

19 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 18% (2015 – 20%) (2014 – 20%) being the rates at which deferred tax is expected to reverse in the future.

The movement on the deferred tax account is as shown below:

	2014 £'000	2015 £'000	2016 £'000
At 1 May	142	340	596
<i>Recognised in profit and loss</i>	—	—	—
Tax expense	198	256	116
At 30 April	340	596	712

All the above relates to accelerated capital allowances.

20 Share capital

	2014		Issued and fully paid		2016	
	Number	£'000	2015 Number	2015 £'000	Number	£'000
'A' Ordinary shares of 50p each	800,000	400	800,000	400	800,000	400
'B' Ordinary shares of 50p each	1,200,000	600	1,200,000	600	1,200,000	600
'C' Ordinary shares of 1p each	222,222	2	222,222	2	222,222	2
'D' Ordinary shares of 15p each	—	—	444,444	67	444,444	67
	<u>2,222,222</u>	<u>1,002</u>	<u>2,666,666</u>	<u>1,069</u>	<u>2,666,666</u>	<u>1,069</u>

Both 'A' and 'B' class shares have equal voting rights, and equal rights to income from dividends, subject to clauses in respect of swamping rights and pre-emption rights which are contained within the Articles of Association. In addition to these rights the holders of the 'C' class shares are entitled to a sum equal to 10% of the amount in excess of £10,000k on a sale or liquidation. The rights of the 'D' class shares are similar to the 'C' class shares in that they are entitled to participate in proceeds on a sale of the company where the consideration is greater than £12,500k.

21 Related party transactions

Details of directors' remuneration and key management personnel remuneration are given in note 5.

Related party relationship	Type of transaction	Transaction amount		
		2014 £'000	2015 £'000	2016 £'000
Directors	Directors' loans	477	299	120
Companies in which directors or their immediate family have a significant/ controlling interest	Rent paid	165	165	66
	Purchase of property	—	350	1,350

Related party relationship	Type of transaction	Balance owed		
		2014 £'000	2015 £'000	2016 £'000
Directors	Directors' loans	477	299	213
Companies in which directors or their immediate family have a significant/ controlling interest	Rent paid	—	—	—
	Purchase of property	—	—	—

The Group has not made any allowance for bad or doubtful debts in respect of related party debtors nor has any guarantee been given or received during 2016, 2015 or 2014 regarding related party transactions.

22 Capital commitments

	2014 £'000	2015 £'000	2016 £'000
Contracted but not provided for	—	70	1,490

23 Financial instruments

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports from the Director of Finance through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Group's Compliance and Health & Safety Departments also review the risk management policies and processes and report their findings to the Board.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations. It is Group policy, to assess the credit risk of all existing and new customers on a contract by contract basis before entering contracts.

The Board has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Total contract limits are established for each customer, which represents the maximum exposure permissible without requiring approval from the Board.

Fair value and cash flow interest rate risk

It is currently group policy that 100% of external group borrowings (excluding short-term overdraft facilities and finance lease payables) are fixed rate borrowings. Divisions are not permitted to borrow short or long-term from external sources.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due and the management of working capital, debt and cash balances.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 90 days. The Group also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on its long-term borrowings, this is further discussed in the 'interest rate risk' section above.

The Board receives rolling 3-month cash flow projections on a weekly basis. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down on its agreed £2,500k overdraft facility.

Financial instruments by category

Financial assets

	Group		
	Loans and receivables		
	2016	2015	2014
	£'000	£'000	£'000
Cash and cash equivalents	975	2,344	3,601
Trade and other receivables	11,186	17,136	16,696
Less: Prepayments	(927)	(693)	(1,329)
Total current financial assets	11,234	18,787	18,968

Financial liabilities

	Loans and receivables		
	2014	2015	2016
	£'000	£'000	£'000
Trade and other payables	12,870	16,239	14,314
Less: Tax and social security creditors	(395)	(914)	(383)
Secured loans	8	—	150
Total current financial liabilities	<u>12,483</u>	<u>15,325</u>	<u>14,081</u>

Financial liabilities

	Loans and receivables		
	2014	2015	2016
	£'000	£'000	£'000
Trade and other payables	—	—	—
Less: Tax and social security creditors	—	—	—
Secured loans	—	—	1,275
Total non-current financial liabilities	<u>—</u>	<u>—</u>	<u>1,275</u>

Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates their fair value.

24 Notes supporting statement of cash flows

Cash and cash equivalents for purposes of the statement of cash flows comprises:

	2014	2015	2016
	£'000	£'000	£'000
Cash at bank available on demand	943	2,305	3,550
Cash on hand	32	39	51
	<u>975</u>	<u>2,344</u>	<u>3,601</u>

Significant non-cash transactions are as follows:

	2014	2015	2016
	£'000	£'000	£'000
Purchase of fixed assets on hire purchase	<u>3,867</u>	<u>5,148</u>	<u>5,132</u>

PART IV

ADDITIONAL INFORMATION

1 RESPONSIBILITY

- (a) The Company and the Directors, whose names and functions are set out at paragraph 13 of Part 1 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. All of the Directors accept individual and collective responsibility for compliance with the AIM Rules.

2 INCORPORATION AND GENERAL

- (a) The Company was incorporated in England on 2 April 2003 under the name of Broomco (3162) Limited with registered number 04720018 as a private company with limited liability under the Companies Act 1985. On 2 June 2003, the Company changed its name to Van Elle 03 Limited. The Company was re-registered as a public company on 21 October 2016 and changed its name to Van Elle Holdings plc on 21 October 2016. Its registered office and its principal place of business is at Kirkby Lane, Pinxton, Nottingham, Nottinghamshire NG16 6JA. It is domiciled in England.
- (b) The telephone number of the Company's registered office and principal place of business is 01773 580 580.
- (c) The Company is the ultimate holding company of the Group. The Group's activities and operations are carried on by Van Elle Limited, a wholly owned subsidiary of the Company. The Company will, upon Admission, be the holding company of the Group and its subsidiaries will be:

Name	Country of Incorporation	Principal Activity	Issued share capital (fully paid)	Interest held by the Company
Van Elle Limited	UK	Civil Engineering	£2,448	100% of its shares held by the Company
Dram (Investments) Limited	UK	Dormant Company	£400	100% of its shares held by Van Elle Limited
Van Elle 15 Ltd	UK	Dormant Company	£1,000	100% of its shares held by Van Elle Limited
A&G (Steavenson) Limited	UK	Dormant Company	£66,333	100% of its shares held by Van Elle Limited

- (d) Van Elle Limited is a direct subsidiary of the Company. Dram (Investments) Limited, Van Elle 15 Ltd and A&G Steavenson Limited are direct subsidiaries of Van Elle Limited. All the subsidiaries will upon Admission be wholly owned.
- (e) The registered office of the above companies is at Kirkby Lane, Pinxton, Nottingham, Nottinghamshire NG16 6JA.

3 SHARE CAPITAL

- (a) The issued share capital as at the date of this document is as follows:

	<u>Issued Number</u>	<u>Amount paid up</u>
Ordinary Shares	70,000,000	£1,400,000 ¹⁴

- (b) The Directors have authority to allot Ordinary Shares in the period ending at the conclusion of the Company's annual general meeting in 2017 or on 21 April 2018 (whichever is the earlier) as follows:
- (i) general authority pursuant to section 551 of the 2006 Act up to an aggregate nominal amount of (i) £200,000 pursuant to the Placing and (ii) £532,800 (otherwise than pursuant to the Placing) and (iii) £1,065,000 on a pre-emptive basis; and
 - (ii) specific authority pursuant to section 570 of the 2006 Act to make allotments for cash up to an aggregate nominal amount of (i) £200,000 pursuant to the Placing and (ii) £80,000 (otherwise than pursuant to the Placing) on a non pre-emptive basis.
- (c) Prior to Admission a re-organisation of the Company's share capital took place as follows:
- (i) the share capital of the Company comprised A ordinary shares of £0.50 each, B ordinary shares of £0.50 each, C ordinary shares of £0.01 each and D ordinary shares of £0.15 each, with differing economic and voting rights attaching to each class of share;
 - (ii) a bonus issue of shares was made to each of the Company's shareholders; and
 - (iii) a share split and consolidation was undertaken to create a single class of share, comprised of the Ordinary Shares.¹⁵
- (d) It is intended that options will be granted pursuant to the CSOP on, or shortly after, Admission over Ordinary Shares with an aggregate market value (by reference to the Placing Price) of approximately £1,420,000. The exercise of these options may be satisfied by the Company issuing and allotting Ordinary Shares or by transferring Ordinary Shares held by the Company in treasury or by an employee benefit trust established by the Company, to the holders of such options.
- (e) It is intended that options will be granted pursuant to the LTIP on, or shortly after, Admission over Ordinary Shares with an aggregate market value (by reference to the Placing Price) of approximately £1,385,000. The exercise of these options may be satisfied by the Company allotting and issuing Ordinary Shares or by transferring Ordinary Shares held by the Company in treasury or by an employee benefit trust established by the Company, to the holders of such options.
- (f) Save for the allotments referred to in paragraph 3(c) above, and in the last three financial years ended on 30 April 2016, no capital of the Company has been allotted for cash or for a consideration other than cash, other than as set out below.
- (i) on 30 July 2013, the Company allotted 148,148 D ordinary shares of £0.15 each to Michael Mason for a consideration of £1,481.48; and
 - (ii) on 30 July 2013, the Company allotted 296,296 D ordinary shares of £0.15 each to Jonathan Fenton for a consideration of £2,962.96.
- (g) Save for the issue of the Placing Shares, the potential issue of Ordinary Shares to satisfy the options disclosed at paragraphs 6(d) and 6(e) above or any other option granted pursuant to the Share Incentive Plans, no capital of the Company is proposed to be issued or is under option or is agreed conditionally or unconditionally to be put under option.
- (h) The Ordinary Shares will, on Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.
- (i) The Ordinary Shares are in registered form and capable of being held in uncertificated form. None of the Ordinary Shares are being marketed or made available in whole or in part to the public in conjunction with the applications for Admission other than pursuant to the Placing.

¹⁴ To reflect the position as at the date of the document and post share reorganisation

¹⁵ To include pre-Admission reorganisation summary

The Ordinary Shares to be transferred / issued pursuant to the Placing are being transferred / issued at a price of 100p per share, representing a premium of 98p over the nominal value of 2p each. The expected transfer / issue date is 26 October 2016.

- (j) The currency of the issue is pounds sterling.

4 ARTICLES OF ASSOCIATION

The Articles contain, *inter alia*, provisions to the following effect:

- (a) Objects

The Articles contain no specific restrictions on the Company's objects and therefore, by virtue of section 31(1) of the Act the Company's objects are unrestricted.

- (b) Voting rights

Subject to paragraph (g) below, and to any special terms as to voting upon which any shares may for the time being, be held, on a show of hands every member who (being an individual) is present in person or by proxy (being a corporation) is present by a duly appointed representative shall have one vote and on a poll every member present in person or by a representative or proxy shall have one vote for every ordinary share in the capital of the Company held by him. A proxy need not be a member of the Company.

- (c) Variation of rights

If at any time the capital of the Company is divided into different classes of shares all or any of the rights or privileges attached to any class of shares in the Company may be varied or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares (excluding any shares of that class held as treasury shares) of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. At every such separate general meeting (except an adjourned meeting), the quorum shall be two persons holding or representing by proxy one-third in nominal value of the issued shares of that class.

- (d) Alteration of capital

The Articles do not impose any conditions governing changes in the capital of the Company which are more stringent than is required by law. Therefore the Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of a larger nominal value, sub-divide all or any of its shares into shares of a smaller nominal value and cancel any shares not taken, or agreed to be taken, by any person.

The Company may, subject to the Act, by special resolution reduce or cancel its share capital or any capital redemption reserve or share premium account.

Subject to and in accordance with the provisions of the Act, the Company may purchase its own shares (including any redeemable shares), provided that the Company shall not purchase any of its shares unless such purchase has been sanctioned by a special resolution passed at a separate meeting of the holders of any class of shares convertible into equity share capital of the Company.

- (e) Transfer of shares

A member may transfer all or any of his shares (1) in the case of certificated shares by instrument in writing in any usual or common form or in such other form as may be approved by the Directors and (2) in the case of uncertificated shares, through CREST in accordance with and subject to the CREST Regulations and the facilities and requirements of the relevant system concerned.

The instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or on behalf of the transferee. The Directors may in their absolute discretion refuse to register a transfer of any share held in certificated form which is not fully paid, provided that dealings in the shares are not prevented from taking place on an open and proper basis.

In the case of uncertificated shares, the Directors may only refuse to register a transfer in accordance with the Uncertificated Securities Regulations. The Directors may also refuse to register a transfer of shares (whether fully paid or not) if the transfer is in favour of more than four persons jointly.

Subject to that and to paragraph (g) below, the Articles contain no restrictions on the free transferability of fully paid shares provided that the transfer is in respect of only one class of share and is accompanied by the share certificate and any other evidence of title required by the Directors and that the provisions in the Articles relating to the deposit of instruments for transfer have been complied with. The registration of transfers in respect of certificated shares may be suspended by the Directors for any period not exceeding 30 days in a year.

(f) Dividends

The Company may by ordinary resolution in general meeting declare dividends provided that no dividend shall be paid otherwise than out of profits and no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time pay such interim dividends as appear to the Directors to be justified.

Subject to the rights of persons, if any, holding shares with special dividend rights, and subject to paragraph (g) below, all dividends shall be apportioned and paid *pro rata* according to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid or credited as paid in advance of calls shall be regarded as paid on shares for this purpose.

All dividends unclaimed for a period of 12 years after the payment date for such dividend shall if the Directors so resolve be forfeited and shall revert to the Company.

The Directors may, if authorised by an ordinary resolution of the Company, 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 Directors may at their discretion make the right to participate in any such elections subject to restrictions necessary or expedient to deal with legal, regulatory or other difficulties in respect of overseas shareholders.

(g) Suspension of rights

If a member or any other person appearing to be interested in shares held by such shareholder has been duly served with notice under section 793 of the Act and is in default in supplying to the Company within 14 days (or such longer period as may be specified in such notice) the information thereby, required, then (if the Directors so resolve) such member shall not be entitled to vote or to exercise any right conferred by membership in relation to meetings of the Company in respect of the shares which are the subject of such notice. Where the holding represents more than 0.25 per cent. of the issued shares of that class (calculated exclusive of any treasury shares of that class) the payment of dividends may be withheld, and such member shall not be entitled to transfer such shares otherwise than by an arms length sale.

(h) Return of capital

Subject to any preferred, deferred or other special rights, or subject to such conditions or restrictions to which any shares in the capital of the Company may be issued, on a winding-up or other return of capital, the holders of ordinary shares are entitled to share in any surplus assets *pro rata* to the amount paid up on their ordinary shares. A liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members in specie or in kind the whole or any part of the assets of the Company, those assets to be set at such value as he deems fair. A liquidator with the sanction of a special resolution may also vest the whole or any part of the assets of the Company in trustees on trusts for the benefit of the members. The liquidator shall not, however, except with the consent of the Shareholder concerned, distribute to a Shareholder any assets to which there is attached a liability or potential liability for the other.

(i) Pre-emption rights

There are no rights of pre-emption under the Articles in respect of transfers of issued Ordinary Shares.

In certain circumstances, the Company's shareholders may have statutory pre-emption rights under the Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment by existing shareholders on a *pro rata* basis before allotting them to other persons. In such

circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the Company's shareholders.

(j) Shareholder Meetings

Annual general meetings should be held within the time periods specified by the Act. Other general meetings may be called whenever the directors think fit or when one has been requisitioned in accordance with the Act. Two members present in person or by proxy (or, being a corporation, present by a duly appointed representative) at the meeting and entitled to vote shall be a quorum for all purposes.

Annual general meetings or a meeting at which it is proposed to pass a resolution requiring special notice are called on at least 21 days' notice in writing, exclusive of the day of which the notice is served or deemed to be served and of the day on which the meeting is to be held. Other general meetings are to be called on 14 days' notice in writing exclusive of the day on which the notice is served or deemed to be served and the day on which the meeting is to be held. The annual general meeting may be called on shorter notice providing all members entitled to attend and vote agree and a general meeting can be called on shorter notice if a majority in number of the members having a right to attend and vote at the general meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right, consent. Notice is to be given to all members on the register at the close of business on a day determined by the Company, such day being not more than 21 days before the day that the notice of meeting is sent.

The Company may specify in the notice of meeting a time, not more than 48 hours before the time fixed for the meeting, by which a person must be entered into the register in order to have the right to attend or vote at the meeting. In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote or a person nominated pursuant to the Company's Articles is entitled to appoint one or more proxies to attend and, on a poll vote instead of him/her, and that a proxy need not be a member.

(k) Directors

Save as provided in the Articles or by the terms of any authorisation given by the Directors, a director shall not vote as a director in respect of any contract, transaction or arrangement or proposed contract, transaction or arrangement or any other proposal whatsoever in which he (or any person connected with him) has any interest (otherwise than by virtue of an interest in shares or debentures or other securities of or otherwise in or through the Company) and which conflicts or may conflict with the interests of the Company and if he shall do so his vote shall not be counted, nor in relation thereto shall he be counted in the quorum present at the meeting.

The Directors may authorise a director to be involved in a situation in which the director has or may have a direct or indirect interest which conflicts or may conflict with the interests of the Company and may impose such terms or conditions on the grant of such authorisation as they think fit and in doing so will act in such a way, in good faith, as they consider will be most likely to promote the success of the Company.

A director shall (in the absence of some other interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution relating to any of the following matters namely:

- (i) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings; or
- (ii) the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security; or
- (iii) the granting of any indemnity or provision of funding pursuant to the Articles unless the terms of such arrangement confer upon such director a benefit not generally available to any other director; or

- (iv) an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or is to be or may be entitled to participate as a holder of securities or as an underwriter or sub-underwriter; or
- (v) any other company in which he or any person connected with him has a direct or indirect interest, (whether as an officer or shareholder or otherwise) provided that he and any persons connected with him are not to his knowledge the holder (otherwise than as a nominee for the Company or any of its subsidiary undertakings) of or beneficially interested in one per cent, or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of the relevant Article to be a material interest in all circumstances); or
- (vi) an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom the arrangement relates; or
- (vii) the purchase and/or maintenance of any insurance policy for the benefit of directors or for the benefit of persons including directors.

Fees may be paid out of the funds of the Company to directors who are not managing or executive directors at such rates as the Directors may from time to time determine provided that such fees do not in the aggregate exceed the sum of £50,000 per annum (exclusive of value added tax if applicable) or such other figure as the Company may by ordinary resolution from time to time determine.

Any director who devotes special attention to the business of the Company, or otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a director, may be paid such additional remuneration as the Directors or any committee authorised by the Directors may determine.

The Directors (including alternate Directors) are entitled to be paid out of the funds of the Company all their travelling, hotel and other expenses properly incurred by them in connection with the business of the Company, including their expenses of travelling to and from meetings of the Directors, committee meetings or general meetings.

A director may hold any other office or employment with the Company (other than the office of auditor) in conjunction with his office of director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No director or intending director shall be disqualified by his office from entering into any contract, arrangement, transaction or proposal with the Company either with regard to his tenure of any other such office or place of profit, nor shall any such contract, arrangement, transaction or proposal or any contract, arrangement, transaction or proposal entered into by or on behalf of the Company in which any director or any person connected with him is in any way interested (whether directly or indirectly) be liable to be avoided, nor shall any director who enters into any such contract, arrangement, transaction or proposal or who is so interested be liable to account to the Company for any profit realised from any such contract, arrangement, transaction or proposal by reason of such director holding that office or of the fiduciary relationship thereby established, if the director has disclosed his interest in accordance with the Act.

Save as provided by the Articles or by the terms of authorisation given by the Directors, a director shall not vote as a director or be counted in the quorum in respect of any contract, transaction or arrangement or proposed contract, transaction or arrangement in which he has any interest which conflicts or may conflict with the interests of the Company. If he does vote, his vote shall not be counted.

The remuneration and other terms and conditions of appointment of a director appointed as managing director or to any other executive office or employment under the Company shall from time to time (without prejudice to the provisions of any agreement between him and the Company) be fixed by the Directors or by any committee appointed by the directors, and may (without limitation) be by way of fixed salary, lump sum, commission on the dividends or profits of the Company (or of any other company in which the Company is interested) or other participation in any such profits or otherwise or by any or all or partly by one and partly by another or others of those modes.

Any statutory provision which, subject to the provisions of the Articles, would have the effect of rendering any person ineligible for appointment as a director or liable to vacate office as a director on account of his having reached any specified age or of requiring special notice or any other special formality in connection with the appointment of any director over a specified age shall not apply to the Company.

(l) Mandatory bids

Rule 9 of the Takeover Code provides that, except with the consent of the Panel, when: (a) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with it are interested) carry 30 per cent. or more of the voting rights of a company; or (b) any person, together with persons acting in concert with it, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with it, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which it is interested, then, in either case, that person, together with the persons acting in concert with it, is normally required to extend offers in cash, at the highest price paid by it (or any persons acting in concert with it) for shares in the company within the preceding 12 months, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights.

(m) Squeeze-out

Under the Act, if a “takeover offer” (as defined in section 974 of the Act) is made for the shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the shares to which the takeover offer relates (the “Takeover Offer Shares”) and not less than 90 per cent. of the voting rights attached to the Takeover Offer Shares within three months of the last day on which its offer can be accepted, it is able to acquire compulsorily the remaining 10 per cent. In order to do so, it would send a notice to shareholders who had not, at such time, accepted the offer telling them that it will acquire compulsorily their Takeover Offer Shares and then, six weeks later, it would execute a transfer of the outstanding Takeover Offer Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for those shareholders in the event that they had not accepted the offer at such time. The consideration offered to the shareholders whose Takeover Offer Shares are acquired compulsorily under the Act must, in general, be the same as the consideration that was available under the takeover offer.

(n) Sell-out

The Act also gives minority shareholders 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 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. of the shares to which the offer related, 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 is required to give any shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises his or her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

5 EMPLOYEE SHARE INCENTIVE PLANS

a) The Van Elle Holdings plc Long Term Incentive Plan 2016 (“LTIP”)

Status of the LTIP

Each award granted under the LTIP will take the form of an option to acquire Ordinary Shares at a price per Ordinary Share equal to the nominal value of an Ordinary Share. The awards will have no beneficial tax status.

The LTIP is currently scheduled to be adopted by the Company on, or shortly prior to, Admission.

Eligibility

All employees (including executive directors) of the Company and any of its subsidiaries may be granted awards under the LTIP.

Grant

The Remuneration Committee will have absolute discretion to select the persons to whom awards may be granted and, subject to the limits set out below, in determining the number of Ordinary Shares to be subject to each award.

Awards may be granted during the period of 42 days commencing on: (a) the date the LTIP is adopted by the Company; (b) the Admission Date; (c) the Dealing Day immediately following the date of the preliminary announcement of the Company's annual results or the announcement of its half-yearly results in any year; or (d) any other time fixed by the Remuneration Committee where, in its discretion, circumstances are considered to be exceptional so as to justify the grant of awards.

If the grant of an award on any of the above days would be prohibited by virtue of the AIM Rules, any relevant share dealing code adopted by the Company or any statute or regulation or any order made pursuant to such statute or any governmental directive, then such award may be granted during the period of 40 days commencing immediately after the Dealing Day following the time that such prohibition shall cease to have effect.

No consideration is payable for the grant of an award.

Plan Limit

On any date after the Admission Date, no award may be granted under the LTIP if, as a result, the aggregate nominal value of Ordinary Shares issued or issuable pursuant to awards granted during the previous ten years under the LTIP or any other employees' share scheme adopted by the Company would exceed ten per cent of the nominal value of the ordinary share capital of the Company in issue on that date.

For the purposes of the limit set out above:

- any Ordinary Shares which were subject to an award or other right (whether granted under the LTIP or any other employees' share scheme adopted by the Company) which has lapsed or been surrendered will not count towards the limit set out above;
- any Ordinary Shares issued or then capable of being issued pursuant to any awards or rights obtained on or prior to the Admission Date (whether under the LTIP or any other employees' share scheme adopted by the Company) shall not count towards the limit set out above;
- where an award (or other right granted under any other employees' share scheme operated by the Company) takes the form of a right to acquire Ordinary Shares from an employee benefit trust established by the Company or some person other than the Company, such Ordinary Shares will only be counted as "issued or issuable" to the extent to which they have been issued (or there is an intention for them to be issued) by the Company to the trust or other person concerned for the purposes of the LTIP or any other employees' share scheme operated by the Company; and
- Ordinary Shares held in treasury which are used to satisfy awards or other rights (whether under the LTIP or any other employees' share scheme adopted by the Company) shall be taken into account unless and until treasury shares are no longer required by the Investment Association to be so included for the purposes of such limit.

Individual Limit

Generally, each individual's participation is limited so that, no award may be granted after the Admission Date in any financial year of the Company to an eligible employee if the sum of the aggregate market value of Ordinary Shares subject to the proposed award (calculated as at the date of grant) when taken together with the aggregate market value of Ordinary Shares subject to all awards (calculated as at the date of grant of each award) granted to the individual under the LTIP in that financial year, would exceed 100 per cent of the individual's annual base salary at the date of grant of the proposed award.

The individual limit does not apply to awards granted to an individual on or before the Admission Date and awards granted to an individual on or before the Admission Date do not count towards the limit.

The individual limit can be exceeded in circumstances which the Remuneration Committee consider to be exceptional.

Performance Target

The exercise of awards granted under the LTIP will be made conditional upon the achievement of one or more performance targets set by the Remuneration Committee at the time of grant.

Each performance target shall be measured over a performance period (determined by the Remuneration Committee at the time of grant but which shall not be less than three years) ("Performance Period").

Subject to the satisfaction of the relevant performance targets an award will become capable of exercise following a date ("Vesting Date") specified at the date of grant of an award. The Vesting Date for any award will be a date selected by the Remuneration Committee which occurs on or after the expiry of all relevant Performance Periods applicable to the award but not before the third anniversary of the date of grant.

In relation to the initial grant of awards under the LTIP to be made on, or shortly prior to, Admission it is intended that:

- half of the Ordinary Shares subject to any award will be subject to the total shareholder return target as described below ("TSR Target"); and
- half of the Ordinary Shares subject to any award will be subject to the earnings per share growth target as described below ("EPS Target").

TSR Target

The TSR Target will measure the Company's total shareholder return performance over a three-year Performance Period commencing on the date of Admission ("TSR Performance Period") relative to that of the constituents of a comparator group of companies over the same period. The comparator group shall comprise the following companies: Balfour Beatty plc, Billington Holdings Plc, Boot (Henry) PLC, Carillion plc, Clarke (T) plc, Costain Group PLC, Galliford Try plc, Interserve Plc, Keller Group plc, Kier Group plc, Morgan Sindall Group plc, North Midland Construction PLC, Renew Holdings plc and Severfield plc ("Comparator Group").

If the Company is ranked less than median by reference to its total shareholder return over the TSR Performance Period relative to that of the constituents of the Comparator Group, then the award will not be capable of exercise in respect of any of the Ordinary Shares subject to the TSR Target.

If the Company is ranked exactly at the median by reference to its total shareholder return over the TSR Performance Period relative to that of the constituents of the Comparator Group, then the award will be capable of exercise in respect of 25% of the Ordinary Shares that are subject to the TSR Target (rounded down to the nearest whole number of Ordinary Shares).

If the Company is ranked exactly at the upper quartile or higher than the upper quartile by reference to its total shareholder return over the TSR Performance Period relative to that of the constituents of the Comparator Group, then the award will be capable of exercise in respect of all the Ordinary Shares that are subject to the TSR Target.

Where the Company is ranked between the median and the upper quartile by reference to its total shareholder return over the TSR Performance Period relative to that of the constituents of the Comparator Group then the number of Ordinary Shares over which the award will be capable of exercise shall be determined on a straight line basis between 25% and 100% of the Ordinary Shares subject to the TSR Target (with interpolation between ranking positions and rounded down to the nearest whole number of Ordinary Shares).

For the purposes of undertaking the calculations for the TSR Target, the relevant net return index for the Company and the constituents of the Comparator Group will be averaged over a period of three months commencing on the Admission Date and averaged over a period of three months prior to the end of the TSR Performance Period.

EPS Target

The EPS Target will measure the growth of the Company's earnings per share over a three-year Performance Period commencing on the first day of the financial year in which the award is made ("EPS Performance Period") relative to the growth in the Retail Prices Index.

If the compound annual growth rate in earnings per share of the Company measured over the EPS Performance Period is less than the compound annual growth rate in the Retail Prices Index measured over the same period plus 8% ("Lower Target"), then the award will not be capable of exercise in respect of any of the Ordinary Shares subject to the EPS Target.

If the compound annual growth rate in earnings per share of the Company measured over the EPS Performance Period is equal to the Lower Target, then the award will be capable of exercise in respect of 25% of the Ordinary Shares that are subject to the EPS Target (rounded down to nearest whole number of Ordinary Shares).

If the compound annual growth rate in earnings per share of the Company measured over the EPS Performance Period is equal to or greater than the compound annual growth rate in the Retail Prices Index measured over the same period plus 15% ("Upper Target"), then the award will be capable of exercise in respect of all the Ordinary Shares subject to the EPS Target.

If the compound annual growth rate in earnings per share of the Company measured over the EPS Performance Period falls between the Lower Target and the Upper Target, the number of Ordinary Shares over which the award will be capable of exercise shall be determined on a straight line basis between 25% and 100% of the Ordinary Shares subject to the EPS Target (rounded down to nearest whole number of Ordinary Shares).

For the purposes of undertaking the calculations for the EPS Target, it is intended that earnings per share will be determined on such adjusted basis as the Remuneration Committee determines appropriate.

If any event occurs which causes the Remuneration Committee reasonably to consider that different or amended targets would be a fairer measure of performance or that the original performance targets should be waived, the Remuneration Committee may waive or amend the original performance targets in such manner as it deems fit provided that any such amended targets are not materially more challenging to achieve than the original performance targets would have been to achieve but for the event or events in question.

It should also be noted that a performance target, applying to an award, may be measured over an abbreviated period less than the relevant Performance Period in circumstances where an employee ceases to be a Group employee before the end of the relevant Performance Period or certain corporate events occur (such as a change of control of the Company) before the end of the relevant Performance Period. In these circumstances such performance target may be modified in such manner as the Remuneration Committee deems fair and reasonable, having regard to the abbreviated performance period and in such a way as may not cause the achievement of the modified target to be materially difficult to perform or harder to achieve than the original target prior to such modification.

The Remuneration Committee has the right to determine and set different performance targets to those described above in relation to any award made under the LTIP.

Dividends

Until an award has been exercised and the Ordinary Shares have been transferred or issued to the award holder, the award holder shall have no entitlement to any dividends or other distributions payable in respect of the Ordinary Shares subject to the award.

The Remuneration Committee has a discretion, however, which must be exercised at or before the time of grant of an award, to permit an award holder to receive the benefit of dividends paid by the Company on Ordinary Shares during the relevant period relating to the award in question. In respect of any award the relevant period shall be the period commencing on the day next following the date of grant of the award and ending on the Vesting Date relating to that award or if earlier, the date of cessation of the award holder's employment within the Group or the occurrence of a Corporate Event in relation to the Company (as described below). If the Remuneration Committee exercises such discretion then on the exercise of an award granted after the Admission Date the award holder may receive either:

- an additional number of Ordinary Shares ("Dividend Equivalent Shares"); or

- at the Remuneration Committee's discretion, a cash payment equal to the market value of the Dividend Equivalent Shares, (such market value to be measured on the date that such Dividend Equivalent Shares would have been transferred to the award holder, but for the Remuneration Committee's decision to make such a cash payment instead) ("Dividend Cash Payment").

In respect of any award granted on the Admission Date, in respect of which the Remuneration Committee exercises its discretion to permit the award holder to receive the benefit of dividends, the Remuneration Committee shall also exercise its discretion so that a Dividend Cash Payment is made in respect of such award following its exercise rather than a delivery of Dividend Equivalent Shares.

The number of Dividend Equivalent Shares in respect of an award shall be calculated by determining the number of Ordinary Shares that could have been acquired on each dividend payment date falling within the relevant period relating to the award at the prevailing market value of an Ordinary Share on the dividend payment date in question with the amount of dividends that the award holder would have received in respect of the Ordinary Shares subject to the Award if he were the holder of such Ordinary Shares. For these purposes any Dividend Equivalent Shares calculated in respect of a dividend payment date falling within the relevant period relating to an award shall be taken into account in determining any further Dividend Equivalent Shares attributable to the award on any subsequent dividend payment date falling within the relevant period.

Any Dividend Equivalent Shares that have been issued and any Dividend Equivalent Shares that have been notionally added to an award shall be taken into account for the purposes of applying the plan limit set out above. Any potential right to receive additional Dividend Equivalent Shares in the future shall not, however, be taken into account in such plan limit.

To the extent that an award does not become exercisable in relation to any Ordinary Shares that were originally subject to the Award, the award shall also cease to be exercisable in respect of a proportionate number of Dividend Equivalent Shares.

Exercise and lapse of Awards

Normally, an award may only be exercised following the occurrence of the Vesting Date relating to the award to the extent that the performance targets have been satisfied and the award holder is still an employee within the Group.

After an award has become capable of exercise it may be exercised at any time up until the tenth anniversary of the date of grant of the award or until such earlier date specified by the Remuneration Committee at the date of grant of the award.

Awards may not be exercised at any time when such exercise would be in breach of the AIM Rules, any relevant share dealing code adopted by the Company or any statute or regulation or any order made pursuant to such statute or any governmental directive.

An award will lapse on the tenth anniversary of its date of grant unless it lapses sooner by virtue of an earlier lapse date being specified in relation to the award at the time of its grant or pursuant to another provision of the LTIP.

An award will generally lapse upon an award holder ceasing to be an employee of the Group.

However, if the award holder ceases to be employed within the Group by reason of his death, injury, ill health or disability (evidenced to the satisfaction of the Remuneration Committee) or retirement with the agreement of his employer or upon the sale or transfer out of the Group of the company or undertaking employing him or in any other circumstances at the discretion of the Remuneration Committee, then the award holder will be entitled to retain his award following the cessation of his employment. In these circumstances the retained award will, if such cessation of employment occurs prior to the Vesting Date of the award, ordinarily first become capable of exercise on the Vesting Date, save that the Remuneration Committee may permit the award to be exercised from the date of cessation. If the cessation of employment of the award holder occurs on or after the Vesting Date of an award, in any of the circumstances described above in which the award may be retained post cessation of employment, the retained award may be exercised from the date of cessation of employment.

In either case, the number of Ordinary Shares over which the award may ultimately be exercised shall be determined:

- by reference to the extent to which the performance targets are satisfied at the end of the applicable Performance Periods (or, in any case where the Remuneration Committee exercises its discretion, as mentioned in the preceding paragraph, to permit the award to be exercised from the cessation of employment, at the end of the abbreviated Performance Periods); and
- by pro-rating the number of Ordinary Shares in respect of which the award is capable of exercise in accordance with the performance targets to reflect the part of the vesting period (being the period commencing on the date of grant of an award and ending on the Vesting Date relating to such award ("Vesting Period")) which has elapsed as at the date of cessation of employment, unless the Remuneration Committee exercises its discretion so that no such pro-rating should apply to the award in question or that pro-rating should be applied to some lesser extent.

Awards which become capable of exercise following the cessation of employment of the award holder must be exercised within 12 months of the date the award becomes capable of exercise and to the extent not exercised by the end of this period will lapse.

Awards shall also become capable of exercise earlier than the Vesting Date in the event of a takeover of the Company, a scheme of arrangement under Part 26 of the Act being sanctioned by the court in connection with a takeover of the Company or its reconstruction or amalgamation with another company or the voluntary winding up of the Company ("Corporate Event"), subject to the Remuneration Committee's determination as to the achievement of any applicable performance targets. In any such case, the number of Ordinary Shares over which an award may be exercised will normally also be pro-rated to reflect the amount of the Vesting Period that has elapsed prior to the relevant Corporate Event. However the Remuneration Committee has a discretion to ignore such prescribed pro-rating of the Ordinary Shares over which such award may be exercised, or to pro-rate to such lesser extent as it may decide.

An internal reorganisation will not normally trigger the ability to exercise any awards for which the Vesting Date has not occurred at the time of such internal reorganisation. Instead in the event of an internal reorganisation all award holders will be given the opportunity to exchange each of their awards (irrespective of whether or not the Vesting Date for any award in question has occurred) for an award in the new holding company (subject to such new holding company's consent) unless the Remuneration Committee determines otherwise in which case all such awards shall become capable of exercise in accordance with the provisions described above for a Corporate Event, as if the internal reorganisation was a takeover of the Company. Any award will lapse if the ability to exchange that award is offered to the award holder but the award holder declines to exchange the award for an award in the new holding company prior to the expiry of the period permitted by the Remuneration Committee for the exchange to take place.

If a proposed demerger, special dividend or other similar event is announced in relation to the Company which, in the opinion of the Remuneration Committee, would affect the share price of an Ordinary Share to a material extent, the Remuneration Committee may decide that all awards (irrespective of whether or not their respective Vesting Dates have occurred) will be capable of exercise in accordance with the provisions described above for a Corporate Event, as if the demerger, special dividend or other similar event in question was a takeover of the Company.

Holding Period

An award holder shall not normally be entitled to dispose of, transfer, assign, charge, hypothecate or otherwise encumber the Ordinary Shares acquired pursuant to the exercise of an award at any time during a two year period commencing on the Vesting Date of the award concerned and ending on the second anniversary of such Vesting Date ("Holding Period").

However, an award holder shall be permitted to dispose of Ordinary Shares acquired pursuant to an award, during the Holding Period relating to such award:

- in order to produce a sum sufficient to discharge any income tax and/or employee's national insurance contributions and/or employer's national insurance contributions for which the award holder is liable as a result of the exercise of the award in question;
- in order to produce a sum equal to the aggregate exercise price payable to acquire the Ordinary Shares on exercise of the award in question;

- in circumstances where the Ordinary Shares are to be disposed of in connection with a Corporate Event or a demerger of the Company; or
- with the express consent of the Remuneration Committee (but not otherwise) in any circumstances which the Remuneration Committee determines to be exceptional.

In the event that an award is exercised on or after the expiry of the Holding Period that applies to such award, the Ordinary Shares acquired pursuant to such exercise shall not be subject to the restrictions on disposing of, transferring, assigning, charging, hypothecating or otherwise encumbering the Shares described above.

Clawback

At any time prior to the expiry of the three year period following the Vesting Date of an award the Remuneration Committee shall have the ability to reclaim the value (or part of the value) of the award. This ability shall be capable of exercise in any case where:

- there has been a material misstatement of the Company's financial accounts in respect of any financial years taken into account for the purpose of assessing the extent to which any performance target in relation to an award has been met, resulting in the award being capable of exercise over more Ordinary Shares than would otherwise have been the case;
- an error has been made either in the document granting the award or in assessing the extent to which the performance target applying to the award has been met resulting in the award being granted over, or being capable of exercise over, more Ordinary Shares than would otherwise have been the case; or
- it is discovered that the award holder in question has, at any time on or prior to the Vesting Date of the award, committed serious misconduct.

In the event that this "clawback provision" is exercised, recovery of the value (or part of the value) of an award from the award holder may be made by way of a reduction in any future bonus, a reduction in the number of Ordinary Shares subject to an existing award or that may be made subject to a future award under the LTIP or any option or award granted under any other employee share scheme operated by the Company (other than a Schedule 2 Share Incentive Plan, a Schedule 3 Save as you Earn Scheme or a Schedule 4 CSOP Scheme), and/or by the award holder making a cash payment to the Company.

Other Award terms

An award may be satisfied by either the issue of Ordinary Shares, the transfer of Ordinary Shares (which may have been acquired by subscription or by purchase in the market) held by an existing shareholder who has agreed to satisfy the exercise of the award or by the transfer of Ordinary Shares held in treasury.

Awards are not capable of transfer or assignment.

Until awards are exercised, award holders have no voting or other rights in relation to the Ordinary Shares subject to those awards.

Ordinary Shares allotted pursuant to the exercise of an award will rank *pari passu* in all respects with the Ordinary Shares already in issue. Ordinary Shares transferred on the exercise of an award shall be transferred without the benefit of any rights attaching to the Ordinary Shares by reference to a record date preceding the date of that exercise. For so long as the Ordinary Shares are listed on AIM, the Company will make an application to the London Stock Exchange so that upon the issue of Ordinary Shares to satisfy the exercise of an award (or as soon thereafter as reasonably practicable) such Ordinary Shares shall be admitted to trading on AIM.

Benefits obtained under the LTIP are not pensionable.

Adjustment of Awards

The number of Ordinary Shares under award and their nominal value and the exercise price may be adjusted by the Remuneration Committee in the event of:

- any capitalisation issue or rights issue (other than an issue of Ordinary Shares pursuant to the exercise of an option given to the shareholders of the Company to receive shares in lieu of a dividend) or open offer or any other variation in the share capital of the Company including (without limitation) any consolidation, subdivision or reduction of capital; or

- a demerger, special dividend or other similar event which in the opinion of the Remuneration Committee would affect the share price of an Ordinary Share to a material extent and where the Remuneration Committee has not exercised its discretion to allow the award to be exercised prior to the Vesting Date as a result of such demerger, special dividend or other similar event.

Administration and amendment

The LTIP is administered by the Remuneration Committee. The Remuneration Committee may amend the provisions of the LTIP from time to time in such manner as it deems fit.

No amendment may be made to subsisting awards which will have an adverse effect on such awards except with the written consent of the award holders who hold awards over at least 75% of the total number of Ordinary Shares subject to all such affected subsisting awards under the LTIP or unless the amendment is a minor amendment to benefit the administration of the LTIP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for any award holder or any Group company.

Termination

The LTIP may be terminated at any time by resolution of the Board and shall in any event terminate on the tenth anniversary of its adoption so that no further awards can be granted under the LTIP after such termination. Termination shall not affect the outstanding rights of existing award holders.

b) The Van Elle Holdings plc Company Share Option Plan 2016 (“CSOP”)

Status of the CSOP

The CSOP is designed to be a Schedule 4 CSOP Scheme.

The CSOP is currently scheduled to be adopted by the Company on, or shortly before, Admission.

Eligibility

All employees (including full time executive directors) of the Company and any of its subsidiaries may be granted options over Ordinary Shares under the CSOP provided that they are not prohibited under the relevant legislation relating to Schedule 4 CSOP Schemes from being granted an option by virtue of having, or having had, a material interest in the Company.

Grant

The Remuneration Committee has absolute discretion to select the persons to whom options are to be granted and, subject to the limits set out below, in determining the number of Ordinary Shares subject to each option.

Options may be granted during the period of 42 days commencing on: (a) the date the CSOP is adopted by the Company; (b) the Admission Date; (c) the Dealing Day immediately following the date of the preliminary announcement of the Company’s annual results or the announcement of its half-yearly results in any year; or (d) any other time fixed by the Remuneration Committee where, in its discretion, circumstances are considered to be exceptional so as to justify the grant of options.

If the grant of an option on any of the above days would be prohibited by virtue of the AIM Rules, any relevant share dealing code adopted by the Company or any statute or regulation or any order made pursuant to such statute or any governmental directive, then such option may be granted during the period of 40 days commencing immediately after the Dealing Day following the time that such prohibition shall cease to have effect.

No consideration is payable for the grant of an option.

Scheme Limit

On any date after the Admission Date, no option may be granted under the CSOP if, as a result, the aggregate nominal value of Ordinary Shares issued or issuable pursuant to options granted or rights obtained during the previous ten years under the CSOP or any other employees’ share scheme adopted by the Company would exceed ten per cent of the nominal value of the ordinary share capital of the Company in issue on that date.

For the purposes of the limit set out above:

- any Ordinary Shares which were subject to an option or other right (whether granted under the CSOP or any other employees' share scheme adopted by the Company) which has lapsed or been surrendered will not count towards the limit set out above;
- any Ordinary Shares issued or then capable of being issued pursuant to any options or rights obtained on or prior to the Admission Date (whether under the CSOP or any other employees' share scheme adopted by the Company) shall not count towards the limit set out above;
- where an option (or other right granted under any other employees' share scheme operated by the Company) takes the form of a right to acquire Ordinary Shares from an employee benefit trust established by the Company or some person other than the Company, such Ordinary Shares will only be counted as "issued or issuable" to the extent to which they have been issued (or there is an intention for them to be issued) by the Company to the trust or other person concerned for the purposes of the CSOP or any other employees' share scheme operated by the Company; and
- Ordinary Shares held in treasury which are used to satisfy awards or other rights (whether under the LTIP or any other employees' share scheme adopted by the Company) shall be taken into account unless and until treasury shares are no longer required by the Investment Association to be so included for the purposes of such limit.

Individual Limit

Each individual's participation is limited so that the aggregate market value of Ordinary Shares subject to all options (calculated as at the date of grant of each option) held by that individual and granted under the CSOP or any other Schedule 4 CSOP Scheme operated by the Company or any associated company, shall not exceed £30,000 (or such other amount as may be permitted by HMRC from time to time).

Exercise Price

The exercise price per Ordinary Share under an option is determined by the Remuneration Committee at the time of grant but may not be less than the greater of (i) the market value of an Ordinary Share as at the date of grant and (ii) in the case of an option to subscribe for Ordinary Shares, the nominal value of an Ordinary Share.

The exercise price (as well as the number of Ordinary Shares under option and their description) may be adjusted by the Remuneration Committee in the event of any capitalisation issue or rights issue (other than an issue of Ordinary Shares pursuant to the exercise of an option given to the shareholders of the Company to receive shares in lieu of a dividend) or open offer or any other variation in the share capital of the Company including (without limitation) any consolidation, subdivision or reduction of capital. Any such adjustments may not be made if they would result in the requirements of Schedule 4 of ITEPA not being met in relation to the option and any adjustments made must secure that the total market value of the Ordinary Shares which may be acquired by the exercise of the option and the total price at which those Ordinary Shares may be acquired are immediately after such adjustments substantially the same as what they were immediately before the adjustments.

Performance Conditions

The exercise of options granted under the CSOP may be made conditional upon the achievement of one or more objective performance target set at the time of grant. In the event that a performance target or targets apply to any option, each performance target shall be measured over a performance period (determined by the Remuneration Committee at the time of grant but which shall not be less than three years) ("Performance Period"). Subject to the satisfaction of any applicable performance target, the option will become capable of exercise following a date ("Vesting Date") specified at the time of grant which occurs after the expiry of all relevant Performance Periods applicable to the option. The Vesting Date for an option may not occur before the third anniversary of the date of grant.

If any event occurs which causes the Remuneration Committee reasonably to consider that different or amended targets would be a fairer measure of performance or that the original performance targets should be waived, the Remuneration Committee may waive or amend the original performance targets in such manner as it deems fit provided that any such amended

targets are not materially more challenging to achieve than the original performance targets would have been to achieve but for the event or events in question.

It should also be noted that a performance target, applying to an option, may be measured over an abbreviated period less than the relevant Performance Period in circumstances where an employee ceases to be a Group employee before the end of the relevant Performance Period or certain corporate events occur (such as a change of control of the Company) before the end of the relevant Performance Period. In these circumstances such performance target may be modified in such manner as the Remuneration Committee deems fair and reasonable, having regard to the abbreviated performance period and in such a way as may not cause the achievement of the modified target to be materially more difficult to perform or harder to achieve than the original target prior to such modification.

The Remuneration Committee has the right to determine and set performance targets in relation to any option granted under the CSOP.

In relation to the initial grant of options under the CSOP to be made on, or shortly prior to Admission, due to the modest amount of Ordinary Shares that may be made subject to each option in order to accord with the individual limit set out above and the fact that the proposed options are not being granted to any member of the Board, it is intended that the options concerned shall not be subject to any performance targets.

Exercise of options

Normally, an option may only be exercised following the occurrence of the Vesting Date to the extent that the relevant performance targets (if any) have been satisfied and the participant is still an employee within the Group.

No option is capable of exercise more than ten years after its date of grant and will lapse on the tenth anniversary of its date of grant.

Options may not be exercised at any time when such exercise would be in breach of the AIM Rules, any relevant share dealing code adopted by the Company or any statute or regulation or order made pursuant to such statute or any governmental directive.

In certain circumstances, options may be exercised earlier than the Vesting Date if the option holder ceases to be an employee of the Group. In particular, options may be exercised for a period of six months after the option holder ceases to be employed within the Group by reason of injury, ill health or disability (evidenced to the satisfaction of the Remuneration Committee), redundancy or retirement or upon the sale or transfer out of the Group of the company or undertaking employing him. In the event of cessation of employment of the option holder by reason of his death, his personal representatives will be entitled to exercise the option within twelve months following the date of his death. Where an option holder ceases to be employed within the Group for any other reason, options may also become exercisable for a limited period at the discretion of the Remuneration Committee.

Exercise of options is also possible earlier than the Vesting Date in the event of a takeover of the Company, a scheme of arrangement under Part 26 of the Act being sanctioned by the court which is applicable to or affects the Company's share capital, the demerger of the Company, a non UK company reorganisation (where applicable) or the voluntary winding up of the Company. In the case of a takeover of the Company or the transfer out of the Group of the undertaking employing the option holder concerned, the Remuneration Committee may allow the option to be exercised immediately before, but with effect from, the takeover or the transfer of the undertaking concerned.

In all of these circumstances allowing for early exercise of an option prior to the Vesting Date, the option may not be exercised unless (subject to any modification of the performance target in accordance with the rules of the CSOP) the performance targets, if any, to which it is subject have been satisfied. Where an option is exercised before the occurrence of the Vesting Date, the maximum number of Ordinary Shares over which any option is capable of exercise shall, subject to the discretion of the Remuneration Committee, be pro-rated down on a time apportioned basis by reference to the time that has elapsed from the relevant date of grant to the relevant event giving rise to the early exercise of the option.

In relation to the pro-rating mechanism outlined above, the Remuneration Committee has a discretion, having full regard to all the circumstances surrounding the early exercise of an option, to ignore the prescribed pro-rating of the Ordinary Shares over which such option may be exercised.

In the event of a takeover of the Company, an option holder may be allowed to exchange his option for a new option over shares in the acquiring company, provided that the acquiring company agrees to such exchange and the rights under the new option are equivalent to those under the old option.

Other option terms and issue of Ordinary Shares

The CSOP provides the facility for the exercise of an option to be satisfied by either the issue of Ordinary Shares, the transfer of Ordinary Shares held by an existing shareholder who has agreed to satisfy the exercise of the option or by the transfer of Ordinary Shares held in treasury.

Options are not capable of transfer or assignment.

Until options are exercised, option holders have no voting or other rights in relation to the Ordinary Shares subject to those options.

Ordinary Shares allotted pursuant to the exercise of an option will rank *pari passu* in all respects with the Ordinary Shares already in issue but shall not rank for any dividends or other distribution payable by reference to a record date preceding the date of such allotment. Ordinary Shares transferred on the exercise of an option shall be transferred without the benefit of any rights attaching to the Ordinary Shares by reference to a record date preceding the date of that exercise. For so long as the Ordinary Shares are listed on AIM, the Company will make an application to the London Stock Exchange so that upon the issue of Ordinary Shares to satisfy the exercise of an option (or as soon thereafter as reasonably practicable) such Ordinary Shares shall be admitted to trading on AIM.

Benefits obtained under the CSOP are not pensionable.

Administration and amendment

The CSOP is administered by the Remuneration Committee. The Remuneration Committee may amend the provisions of the CSOP from time to time in such manner as it deems appropriate. However, no amendment to a key feature of the CSOP may be made which would result in the requirements of Schedule 4 of ITEPA not being met in relation to the CSOP.

In addition, no amendment may be made to subsisting options which will have an adverse effect on such options except with the written consent of the option holders who hold options over at least 75% of the total number of Ordinary Shares subject to all such affected subsisting options under the CSOP or unless the amendment is a minor amendment to benefit the administration of the CSOP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for any option holder or any Group company.

Termination

The CSOP may be terminated at any time by resolution of the Board and shall in any event terminate on the tenth anniversary of its adoption so that no further options can be granted under the CSOP after such termination. Termination shall not affect the outstanding rights of existing option holders.

6 DIRECTORS', SENIOR MANAGER'S AND OTHER INTERESTS

The names of the Directors of the Company are set out at the "Directors, Secretary and Advisers" section of this document.

Michael Mason, Group Director, Health & Safety, Training and Human Resources is the only Senior Manager of the Company ("Senior Manager").

- (a) The interests of each Director and the Senior Manager, all of which are beneficial (except as noted below), in the share capital of the Company are as follows:

Name	As at the date of this Document		Upon Admission	
	Ordinary Shares held	Percentage of Existing Ordinary Share Capital	Ordinary Shares held	Percentage of Enlarged Ordinary Share Capital
Michael Ellis*	20,491,770	29.3	11,560,291	14.5
Jonathan Fenton	6,604,899	9.4	5,614,165	7.0
Thomas Lindup**	7,516,931	10.7	3,006,773	3.8
Paul Pearson	—	—	—	—
Adrian Barden	—	—	60,000	0.1
Robin Williams	—	—	10,000	0.0
Michael Mason	5,120,460	7.3	4,186,961	5.2

* Includes Ordinary Shares held by Michael Ellis' wife, Joan Ellis and trusts of which Michael and Joan Ellis are beneficiaries

** Ordinary Shares held by Thomas Lindup's wife, Suzanne Lindup

- (b) Save as disclosed above and in paragraph 6(c) below, no Director or Senior Manager has any interest in the share capital or loan capital of the Company or any of its subsidiaries nor does any person connected with the Directors or the Senior Manager (within the meaning of section 252 of the Act) have any such interests, whether beneficial or non-beneficial.
- (c) It is intended that the following options over Ordinary Shares will be granted to the Directors and the Senior Manager identified in the table below on, or shortly after, Admission pursuant to the LTIP. Each option will have an exercise price per Ordinary Share equal to its nominal value:

Name	Maximum value of Ordinary Shares to be placed under option ¹⁸	Earliest Vesting Date
Jonathan Fenton	£260,000	Third anniversary of the date of grant
Thomas Lindup	£230,000	Third anniversary of the date of grant
Michael Mason	£150,000	Third anniversary of the date of grant
Paul Pearson	£125,000	Third anniversary of the date of grant

- (d) The Directors and the Senior Manager have held the following directorships and/or been a partner in the following partnerships within the five years prior to the date of this document:

Current directorships/partnerships:

Name	Company/LLP
Michael Ellis	Van Elle 03 Limited Van Elle Limited Dram (Investments) Limited Van Elle 15 Ltd A&G (Steavenson) Limited
Jonathan Fenton	Van Elle 03 Limited Van Elle Limited
Paul Pearson	Van Elle 03 Limited
Thomas Lindup	Van Elle 03 Limited Van Elle Limited

¹⁸ The actual number of Ordinary Shares to be placed under option will be calculated by reference to the Placing Price.

Name	Company/LLP
Michael Mason	Van Elle Limited
Adrian Barden	Van Elle 03 Limited Volution Group PLC Blue Burgee Ltd Quinn Industrial Holdings Limited
Robin Williams	Van Elle 03 Limited Nanoco Group Plc Xaar plc NHS Professionals Limited 26 Gledhow Gardens Limited

Previous directorships/partnerships over the last five years:

Name	Company/LLP
Michael Ellis	NSJT Developments Limited
Adrian Barden	Sanitec Corporation Windmill Topco Limited Construction Products Association
Robin Williams	NHS Property Services Limited Baronsmead VCT 4 PLC A H Worth and Company Limited Bio Products Laboratory Holdings Limited Bio Products Laboratory Limited Castleton Technology Holdings Limited DCI Biologicals Inc.

- (e) Save as disclosed below, no Director or Senior Manager:
- has any unspent convictions in relation to any fraudulent offences; or
 - has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such Director; or
 - has been a director of any company which, while he was a director or within 12 months after he ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors; or
 - has been a partner of any partnership which, while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or
 - has had any public criticism and/or sanction by statutory or regulatory authorities (including designated professional bodies); or
 - has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

Robin Williams was previously a director of Killby & Gayford Group Limited (“**Killby & Gayford**”). Killby & Gayford entered into administration in April 2012, approximately seven months following Robin Williams’ resignation as non-executive chairman. Killby & Gayford traded profitably to the date of Robin Williams leaving and he was not involved in any preparation for or events leading up to the decision of the directors of Killby & Gayford to enter administration.

- (f) Michael Ellis and Thomas Lindup are family relations by virtue of the fact that Thomas Lindup is married to Suzanne Lindup, daughter of Michael Ellis.

- (g) So far as the Directors are aware, no person, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.
- (h) So far as the Directors are aware, there are no arrangements in place which could, at a later date, result in a change of control of the Company.
- (i) Save as disclosed in paragraph 6(a) above, and as set out below, the Company is not aware of any person who is directly or indirectly interested in 3 per cent. or more of the issued share capital or voting rights of the Company:

As at the date of this Document

Name	Percentage of Enlarged	
	Ordinary Shares held	Ordinary Share Capital
Julia Duffey	7,516,978	10.7
Victor Handley	5,235,949	7.5
Jack Yarham	4,515,433	6.5
Michael Hughes	3,566,936	5.1
Colin Winkworth	2,745,223	3.9
Andrew Johnston	2,242,735	3.2

Upon Admission

Name	Percentage of Enlarged	
	Ordinary Shares held	Ordinary Share Capital
Ruffer LLP	7,000,000	8.8
Hargreave Hale Limited	6,403,000	8.0
BlackRock Investment Management (UK) Limited	3,270,614	4.1
Victor Handley	2,617,975	3.3
Miton Asset Management Limited	2,500,000	3.1
Colin Winkworth	2,470,701	3.1

- (j) None of the Company's major holders of shares listed above has voting rights which are different from other holders of Ordinary Shares.
- (k) There are no loans made or guarantees granted or provided by any member of the Group to or for the benefit of any Director or Senior Manager other than as detailed at paragraph 8 of Part IV of this Document.
- (l) No Director or Senior Manager is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by the Company or any of its subsidiaries during the current or immediately preceding financial year or which was effected by the Company or any of its subsidiaries during any earlier financial year and remains in any respect outstanding or unperformed.
- (m) In respect of the Directors and the Senior Manager, there are no conflicts of interest between any duties they have to the Company and their private interests and/or other duties they may have.
- (n) The aggregate amount of remuneration (including any contingent or deferred compensation) payable and benefits in kind granted to directors of the Company and the Senior Manager was £1,129,364 for the financial year ended 30 April 2016 and is estimated to be £971,200 for the Directors and the Senior Manager in the current financial period ending 30 April 2017 under the arrangements in force at the date of this document.

- (o) The Company understands that, pursuant to the relevant definition contained within the Takeover Code, the Panel considers the following Shareholders to be acting in concert (the 'Concert Party') for the purposes of the Takeover Code:

Name	Ordinary Shares held immediately following Admission	Maximum number of Ordinary Shares capable of being issued pursuant to the LTIP	Maximum number of Ordinary Shares capable of being issued pursuant to the CSOP	Maximum number of Ordinary Shares held in the event that all shares capable of being issued pursuant to the LTIP and CSOP are issued
Michael Ellis	4,829,560	—	—	4,829,560
Joan Ellis	4,061,764	—	—	4,061,764
Julia Duffey	1,503,396	—	—	1,503,396
Suzanne Lindup	3,006,773	—	—	3,006,773
MFE Discretionary Trust*	2,668,967	—	—	2,668,967
Jonathan Fenton	5,614,165	260,000	—	5,874,165
Thomas Lindup**	—	230,000	—	230,000
Michael Mason	4,186,961	150,000	—	4,336,961
Victor Handley	2,617,975	—	—	2,617,975
Ian Jones	1,143,844	80,000	—	1,223,844
Andrew Johnston	2,018,462	70,000	—	2,088,462
David Warner	590,681	75,000	—	665,681
Chris Downs	1,116,441	—	20,000	1,136,441
Colin Winkworth	2,470,701	—	—	2,470,701
Michael Hughes	1,783,468	—	—	1,783,468
Jack Yarham	2,257,717	—	—	2,257,717
Trevor Colin	129,074	—	—	129,074

* Trust of which Michael and Joan Ellis are beneficiaries

** Thomas Lindup is the husband of Suzanne Lindup and also a Director

Immediately following Admission, the Concert Party will be interested in, in aggregate, 39,999,949 issued Ordinary Shares representing approximately 49.99 per cent. of the Enlarged Ordinary Share Capital.

On the basis that all 865,000 Ordinary Shares are issued pursuant to the LTIP and all 20,000 Ordinary Shares are issued pursuant to the CSOP and assuming no other shares had been issued, the total holding of the Concert Party will be 40,884,949 shares representing 50.5 per cent. of the Enlarged Ordinary Share Capital following the issue of the LTIP and the CSOP shares.

7 DIRECTORS SERVICE CONTRACTS

- (a) Jonathan Fenton has entered into a service agreement with the Company dated 21 September 2016 subject to termination upon not less than 6 calendar months' notice by either party, however the Company reserves the right to pay money in lieu of notice. The agreement provides for an annual salary of £258,400, a car allowance of £1,200 per month or alternatively the use of a company car plus running expenses (other than fuel expenses attributable to private use), private medical insurance for Jonathan Fenton and his partner and all dependent children under the age of 24 and pension contributions of 5 per cent. of his salary.
- (b) Paul Pearson has entered into a service agreement with the Company dated 21 September 2016 subject to termination upon not less than 6 calendar months' notice by either party, however the Company reserves the right to pay money in lieu of notice. The agreement provides for an annual salary of £125,000, a car allowance of £1,000 per month or

alternatively the use of a company car plus running expenses (other than fuel expenses attributable to private use), private medical insurance for Paul Pearson and his partner and all dependent children under the age of 24 and pension contributions of 5 per cent of his salary.

- (c) Thomas Lindup has entered into a service agreement with the Company dated 21 September 2016 subject to termination upon not less than 6 calendar months' notice by either party, however the Company reserves the right to pay money in lieu of notice. The agreement provides for an annual salary of £230,000, a car allowance of £1,200 per month or alternatively the use of a company car plus running expenses (other than fuel expenses attributable to private use), private medical insurance for Thomas Lindup and his partner and all dependent children under the age of 24 and pension contributions of 5 per cent of his salary.
- (d) The services of Michael Ellis as non-executive Director and Chairman are provided under the terms of a letter of appointment between the Company and Michael Ellis which shall be entered into immediately prior to Admission for an initial period of three years, continuing thereafter subject to termination upon at least three months' notice, at an initial fee of £60,000 per annum.
- (e) The services of Adrian Barden as Senior Independent Non-Executive Director are provided under the terms of a letter of appointment between the Company and Adrian Barden dated 25 July 2016 (but which is effective from 1 June 2016) for an initial period of three years, continuing thereafter subject to termination upon at least three months' notice, at an initial fee of £50,000 per annum.
- (f) The services of Robin Williams as Independent Non-Executive Director are provided under the terms of a letter of appointment between the Company and Robin Williams dated 15 July 2016 (but which is effective from 1 June 2016) for an initial period of three years, continuing thereafter subject to termination upon at least three months' notice, at an initial fee of £45,000 per annum.
- (g) Save as set out in paragraphs (a), (b) and (c) above, there are no service agreements in existence between any of the Directors and the Company or any of its subsidiaries which cannot be determined by the employing company without payment of compensation (other than statutory compensation) within one year.

8 RELATED PARTY TRANSACTIONS

As at 20 October 2016, being the latest practicable date prior to publication of this document, the following arrangements (which have been entered into since 30 April 2013) constitute related party transactions:

- (a) Details of (interest free) loans to Directors from the Company are shown below:

	Amount Outstanding
Michael Ellis	£20,000
Jonathan Fenton	£118,478.13

It is intended that all loans will be repaid in full immediately on Admission. The aggregate amount of all loans constitutes 0.16 per cent. of the turnover of the Company (as at 30 April 2016).

- (b) The following properties were purchased by Van Elle Limited on the terms set out below:

Property	Vendor	Consideration
Land on the North East side of Greens Road, Dereham	Ellis Development Company Retirement and Death Benefit Scheme ¹	£170,000 (excluding VAT)
Land at Greens Road, Dereham, Norfolk, NR20 3TG	M. F. Ellis Children's Trust ²	£270,000 (excluding VAT)
Kirkby Lane, Pinxton, Nottinghamshire, NG16 6JA	Michael Ellis and Joan Ellis	£1,200,000 (excluding VAT)

1. This scheme is connected to Michael Ellis

2. This trust is connected to Michael Ellis

9 PLACING AND UNDERWRITING ARRANGEMENTS

A placing agreement dated 21 October 2016 between Peel Hunt (1), finnCap (2) the Directors (3) the Company (4) and the Selling Shareholders (5), pursuant to which Peel Hunt and finnCap have respectively agreed to use their reasonable endeavours to arrange for placees to purchase and/or subscribe for 40,000,000 Placing Shares at the Placing Price. To the extent that such purchasers and subscribers are not procured Peel Hunt has agreed to purchase such shares on its own account. The agreement is conditional, *inter alia*, upon Admission taking place on or before 26 October 2016 or such later date as Peel Hunt and the Company may agree but in any event not later than 30 November 2016. The Company will pay to Peel Hunt a corporate finance fee of £200,000 and a commission of 2.25 per cent of 90 per cent. of the aggregate value of the Placing Shares at the Placing Price. The Company will also pay finnCap a commission of 2.25 per cent. of 10 per cent. of the aggregate value of the Placing Shares at the Placing Price, in each case together with all costs and expenses and VAT thereon where appropriate. The Company also has the discretion to pay a further commission of up to 0.5 per cent. of the aggregate value of the Placing Shares at the Placing Price on such terms as it may decide between Peel Hunt and finnCap.

The agreement provides for the Company to pay all expenses of and incidental to the Placing and the application for Admission, including the fees and costs of other professional advisers, all costs relating to the Placing, including printing, advertising and distribution charges, the fees of the Registrars and the fees payable to the London Stock Exchange.

The agreement contains certain limited warranties given by the Company and the Directors in favour of Peel Hunt as to the accuracy of information contained in this document and an indemnity from the Company in favour of Peel Hunt.

Peel Hunt may terminate the placing agreement in specified circumstances prior to Admission, principally in the event of a material breach of the placing agreement or of any of the warranties contained in it or where any event of omission relating, to the Group is, or will be in the opinion of Peel Hunt, materially prejudicial to the successful outcome of the Placing, or where any change in national or international, financial, monetary, economic, political or market conditions is, or will be in the opinion of Peel Hunt, materially prejudicial to the successful outcome of the Placing.

10 MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and its subsidiaries during the two years preceding the date of this document and are or may be material:

- (a) On 1 April 2015, Van Elle Limited (as borrower) entered into a secured business loan agreement with Lloyds Bank plc (as lender) and the Company (as parent company) pursuant to which Lloyds Bank plc made available to Van Elle Limited a maximum loan of £1.5m for the purpose of assisting with the purchase of the freehold land and buildings at Kirby Lane, Pinxton, Nottinghamshire and land at Greens Road, Dereham, Norfolk (as described at paragraph 8(b) above) (the "Loan Agreement"). The rate of interest payable on the loan is LIBOR, plus regulatory costs (as defined in the Loan Agreement), plus an interest margin of 2.25 per cent. per annum which is calculated on a daily basis on the amount of the loan from time to time outstanding.

The Loan Agreement contains the customary representations, warranties and affirmative covenants. It also contains a clause which allows Lloyds Bank plc to cancel any obligations owed by it under the Loan Agreement and demand repayment of the loan if Van Elle Limited or the Company undergoes a change of control. For the purposes of Admission consent to change of control has been obtained, subject to the verification processes and identity checks which would be performed by Lloyds Bank plc, and subject to provision of a revised structure chart determining beneficial ownership.

- (b) *Invest to Grow project arrangements*

Van Elle Limited is party to a grant agreement, a loan agreement, a legal charge and a deed of priority in relation to the redevelopment of the Group's land at Pinxton as part of an "Invest to Grow" project funded by the University of Derby (the "University"), which relates to the creation of 65 jobs.

(i) *Grant Agreement*

On 24 June 2016, Van Elle Limited (as recipient) entered into a grant agreement with University (as funder) pursuant to which the University agreed to pay the sum of £130,000 to Van Elle Limited for the purpose of investing in the construction and set up of a new manufacturing facility and offices in Pinxton, Nottingham and the creation of jobs as part of the “Invest to Grow” initiative (“Project”) (the “Grant Agreement”).

The Grant Agreement governs how the Project is to be conducted and the obligations of each of the parties to the Grant Agreement.

The terms of the Grant Agreement shall apply until 31 March 2018, or for as long as any monies under the Grant Agreement remain unspent by Van Elle Limited, however, both parties’ obligations under the Grant Agreement shall continue in force until such obligations have been fulfilled, or alternatively on one month’s written notice of termination from the University to Van Elle Limited.

(ii) *University Loan Agreement*

On 24 June 2016, Van Elle Limited (as borrower) entered into a loan agreement with the University (as lender) pursuant to which the University agreed to provide Van Elle Limited with a secured term loan facility of £260,000 for the purposes of funding the Van Elle Limited “Invest to Grow” project (“University Loan Agreement”).

The University Loan Agreement contains the customary representations, warranties and affirmative covenants. Van Elle Limited agreed to secure its obligations to the University by way of a legal charge entered into between the University and Van Elle Limited on 24 June 2016.

The loan is repayable over 36 months and bears interest at 1.64 per cent. per annum.

(iii) *Deed of Priority*

On 24 June 2016 Van Elle Limited entered into a deed of priority with Lloyds Bank plc and the University (together the “Creditors”) (“Deed of Priority”) pursuant to which each Creditor and Van Elle Limited agreed that at all times, on or before the discharge date (as defined in the Deed of Priority) Lloyds Bank plc’s security will rank in all respects prior to the University’s security (being the legal charge registered on 24 June 2016).

- (c) A nominated adviser and broker agreement dated 26 October 2016 between the Company and Peel Hunt as nominated adviser and as nominated broker pursuant to which the Company has appointed Peel Hunt to act as nominated adviser and as stockbroker to the Company for the purposes of AIM commencing on the date of the agreement. The Company has agreed to pay to Peel Hunt a fee of £60,000 per annum. The agreement is terminable on 30 days’ notice by any party.
- (d) The Placing Agreement referred to in paragraph 9 above.
- (e) By a Lock-In Deed dated 21 October 2016, each Selling Shareholder (other than Jack Yarham, Trevor Collin and the Ellis Childrens Settlement Trust) has undertaken, subject to certain limited exceptions, not to dispose of and to use their reasonable endeavours to procure that the person’s connected with them (under the meaning of section 252 of the Act) do not dispose of any of the Ordinary Shares which they hold following Admission for a period ending on the date of announcement of the half year trading update of the Company for the financial year ending on 30 April 2018. In addition, in order to ensure an orderly market in the Ordinary Shares, each Selling Shareholder (other than Jack Yarham, Trevor Collin and the Ellis Childrens Settlement Trust), has further undertaken in respect of themselves and each of their connected persons that for a further six months thereafter, they will not deal or otherwise dispose of any such interests other than through and with the consent of Peel Hunt (as broker).
- (f) The Company has entered into Qualifying Indemnity Deeds with each of the non-executive Directors (Adrian Barden, Robin Williams and Michael Ellis) pursuant to which the Company will indemnify the relevant non-executive Director in respect of third party claims and litigation which would not be covered by Directors’ and Officers’ insurance cover and which may arise as a result of the exercise of duties and responsibilities in their role as director of the Company. However, there is nothing in the Qualifying Indemnity Deed which seeks to

exempt any such Director from liability attaching to him in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company or to the extent that such an indemnity would be void or invalid under the Act.

- (g) A Relationship Agreement between the Selling Shareholders (other than the Ellis Childrens Settlement Trust) and Thomas Lindup, and the Company dated 21 October 2016 provides, *inter alia*, that no person who is part of the Concert Party shall acquire additional securities (as defined by the Takeover Code) in the share capital of the Company in order to protect against triggering a mandatory offer under Rule 9 of the Takeover Code and also provides that Michael Ellis and his family members and trusts undertake that the Company shall carry on its business independently and that all relations with the Company shall take place on arm's length terms.

11 TAXATION

The comments in this section are intended as a general guide for UK resident Shareholders as to their tax position under United Kingdom law and HMRC practice as at the date of this Document. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The comments apply to Shareholders who are resident and domiciled for tax purposes in the UK, who will hold Ordinary Shares as an investment and will be the absolute beneficial owners of them.

Non-UK resident and non-UK domiciled shareholders should consult their own tax advisers.

The position of Shareholders who are officers or employees of the Company is not considered in this Section. Such Shareholders may be subject to an alternative tax regime and should therefore seek tax advice specific to their individual circumstances. The position of UK resident but non-domiciled individuals claiming the remittance basis of taxation is not considered in this section.

The tax position of certain Shareholders who are subject to special rules, such as dealers in securities, broker-dealers, insurance companies and collective investment schemes is not considered in this section. **Any shareholder who is in doubt as to his or her tax position or who is subject to tax in a jurisdiction other than the United Kingdom should consult a professional adviser without delay.**

(a) Taxation of chargeable gains

For the purpose of UK tax on chargeable gains, the purchase of Ordinary Shares on a placing is regarded as an acquisition of a new holding in the share capital of the Company. To the extent that a Shareholder acquires Ordinary Shares allotted to him, the Ordinary Shares so acquired will, for the purpose of tax on chargeable gains, be treated as acquired on the date of the purchase becoming unconditional.

The amount paid for the Ordinary Shares will constitute the base cost of a Shareholder's holding.

A disposal of all or any of the Ordinary Shares may, depending on the circumstances of the relevant shareholder, give rise to a liability to UK taxation on chargeable gains.

Individuals

Where an individual Shareholder disposes of Ordinary Shares at a gain, capital gains tax will be levied to the extent that the gain exceeds the annual exemption (£11,100 for 2016/17) and after taking account of any capital losses available to the individual.

For individuals, capital gains tax will be charged at 10 per cent. where the individual's taxable income and gains are less than the upper limit of the income tax basic rate band (for 2016/17 £32,000). To the extent that any chargeable gains, or part of any chargeable gain, aggregated with income arising in a tax year exceed the upper limit of the income tax basic rate band, capital gains tax will be charged at 20 per cent.

Where a Shareholder disposes of the Ordinary Shares at a loss, the loss should be available to offset against other current year gains or carried forward to offset against future gains. In certain circumstances the loss may be available to offset against taxable income in the current year (depending upon, *inter alia*, the circumstances of the Company and the Shareholder).

Companies

Where a Shareholder is within the charge to corporation tax, a disposal of Ordinary Shares may give rise to a chargeable gain (or allowable loss) for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemption or relief. Corporation tax is charged on chargeable gains at the rate applicable to that company (up to 20 per cent. for the

financial year 1 April 2016 to 31 March 2017). Indexation allowance may reduce the amount of chargeable gain that is subject to corporation tax but may not create or increase any allowable loss.

(b) Taxation of dividends

Under current United Kingdom legislation, no tax is required to be withheld from dividend payments by the Company.

Individuals

With effect from 6 April 2016, individual Shareholders have the benefit of an annual dividend allowance of £5,000. Dividends falling within this allowance will effectively be taxed at the rate of 0 per cent.

If an individual receives dividends in excess of this allowance, the excess will be taxed at the dividend ordinary rate of 7.5 per cent. for basic rate taxpayers, at the dividend higher rate of 32.5 per cent. for higher rate taxpayers, and at the dividend additional rate of 38.1 per cent. for additional rate taxpayers.

Companies

Shareholders within the charge to UK corporation tax which are “small companies” (for the purposes of UK taxation of dividends) will not generally expect to be subject to UK tax on dividends from the Company. Other Shareholders within the charge to UK corporation tax will not be subject to UK tax on dividends (including dividends from the Company) so long as the dividends fall within an exempt class and certain conditions are met. In general, dividends paid on shares that are “ordinary share capital” for UK tax purposes and are not redeemable, and dividends paid to a person holding less than 10 per cent. of the issued share capital of the payer (or any class of that share capital) are examples of dividends that fall within an exempt class.

(c) Stamp duty and stamp duty reserve tax (“SDRT”)

An exemption from stamp duty and SDRT came into effect on 28 April 2014 in respect of securities admitted to trading on certain recognised growth markets (presently including AIM) and which are not listed on a recognised stock exchange. The Company anticipates that this exemption will apply to dealings in the Ordinary Shares such that from Admission, no liability to stamp duty or SDRT should arise in respect of any transfer on sale of the Ordinary Shares.

Absent an exemption from stamp duty and SDRT, transfers of existing UK shares (being shares of a company that is incorporated in the UK or which maintains its share register here) will normally be subject to stamp duty or SDRT as described below.

Stamp duty at the rate of 0.5 per cent. (rounded up to the next multiple of £5, if necessary) of the amount or value of the consideration given by the purchaser is generally payable on an instrument transferring UK shares. However, an exemption from stamp duty is available on an instrument transferring UK shares where the amount or value of the consideration is £1,000 or less and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction, or series of transactions, in respect of which the aggregate amount or value of the consideration exceeds £1,000.

An unconditional agreement to transfer UK shares will normally give rise to a charge to SDRT, at the rate of 0.5 per cent. of the amount or value of the consideration payable by the purchasers for such shares, but such liability will be cancelled, or any SDRT paid refunded, if the agreement is completed by a duly stamped (or exempt) instrument of transfer within six years of the date of the agreement or, if the agreement was conditional, the date on which the agreement became unconditional. Both stamp duty and SDRT will normally be the liability of the purchaser or transferee of the UK shares.

Under the CREST system for paperless share transfers, no stamp duty or SDRT will arise on a transfer of shares into the system, unless the transfer into CREST is itself for consideration in money or money’s worth, in which case a liability to SDRT will arise, usually at the rate of 0.5 per cent. of the amount or value of consideration given. Transfers of shares within CREST are generally liable to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable rather than stamp duty, and SDRT on relevant transactions settled within the system or reported through it for regulatory purposes will be collected and accounted for to HMRC by CREST.

The above statements are intended to be a general guide to the current stamp duty and SDRT position. Certain categories of person are not liable to stamp duty or SDRT and others may be

liable at a higher rate or may, although not primarily liable for the tax, be required to notify and account for it. Special rules apply to agreements made by market intermediaries and to certain sale and repurchase and stock borrowing arrangements.

(d) Inheritance tax

Individual and trustee investors domiciled or deemed to be domiciled in any part of the UK may be liable on occasions to inheritance tax ("IHT") on the value of any Ordinary Shares held by them. IHT may also apply to individual shareholders who are not domiciled in the UK although relief under a double tax convention may apply to those in this position.

Under current law, the chief occasions on which IHT is charged are on the death of the Shareholder, on any gifts made during the seven years prior to the death of the Shareholder, and on certain lifetime transfers, including transfers to trusts or appointments out of trusts to beneficiaries, save in very limited and exceptional circumstances.

However, a relief from IHT known as business property relief ("BPR") may apply to Ordinary Shares in trading companies once these have been held for two years. This relief applies notwithstanding that the Company's shares will be admitted to trading on AIM (although it does not apply to companies whose shares are listed on the Official List). BPR operates by reducing the value of shares by 100 per cent. for IHT purposes.

12 INVESTMENTS

There are no investments being made by the Company or to be made in the future in respect of which firm commitments have been made other than the arrangements disclosed at paragraph 10(a).

13 ENVIRONMENTAL ISSUES

To the best of the Company's knowledge, the Company is unaware of any environmental issues that may affect the Company's utilisation of its tangible fixed assets.

14 WORKING CAPITAL

In the opinion of the Directors, having made due and careful enquiry, the working capital available to the Group (taking into account the net proceeds of the Placing) is sufficient for its present requirements, that is for at least the next twelve months from the date of Admission.

15 LITIGATION

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings and the Company is not aware of any such proceedings pending or threatened by or against the Group during the 12 months preceding the date of this document which may have or have had in the recent past a significant effect on the financial position or profitability of the Group, save that there is an outstanding dispute which has been ongoing since November 2014 in connection with a claim made by a third party contractor against Van Elle Limited in respect of work performed by Van Elle Limited in 2012. Whilst the Directors believe that the claim is speculative, the claim has been referred to the Group's insurer (which has confirmed that it will provide cover) and therefore any potential financial impact is considered to be limited to the excess payable pursuant to the terms of the insurance policy.

16 GENERAL

- (a) Save as disclosed in this document, there has been no significant change in the financial or trading position of the Group since 30 April 2016, the date to which the last audited results of the Company were prepared.
- (b) BDO LLP has given and has not withdrawn its written consent to the issue of this document with the inclusion in this document of its report and references thereto and to its name in the form and context in which they appear. The annual accounts of the Company have been audited in accordance with national law by BDO LLP, Chartered Accountants, of 125 Colmore Row, Birmingham, B3 3SD, for each of the three financial years ended on 30 April 2014, 30 April 2015 and 30 April 2016.
- (c) Rickitt Mitchell, has given and has not withdrawn its consent to the issue of this document with the inclusion of its name and references in it in the term of context in which they appear.

- (d) Peel Hunt, which is regulated by the Financial Conduct Authority, in its capacity as Nominated Adviser and broker to the Company has given and has not withdrawn its written consent to the inclusion in this document of its name in the form and context in which it appears. Peel Hunt has no material interest in the Company.
- (e) finnCap, which is regulated by the Financial Conduct Authority, in its capacity as Lead Manager to the Company has given and has not withdrawn its written consent to the inclusion in this document of its name in the form and context in which it appears. finnCap has no material interest in the Company.
- (f) Deloitte LLP of 2 Hardman Street, Manchester, M3 3HF, in its capacity as Reporting Accountants to the Company, has given and has not withdrawn its written consent to the inclusion of its accountant's report on historical financial information in Part III of this document.
- (g) The total expenses of and incidental to the Admission and Placing, are estimated to amount to approximately £3.5m (excluding VAT).
- (h) There are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Group's business, except for the Smartfoot patent held by the Group (patent number GB2333109) in relation to the Group's pre-cast modular foundation system, which was granted on 5 February 2002.
- (i) There are no arrangements under which future dividends are waived or agreed to be waived.
- (j) The financial information set out in this document does not constitute statutory accounts within the meaning of section 434 of the Act. Statutory accounts have been delivered to the registrar of companies for the periods ended 30 April 2014, 30 April 2015 and 30 April 2016. Auditors' reports in respect of each statutory accounts have been made under section 235 of the 1985 Act and/or section 495 of the Act and each such report was an unqualified report and did not contain any statement under section 237(2) or (3) of the 1985 Act or section 498(2) or (3) of the Act.
- (k) The Ordinary Shares will only be traded on AIM.
- (l) The Company's registrar and paying agent for the payment of dividends is Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.
- (m) Except for fees payable to the professional advisers whose names are set out in page 9 or paragraph 16(b) of this document, payments to trade suppliers and the fees payable as set out below, no person has received any fees, securities in the Company or other benefit to a value of £10,000 or more, whether directly or indirectly, from the Company within the 12 months preceding the application for Admission, or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission:
 - i. fees of £17,655 payable to Grant Thornton UK LLP in respect of financial advice;
 - ii. fees of £18,542 payable to Black&Callow Limited in respect of document printing services; and
 - iii. fees of £77,500 payable to Sam Allen Associates in respect of recruitment services.
- (n) Where information has been sourced from a third party this information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- (o) Other than the current application for Admission, the Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made nor are there intended to be any other arrangements for dealings in the Ordinary Shares.

17 AVAILABILITY OF DOCUMENTS

Copies of this document will be available free of charge to the public on the Company's website www.van-elle.co.uk, and from the registered office of the Company and at the offices of Peel Hunt LLP, Moor House, 120 London Wall, London EC2Y 5ET during normal business hours on any weekday (public holidays excepted) for a period of one month from the date of Admission.

Dated: 21 October 2016

