

AIM Admission Document



Numis

Nominated Adviser and Broker: [Numis Securities](#)

About Nexus

Nexus is a leading provider of essential infrastructure services to the UK housebuilding and commercial sectors.

The Group comprises two separately managed and operated businesses: Tamdown, a provider of specialised infrastructure services; and TriConnex, which designs, installs and connects utility networks to properties on new residential and commercial developments.



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the contents of this document, or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) (“FSMA”) who specialises in advising on the acquisition of shares and other securities.

This document comprises an admission document prepared in accordance with the rules of the AIM Market of the London Stock Exchange plc (“AIM”). Application has been made for the whole of the ordinary share capital of Nexus Infrastructure plc (“Company”) to be admitted to trading on AIM. It is expected that such application to AIM will become effective and that dealings will commence on 11 July 2017. The ordinary share capital of the Company is not dealt on any other recognised investment exchange and no application has been or is being made for any such admission to any such exchange.

This document does not constitute a prospectus within the meaning of section 85 of FSMA, has not been drawn up in accordance with the Prospectus Rules published by the Financial Conduct Authority (“FCA”) and a copy of this document has not been, and will not be, filed or reviewed by the United Kingdom Listing Authority or any other competent authority.

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 United Kingdom Listing Authority.

A prospective investor should be aware of the potential risks in 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 for Companies 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.

The London Stock Exchange has not itself examined or approved the contents of this document.

The whole of the text of this document should be read. The attention of investors is drawn especially to the Risk Factors set out in Part III of this document. All statements regarding the Company’s business, financial position and prospects should be viewed in light of these risk factors.

Nexus Infrastructure plc

(incorporated and registered in England and Wales with registered number 05635505)

Placing of 18,928,925 Ordinary Shares at 185 pence per Ordinary Share

and

Admission to trading on AIM

Nominated Adviser and Broker

Numis Securities Limited

Share capital on Admission

	Issued and fully paid	
	Amount	Number
Ordinary Shares of £0.02 each	£762,357	38,117,850

The directors of the Company whose names appear on page 4 of this document accept responsibility both individually and collectively for the information contained in this document. Those directors have taken all reasonable care to ensure that the information contained in this document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

This document does not constitute an offer to issue or sell or the solicitation of an offer to buy securities in any jurisdiction in which such an offer or solicitation is unlawful. The Ordinary Shares have not and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) or under the applicable state securities laws of any jurisdiction in the United States or under the applicable laws of Canada, Japan, the Republic of Ireland, Australia or South Africa (“Prohibited Territories”). Accordingly, subject to certain exceptions, Ordinary Shares may not be offered or sold or subscribed, directly or indirectly, within the Prohibited Territories or to or by any US Person (as such term is defined in Regulation S promulgated under the Securities Act) or any national, resident or citizen of the other Prohibited Territories or any corporation, partnership or other entity created or organised under the laws thereof. This document should not be distributed, published, reproduced or otherwise made available in whole or in part or disclosed by recipients to any other person and, in particular, should not be distributed to persons with addresses in the Prohibited Territories or to any corporation, partnership or other entity created or organised under the laws thereof, where such distribution may lead to a breach of any law or regulatory requirement.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and, therefore, persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

In connection with this document, no person is 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 upon as having been so authorised. Neither the delivery of this document nor any subscription made pursuant to this document will, under any circumstances, create any implication that there has been any change in the affairs of the Company since the date of this document or that the information in this document is correct at any time subsequent to its date.

Numis Securities Limited (“Numis”) is authorised and regulated by the Financial Conduct Authority in the United Kingdom. Numis is acting as the Company’s nominated adviser and broker for the purposes of the AIM Rules for Companies in connection with the Placing and Admission. Numis’ responsibilities as nominated adviser are owed solely to the London Stock Exchange plc and are not owed to the Company or any of its directors. In its capacity of nominated adviser and broker, Numis will not be responsible to anyone other than the Company for providing the protections afforded to clients of Numis or for advising any other person in connection with the transaction and arrangements detailed in this document. Numis accepts no liability whatsoever for the accuracy of any information or opinions contained in, or for the omission of any material information from, this document. Numis is not responsible for, nor has it authorised the contents of, any part of this document. Numis makes no representation or warranty, express or implied, concerning the contents of the admission document, including its accuracy, completeness or verification, or concerning any other statement made or purported to be made by it, or on its behalf, in connection with the Company or the Ordinary Shares.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Event	Date
Publication of this document	6 July 2017
Admission and commencement of dealings in the Ordinary Shares on AIM	11 July 2017
Delivery of Ordinary Shares into CREST accounts	11 July 2017
Dispatch of definitive share certificate (where applicable) by	25 July 2017

Notes:

(1) Each of the above dates is subject to change at the absolute discretion of the Company and Numis.

PLACING STATISTICS

Placing Price	185 pence
Number of Placing Shares	18,928,925
Number of Placing Shares as a percentage of current issued ordinary share capital	49.7
Number of Ordinary Shares to be sold by the Selling Shareholders through the Placing	18,928,925
Gross proceeds of the Placing receivable by the Selling Shareholders	£35,018,511
Estimated net proceeds of the Placing receivable by the Selling Shareholders ⁽¹⁾	£33,792,863
Number of Ordinary Shares in issue at Admission	38,117,850
Market capitalisation of the Company at the Placing Price at Admission	£70.5 million
ISIN number	GB00BZ77SW60
SEDOL number	BZ77SW6
Ticker symbol	NEXS

Notes:

(1) Net proceeds receivable by the Selling Shareholders are stated after deduction of placing commissions and other expenses of approximately £1.2 million.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Geoffrey French (<i>Independent Non-Executive Chairman</i>) Michael Morris (<i>Chief Executive Officer</i>) Alan Martin (<i>Chief Financial Officer</i>) Richard Kilner (<i>Non-Executive Director</i>) Alexander Wiseman (<i>Independent Non-Executive Director</i>)
Company Secretary	Dawn Hillman
Registered Office	1 Tamdown Way Braintree Essex CM7 2QL
Company website	www.nexus-infrastructure.com
Nominated Adviser and Broker	Numis Securities Limited 10 Paternoster Square London EC4M 7LT
Legal advisers to the Company	Mills & Reeve LLP Botanic House 100 Hills Road Cambridge CB2 1PH
Legal advisers to the Nominated Adviser and Broker	Hogan Lovells International LLP Atlantic House Holborn Viaduct London EC1A 2FG
Reporting Accountants to the Company	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU
Auditors to the Company	Grant Thornton UK LLP 80 Compair Crescent Ipswich IP2 0EH
Bankers of the Company	AIB Group (UK) Plc Podium Floor St Helens 1 Undershaft London EC3A 8AB
Registrar	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Public Relations adviser to the Company	Camarco 107 Cheapside London EC2V 6DN

DEFINITIONS AND TERMS

“Act”	the Companies Act 2006, as amended from time to time;
“Adjusted Gross Profit”	the Group’s, Tamdown’s or TriConnex’s (as appropriate), reported gross profit adjusted for exceptional items as explained in the Important Notice section of this document;
“Adjusted Gross Profit Margin”	the Group’s, Tamdown’s or TriConnex’s (as appropriate) Adjusted Gross Profit for the relevant period divided by the Group’s, Tamdown’s or TriConnex’s (as appropriate) revenue for the same period as explained in the Important Notice section of this document;
“Adjusted Operating Profit”	the Group’s, Tamdown’s or TriConnex’s (as appropriate), reported operating profit adjusted for exceptional items as explained in the Important Notice section of this document;
“Adjusted Operating Profit Margin”	the Group’s, Tamdown’s or TriConnex’s (as appropriate) Adjusted Operating Profit for the relevant period divided by the Group’s, Tamdown’s or TriConnex’s (as appropriate) revenue for the same period, as explained in the Important Notice section of this document;
“Adjusted Profit After Tax”	the Group’s reported profit after tax adjusted for exceptional items as explained in the Important Notice section of this document;
“Admission”	admission of the Ordinary Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules;
“AIM”	the AIM market operated by the London Stock Exchange;
“AIM Rules”	the rules of AIM as issued by the London Stock Exchange;
“Asset Owners”	the owners of installed utility assets after the relevant utility connections have gone live;
“Board” or “Directors”	the directors of the Company whose names appear on page 4 of this document;
“CAGR”	compound annual growth rate;
“certificated” or “in certificated form”	a share or other security which is not in un-certificated form (i.e. not in CREST);
“City Code”	the City Code on Takeovers and Mergers;
“Company”	Nexus Infrastructure plc;
“Control”	a holding, or aggregate holdings, of shares carrying 30 per cent or more of the voting rights of a company, irrespective of whether the holding or holdings give <i>de facto</i> control;
“CPA”	the Construction Products Association;
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland Limited is the operator (as defined in the CREST Regulations), which facilitates the transfer of title to shares without a written instrument;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755 (as amended));
“David Holliday Trust”	The Peter David Holliday Discretionary Will Trust, a trust that holds, as at the date of this document and amongst other things, the legal interest in the share capital of the Company held by David Holliday (deceased);

“DCLG”	the Department for Communities and Local Government;
“Dividend Shares”	has the meaning given in paragraph 8.7.3.1.4 of Part VI;
“EBIT”	operating profit or earnings before interest and tax;
“EBITDA”	earnings before interest, tax, depreciation and amortisation;
“EPS”	earnings per share;
“EU Referendum”	the United Kingdom European Union membership referendum held on 23 June 2016;
“FCA”	the Financial Conduct Authority;
“Free Shares”	has the meaning given in paragraph 8.7.3.1.1 of Part VI;
“FSMA”	the Financial Services and Markets Act 2000, as amended from time to time;
“Group”	the Company and its wholly owned subsidiaries (and a reference to a “Group Company” shall be interpreted accordingly);
“Group Cash Flow Conversion”	the Group’s Operating Cash Flow expressed as a percentage of EBITDA;
“Group Operating Cash Flow”	the Group’s EBITDA less net working capital, capital expenditure and other operating items;
“H1”	the first half of the financial year;
“H2”	the second half of the financial year;
“Historical Financial Information”	the Group’s audited historical financial information for the Historical Financial Period as set out in Section B of Part IV: “Historical Financial Information of the Group” of this document;
“Historical Financial Period”	the three years ended 30 September 2016;
“HMRC”	Her Majesty’s Revenue & Customs;
“ISO 9001 Quality Standard”	sets out the criteria for a quality management system and is a standard that can be certified. It helps ensure that customers get consistent, good quality products and service;
“ISO 14001 Environment Standard”	sets out the criteria for an environmental management system and is a standard that can be certified. It maps out a framework that a company or organisation can follow to set up an effective environmental management system and can provide assurance to company management and employees as well as external stakeholders that environmental impact is being measured and improved;
“LIBOR”	the London interbank offered rate;
“London Stock Exchange”	London Stock Exchange plc;
“LTIP”	the long term incentive plan which has, prior to Admission, and may, following Admission, be used to provide equity based incentive awards to certain executive directors and employees of the Group, as further described in paragraph 8.6 of Part VI;
“LTIP Awards”	LTIP Conditional Share Awards and/or LTIP Options;
“LTIP Conditional Share Awards”	conditional share awards, being awards delivering free shares granted as conditional awards granted under the LTIP;
“LTIP Options”	nominal cost options granted under the LTIP;
“MAR”	means Regulation (EU) No 596/2014 of the European Parliament and the Council of 16 April 2014 on market abuse;

“Matching Shares”	has the meaning given in paragraph 8.7.3.1.3 of Part VI;
“New Articles”	the articles of association of the Company to be adopted conditionally on and immediately prior to Admission;
“Nexus”	Nexus Infrastructure plc;
“Numis”	Numis Securities Limited;
“Ofcom”	the Office of Communications;
“Ofgem”	the Office of Gas and Electricity Markets;
“Ofwat”	the Water Services Regulation Authority;
“OHSAS 18001 Health and Safety Standard”	is an international standard which sets out the requirements for occupational health and safety management good practice for any size of organisation and can be used to help eliminate or minimize operational risks and hazard;
“ONS”	the Office for National Statistics;
“Order Book”	the unaudited records maintained by the Group, Tamdown or TriConnex (as the context dictates) of orders for works and services received by the Group, Tamdown or TriConnex (as appropriate);
“Ordinary Shares”	ordinary shares of £0.02 (2 pence) each in the capital of the Company;
“Other Selling Shareholders”	those existing Shareholders, other than the Principal Shareholders, who intend to sell certain of their Ordinary Shares pursuant to the terms of the Placing, the details of which are set out in paragraph 11 of Part I;
“Partnership Shares”	has the meaning given in paragraph 8.7.3.1.2 of Part VI;
“PDMR”	has the meaning given in Article 3(1)(25) of MAR;
“Placing”	the conditional placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement;
“Placing Agreement”	the conditional agreement dated 6 July 2017 relating to the Placing between (1) the Company, (2) the Directors, (3) the Principal Shareholders and (4) Numis, relating to the Placing, further details of which are set out in paragraph 10.2 of Part VI of this document;
“Placing Shares”	the 18,928,925 Sale Shares to be sold at the Placing Price, pursuant to the Placing;
“Placing Price”	185 pence per Placing Share;
“Plans”	the LTIP and the SIP;
“Principal Shareholders”	Michael Morris and Keith Breen;
“Prospectus Directive”	Directive 2003/71/EC as amended (including amendments by Directive 2010/73 EU to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State;
“QCA Corporate Governance Code”	the Corporate Governance Code for Small and Mid-Size Quoted Companies 2013 issued by the Quoted Company Alliance;
“Relevant Member State”	each Member State of the European Economic Area that has implemented the Prospectus Directive;
“Remuneration Committee”	the remuneration committee of the Company;
“Rule 9”	Rule 9 of the City Code;

“Sale Shares”	the 18,928,925 Ordinary Shares being sold on behalf of the Selling Shareholders pursuant to the Placing;
“Selling Shareholders”	the Principal Shareholders and the Other Selling Shareholders, and “Selling Shareholder” means each of them; and
“Shareholders”	the holders of Ordinary Shares from time to time;
“Share Incentive Plan” or “SIP”	the share incentive plan which may be used to provide equity based incentive awards to executive directors and employees of the Group following Admission, as further described in paragraph 8.7 of Part VI;
“SLOs”	the water utility industry’s self-lay organisations;
“subsidiary” or “subsidiary undertaking”	have the meanings given to them by the Act;
“Takeover Panel”	the Panel on Takeovers and Mergers;
“Tamdown”	Tamdown Group Limited a company incorporated in England and Wales with registration number 01268060 whose registered office is at 1 Tamdown Way, Braintree, Essex, CM7 2QL;
“TriConnex”	TriConnex Limited a company incorporated in England and Wales with registration number 07466247 whose registered office is at 4 Tamdown Way, Braintree, Essex, CM7 2QL;
“TriConnex ROCE”	return on capital employed for TriConnex, an unaudited measure, calculated as EBIT for TriConnex as a percentage of TriConnex’s net asset value;
“Trustee”	the trustee of the SIP;
“TSR”	total shareholder return;
“Unaudited Interim Financial Information”	the Group’s unaudited interim financial information for the six months ended 31 March 2017 as set out in Section D of Part IV: “Unaudited Interim Financial Information of the Group” of this document;
“United Kingdom” or “UK”	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 Part IV of FSMA;
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all other areas subject to its jurisdiction;
“VAT”	UK Value Added Tax;
“Warrant”	the warrant granted by the Company to Numis to subscribe for Ordinary Shares in accordance with the terms summarised in paragraph 10.3 of Part VI of this document;
“£”	UK pounds sterling, the lawful currency of the United Kingdom; and
“\$”	US dollar, the lawful currency of the United States of America.

Note:

- (1) Any reference to any provision of any legislation includes any amendment, modification, re-enactment or extension of it. Words importing the singular include the plural and vice versa and words importing the masculine gender shall include the feminine or neuter gender.

IMPORTANT NOTICE

Forward looking statements

All statements, other than statements of historical facts, included in this document, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to dividends or any statements preceded by, followed by or that include the words “**targets**”, “**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 Company's control that could cause the actual results, performance, achievements of or dividends paid by the Company to be materially different from actual results, performance or achievements, or dividend payments expressed or implied by such forward looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's net asset value, present and future business strategies and income flows and the environment in which the Company 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.

Market and financial information

The data, statistics and information and other statements in this document regarding the markets in which the Company operates, or the Company's position therein, are based on the Company's records or are taken or derived from statistical data and information derived from the sources described in this document.

In relation to these sources, such information has been accurately reproduced from the published information, and, so far as the Directors are aware and are able to ascertain from the information provided by the suppliers of these sources, no facts have been omitted which would render such information inaccurate or misleading.

Unless otherwise indicated, audited historical financial information for the three years ended 30 September 2016 and the unaudited interim financial information for the 6 months ended 31 March 2017 and the respective notes to that financial information have been prepared in accordance with International Financial Reporting Standards.

Various figures and percentages in tables in this document and certain financial data in this document have been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data.

Presentation of financial information

The financial information in this document has been prepared as in accordance with the basis of preparation as described in the Group's historical financial information as set out in Section B of Part IV of this document (the “**Historical Financial Information**”) and the Group's unaudited interim financial information as set out in Section D of Part IV of this document (“**Unaudited Interim Financial Information**”). The accounting policies applied to the financial information of the Company are applied consistently in the financial information in this document.

The Historical Financial Information comprises the years ended and as at 31 September 2014, 2015 and 2016 and the Unaudited Interim Financial Information comprises the six months ended and as at 31 March 2016 and 2017. The Group's significant accounting policies are set out within the notes to the Historical Financial Information and the Unaudited Interim Financial Information. Certain financial information has been included for the Company's two trading divisions: Tamdown and TriConnex.

Unless otherwise stated in this document, financial information in relation to the Group referred to in this document has been extracted without material adjustment from the Historical Financial Information and

the Unaudited Interim Financial Information or has been extracted from those of the Group's accounting records and its financial reporting and management systems that have been used to prepare that financial information. Certain financial information presented in this document such as Adjusted Gross Profit, Adjusted Gross Profit Margin, Adjusted Operating Profit, Adjusted Operating Profit Margin and Adjusted Profit After Tax is unaudited and such measures do not exist in the Historical Financial Information or the Unaudited Interim Financial Information presented in Part IV of this document. Investors should ensure that they read the whole of this document and not only rely on the key information or information summarised within it.

Operating information and Non-IFRS financial information

This document contains certain operating measures used to assess the performance of its business that are not defined or recognised under International Financial Reporting Standards as adopted by the European Union ("IFRS"), including Adjusted Gross Profit, Adjusted Gross Profit Margin, Adjusted Operating Profit, Adjusted Operating Profit Margin, Adjusted Profit After Tax, TriConnex ROCE, Group Cash Flow Conversion and Order Book.

Adjusted Gross Profit

Tamdown Adjusted Gross Profit

Tamdown gross profit is calculated by deducting Tamdown cost of sales from Tamdown revenue for the relevant period. For the year ended 30 September 2015 a £1.3 million provision was booked in relation to two separate Tamdown contracts which, due to damage to water and gas works, did not perform in-line with the Board's expectations. The provision covers the potential liabilities arising from these two contracts and the Directors believe they are one-off in nature. Tamdown Adjusted Gross Profit is stated before this provision as set out in the table below.

	For the year ended 30 September			For the 6 months ended 31 March (unaudited)	
	2014	2015	2016	2016	2017
	£m	£m	£m	£m	£m
Tamdown revenue	96.1	112.0	112.4	54.1	46.8
Tamdown cost of sales	(83.3)	(97.2)	(93.9)	(45.1)	(39.4)
Tamdown gross profit	12.9	14.7	18.5	9.0	7.4
One-off provision	—	1.3	—	—	—
Tamdown Adjusted Gross Profit	<u>12.9</u>	<u>16.0</u>	<u>18.5</u>	<u>9.0</u>	<u>7.4</u>

TriConnex Adjusted Gross Profit

TriConnex gross profit is calculated by deducting TriConnex cost of sales from TriConnex revenue for the relevant period. There have been no one-off provisions for TriConnex within the Historical Financial Period and TriConnex Adjusted Gross Profit over this period is set-out in the table below.

	For the year ended 30 September			For the 6 months ended 31 March (unaudited)	
	2014	2015	2016	2016	2017
	£m	£m	£m	£m	£m
TriConnex revenue	12.2	18.9	23.3	9.6	13.9
TriConnex cost of sales	(7.9)	(13.0)	(15.5)	(6.5)	(9.2)
TriConnex gross profit	4.3	5.9	7.8	3.0	4.7
One-off provision	—	—	—	—	—
TriConnex Adjusted Gross Profit	<u>4.3</u>	<u>5.9</u>	<u>7.8</u>	<u>3.0</u>	<u>4.7</u>

Group Adjusted Gross Profit

Group Adjusted Gross Profit is calculated as the sum of Tamdown Adjusted Gross Profit and TriConnex Adjusted Gross Profit as set out in the table below.

	For the year ended 30 September			For the 6 months ended 31 March (unaudited)	
	2014 £m	2015 £m	2016 £m	2016 £m	2017 £m
Group Adjusted Gross Profit	17.2	21.9	26.3	12.0	12.1

Adjusted Operating Profit**Tamdown Adjusted Operating Profit**

Tamdown operating profit is calculated by deducting Tamdown overheads from Tamdown gross profit for the relevant period. Tamdown Adjusted Operating Profit is stated before the one-off provision described above and before any allocation of central overheads (but does include certain recharges) as per the table below.

	For the year ended 30 September			For the 6 months ended 31 March (unaudited)	
	2014 £m	2015 £m	2016 £m	2016 £m	2017 £m
Tamdown Adjusted Gross Profit	12.9	16.0	18.5	9.0	7.4
Tamdown overheads	(8.5)	(8.8)	(9.0)	(4.7)	(5.5)
Tamdown Adjusted Operating Profit	4.3	7.2	9.5	4.3	1.9

TriConnex Adjusted Operating Profit

TriConnex operating profit is calculated by deducting TriConnex overheads from TriConnex gross profit for the relevant period. TriConnex Adjusted Operating Profit is stated before any allocation of central overheads (but does include certain recharges) as per the table below.

	For the year ended 30 September			For the 6 months ended 31 March (unaudited)	
	2014 £m	2015 £m	2016 £m	2016 £m	2017 £m
TriConnex Adjusted Gross Profit	4.3	5.9	7.8	3.0	4.7
TriConnex overheads	(2.2)	(3.3)	(5.0)	(2.2)	(2.9)
TriConnex Adjusted Operating Profit	2.2	2.6	2.8	0.9	1.8

Group Adjusted Operating Profit

Group Adjusted Gross Profit is calculated as the sum of Tamdown Adjusted Operating Profit and TriConnex Adjusted Operating Profit less central costs, and after excluding exceptional items, for the relevant period as set out in the table below.

	For the year ended 30 September			For the 6 months ended 31 March (unaudited)	
	2014 £m	2015 £m	2016 £m	2016 £m	2017 £m
Tamdown Adjusted Operating Profit	4.3	7.2	9.5	4.3	1.9
TriConnex Adjusted Operating Profit	2.2	2.6	2.8	0.9	1.8
Group central costs	(0.2)	(0.4)	(1.3)	(0.4)	(0.6)
Group Adjusted Operating Profit	6.3	9.4	11.0	4.8	3.1

Group Adjusted Profit After Tax

Group Adjusted Profit After Tax means profit after tax excluding exceptional items calculated on an annual basis only. Exceptional items in the Historical Financial Period relate in the year ended 30 September 2015 to the one-off £1.3 million provision as described above and in the year ended 30 September 2016 to the profit on a disposal of non-core assets of £0.4 million and costs related to an aborted listing on the London Stock Exchange of £0.6 million.

TriConnex ROCE

TriConnex ROCE is calculated as TriConnex Adjusted Operating Profit as a percentage of TriConnex's net asset value for the relevant period as per the table below.

	For the year ended 30 September		
	2014 £m	2015 £m	2016 £m
TriConnex Adjusted Operating Profit	2.2	2.6	2.8
TriConnex net asset value	1.9	4.0	6.3
<i>TriConnex ROCE</i>	<u>114.4%</u>	<u>64.7%</u>	<u>44.8%</u>

Group Cash Flow Conversion

Group Cash Flow Conversion is calculated as Group Operating Cash Flow as a percentage of Group EBITDA for the relevant period (calculated on an annual basis only). Group EBITDA is calculated as statutory operating profit for the Group before depreciation and amortisation. Group Operating Cash Flow is calculated as Group EBITDA less working capital, capital expenditure and other operating items.

	For the year ended 30 September		
	2014 £m	2015 £m	2016 £m
Group operating profit	6.3	8.1	10.4
Group depreciation	1.0	1.2	1.3
Group EBITDA	<u>7.3</u>	<u>9.3</u>	<u>11.6</u>
Movement in working capital	3.2	3.3	(0.2)
Capex	(2.3)	(0.6)	(1.1)
Group Operating Cash Flow	<u>8.2</u>	<u>12.1</u>	<u>10.4</u>
<i>Cash Flow Conversion</i>	<u>112%</u>	<u>130%</u>	<u>89%</u>

Order Book

The Group Order Book is the combined Order Book of the two operating subsidiaries, Tamdown and TriConnex. The Order Book is defined as the records maintained by the Group, Tamdown and TriConnex (as the context dictates) of orders for works and services received by the Group, Tamdown or TriConnex (as appropriate) yet to be completed.

PART I

INFORMATION ON THE COMPANY

1. Introduction

Nexus is a leading provider of essential infrastructure services to the UK housebuilding and commercial sectors. The Group comprises two separately managed and operated businesses: Tamdown, a provider of specialised infrastructure services; and TriConnex, which designs, installs and connects utility networks to properties on residential and commercial developments.

Tamdown provides a range of specialised infrastructure and engineering services to the UK housebuilding and commercial sectors. Services include carrying out earthworks, remedial work, building highways, substructures and basements, creating drainage systems as well as constructing reinforced concrete frames. The business has a well-established market position having been in operation for over 40 years and currently counts among its customers a number of blue-chip companies including nine of the top ten largest UK housebuilders. Tamdown's operations are focused on the South East of England and London.

TriConnex designs, installs and connects gas, electricity and water networks and has recently started to offer fibre connections, on residential and commercial developments. TriConnex was established in 2011 to take advantage of deregulation in the utilities market with the goal of being recognised as the UK's leading independent provider of utility connections to new developments. TriConnex's current areas of operation include the South East and South West of England.

The Group is led by an experienced and entrepreneurial management team who have a track record of growing the business over the past 17 years. During this time the business has remained profitable, including during the most recent recession. For the year ended 30 September 2016, the Group reported revenue of £135.7 million and Adjusted Operating Profit of £11.0 million representing an Adjusted Operating Profit Margin of 8.1 per cent. As at 31 May 2017 the Group's Order Book stood at £187.0 million. The Group has a strong culture of service delivery and innovation.

2. History and Background Information

Tamdown was established as a private company in 1976 providing key engineering services to the construction industry and grew steadily over the following years. In 1985 Keith Breen joined Tamdown, becoming Managing Director of the company in 2007. In 1991 Michael Morris joined Tamdown and in 1999 took on the role of Managing Director of the Group as part of a management buy-out backed by 3i. Under the ownership of 3i and the leadership of Michael Morris and the management team, Tamdown grew significantly over the next seven years with revenues increasing from £19.7 million in 1999 to £52.6 million in 2006.

In 2003 there was a partial buyout of 3i's ownership by management, who subsequently bought out 3i's remaining stake in 2006. Since 2006, the Group has been managed by its Principal Shareholders and Tamdown has grown in size, reporting revenue of £68.0 million in 2011 and £112.4 million in 2016.

TriConnex was launched in 2011 with less than £0.5 million of seed investment from the Group as a new division to take advantage of deregulation in the UK utilities sector and the structural demand for efficient delivery of utility networks on development sites. TriConnex quickly became an established operator, taking market share and growing significantly from revenue of £2.1 million in 2012 to £23.3 million in 2016. In 2015 TriConnex opened a second office to cover the South West of England. TriConnex is currently undertaking market soundings in relation to the expansion into the Midlands, with the recruitment of a Business Development Manager for the region and with a new office expected to follow in 2018.

Since mid-2015 the Group has strengthened the Board in preparation for Admission with the appointment of Alan Martin as Chief Financial Officer, Geoffrey French as Independent Non-Executive Chairman, Richard Kilner as a Non-Executive Director and Alexander Wiseman as an Independent Non-Executive Director.

3. Key Strengths

The Directors believe the Group has a number of key strengths:

Attractive and growing addressable market

The Directors believe that the UK housebuilding market is set to grow over the medium term given the high rate of household formation and demand for new homes supported by various government initiatives such as Help to Buy. Market forecasts for housebuilding activity from the CPA, estimate that annual private housing starts in the UK will increase from approximately 148,000 in 2016 (178,000 including public homes) to 158,000 (192,000 including public homes) in 2019⁽¹⁾. This rate of housebuilding activity is significantly below the historic average of approximately 180,000 private homes per annum⁽²⁾. The ONS estimate that household formation in the UK will be in excess of 250,000 per annum⁽³⁾ over the short to medium term and the Directors believe that this will further drive sector growth given the imbalance between household formation and new build volumes. This effect is most prevalent in the more economically resilient areas of the South East of England and London where the Group's operations are principally based.

In addition to the private for sale market the Group has recently targeted developments within the affordable housing sector with developers including Housing Associations and Build To Rent providers. The skills offered by the Group are equally applicable to this part of the housebuilding market and the Directors believe that the Group's presence in this area will continue to increase as the number of affordable housing schemes increase over the short to medium term as a result of various government initiatives. The Directors believe that the Group will win new customers in this area complementing those the Group has already undertaken work for such as Legal & General, L&Q, Keepmoat and NU Living. In addition, the skills of the Group's workforce can be applied to commercial projects alongside residential.

TriConnex operates within the gas, electricity and water utility connections market and recently launched a fibre offering. The Directors believe TriConnex to be the first company to provide all four utility connections and the recent expansion into fibre connections significantly increases the business's addressable market. The Directors believe that the recent deregulation in the UK utilities sector will continue to provide growth opportunities for TriConnex, especially with the implementation of Self-Lay in the water market. Self-Lay was introduced in 2013 which permitted developers to arrange for the installation of the water mains by an independent third party such as TriConnex.

Strong and high quality customer base

The Group has a very strong base of blue-chip customers which includes all of the top ten largest housebuilders in the UK. The large national housebuilders are undertaking the majority of new build activity in the UK. For example, it is estimated that the quoted housebuilders accounted for approximately 50 per cent of total private new build volumes in 2016 which compares to 32 per cent in 2005⁽⁴⁾. The Directors expect this trend to continue but to be complemented by an increasing volume of work undertaken by small to mid-sized housebuilders as the government looks to support growth in housing volumes across all areas of the market. As a result the Group's customer base has been diversified to include a number of small to mid-sized housebuilders.

Larger housebuilders are typically well capitalised, have long land banks and are currently undertaking a significant amount of development activity through larger, multi-phase projects. These multi-phase projects also provide the Group with significant future opportunities, and there is often reduced competition for later phase work due to customers generally retaining the contractors and service providers who were involved in the initial phases. In addition, these large national housebuilders operate on a regional basis with each region acting independently from another. As such, the Group's existing regional customers are able to refer business to other regions that are not yet serviced by the Group. If such referrals are made, the Group's market share and regional-spread will increase due to increased customer penetration.

(1) Construction Products Association.

(2) Source: DCLG, Construction Products Association for the period 2001 to 2007.

(3) DCLG.

(4) UK private housing starts. Source: DCLG Construction Products Association. Quoted housebuilder starts based on public announcements by Barratt Developments plc, Bellway plc, Berkeley Group Holdings plc, Bovis Homes Group plc, Crest Nicholson Holdings plc, Galliford Try plc, Persimmon plc, Redrow plc, Countryside Properties plc, McCarthy & Stone plc and Taylor Wimpey plc.

Housebuilders and developers are focused on hitting targets and managing their asset base in an efficient manner and the Directors believe that Tamdown and TriConnex are important service providers in the life-cycle of a development project. Given the Group's strong track record of delivery and customer service, the Directors believe that the Group plays a critical role in assisting its customers in delivering their development targets.

Well established and strong customer relationships

The Directors believe that one of the Group's differentiating factors is its culture and commitment to customer service. Both Tamdown and TriConnex have a strong reputation within their respective markets and have established relationships with a significant number of high quality customers, some of whom have been with the Group for more than 20 years (for example, Countryside Properties, Barratt Homes and Taylor Wimpey). The Directors believe that the Group's strong relationships with its established customer base are an effective barrier to entry for the Group and its track record of delivery should enable it to continue to win project tenders, including tenders for multi-phase schemes. Another advantage of the Group's strong relationships with its customers, many of which are large national housebuilders, is that they are able to refer the Group to other parts of their business in new regions. In addition, the Group is developing relationships with various new customers, including those in the affordable market (for example Legal & General, L&Q, Keepmoat, NU Living and Canary Wharf Contractors) and small to mid-sized housebuilders (for example Weston Homes, Cala Homes and Hopkins Homes).

TriConnex initially benefitted from Tamdown's well established and strong customer relationships as customers were prepared to select TriConnex on the back of Tamdown's reputation and track record of delivery and service offering. This allowed TriConnex to establish itself in the utility connections industry and build its own strong customer relationships (for example Bellway, Hopkins Homes and Redrow).

Reputation for high-quality delivery of essential, time critical services

The Group's services are considered essential for residential development projects and the Directors believe that they account for approximately 25 per cent of the costs of a typical development (excluding the cost of land). Ensuring on-time delivery and high quality work is essential for the developer and, as described above, Tamdown has built a strong reputation with a large number of customers in this regard which has resulted in high contract win rates historically (1:2.1 in 2016 and 1:2.6 in 2017 to date) and means Tamdown is well placed to win future contracts. Tamdown's strong industry reputation and focus on delivery has resulted in the division winning a significant amount of work with its Order Book increasing from £54.6 million in 2012 to £106.1 million as at 31 May 2017. In addition, Tamdown's average contract size has increased from £1.2 million in 2013 to £2.4 million in 2016 and, for multi-phase work, the total contract value for a project was typically more than four times the initial order value with an average total contract duration of over 8 years. In January 2016 Tamdown won Countryside's 'Subcontractor of the Year' award for 2015 and in February 2017 Tamdown won Weston Homes' "New Business Partner of the Year 2016". These awards provide evidence of the strength of Tamdown's relationship with its customers and the reputation for service excellence which Tamdown has in the industry.

TriConnex has a similarly impressive track record of delivery, with over 29,000 utility connections made to date. Since commencing operations in 2011 TriConnex has never missed a connection and, like Tamdown, the division is focused on delivering on time and on budget with a very high level of customer service. The Directors believe that this level of customer commitment is unique in the industry and provides TriConnex with a competitive advantage and differentiates it from incumbent utility providers. As a result TriConnex has significantly increased its market share whilst charging a premium price for the services it offers. TriConnex has also witnessed high contract win rates historically (1:3.4 in 2016 and 1:2.9 in 2017 to date).

Tamdown undertakes multi-phase projects with large customers

Tamdown has increasingly focused its attention on larger, multi-phase projects which provide a good level of visibility of future revenues, and affords Tamdown the opportunity to win future phases without significant re-tendering. These projects are typically large housing developments which are completed in stages. Once Tamdown has won an initial phase on these projects and commences work on-site, it is typically retained for the remainder of the scheme, the phases of which can extend over a number of years. In addition to providing revenue visibility, this acts as a barrier to entry for competition since competitors have generally found it is hard to displace Tamdown once that initial phase has been won. In 2016 approximately 55 per cent of contracts were part of multi-phase projects. Each phase is typically 12-18 months in duration and

this is the period for which Tamdown is contracted, usually on a fixed price basis. The longer duration of multi-phase projects also de-risks the cyclical nature of housebuilding services as it means that Tamdown is typically on site for long periods.

TriConnex is an innovative and high growth business

The Directors consider that TriConnex was the first non-utility company to provide all four utility connections and TriConnex has been able to benefit from Tamdown's experience in the housebuilding industry. TriConnex focuses on outperforming the incumbent utility providers by delivering time critical services on time and on budget with an exceptional level of customer service. TriConnex has achieved significant growth since its incorporation in 2011 and in 2016 generated revenue of £23.3 million and Adjusted Operating Profit of £2.8 million. For the period 2013 to 2016 TriConnex achieved a revenue CAGR of 53.0 per cent and an Adjusted Operating Profit CAGR of 70.4 per cent. In addition, TriConnex is a high margin business reporting an Adjusted Gross Profit Margin of 33.4 per cent and Adjusted Operating Profit margin of 12.1 per cent in 2016, and benefits from an attractive working capital profile as the majority of customer payments are received up-front in advance of work starting. TriConnex generates a high ROCE (2016: 45 per cent) due to the low level of assets required and favourable payment terms.

Track record of growth, highly profitable and cash generative

The Group has a long history of profitability and growth, including during the most recent recession. Since 2012, Group revenue has increased from £60.5 million to £135.7 million in 2016 (representing a CAGR of 22 per cent) and Group Adjusted Operating Profit has increased from £2.1 million to £11.0 million (representing a CAGR of 50.4 per cent). Over this period the Group's Order Book has also increased significantly from £63.5 million in 2012 to £187.0 million as at 31 May 2017 as a result of Tamdown increasing market share with more large, multi-phase projects, and the contribution from TriConnex which started to generate meaningful revenue in 2013. The Group is highly cash generative with a focus on cash management, aided by advance customer payments for TriConnex, which will support the Group's dividend policy. Since 2013, Group Cash Flow Conversion has been high (at 112 per cent in 2014, 130 per cent in 2015 and 89 per cent in 2016).

Experienced senior management team and Board

Michael Morris and Keith Breen have run the business together for over 17 years, during which time the business has grown from revenue of £19.7 million in 1999 to £135.7 million in 2016. They have a significant shareholding in the Company (53 per cent and 35 per cent respectively prior to Admission) and are committed to the long term success of the Group. The management team has been strengthened over recent years including the appointment of Richard Harpley as MD of TriConnex in 2012 and Charles Sweeney as MD of Tamdown in 2017. The Board has also been strengthened recently in preparation for Admission with Geoffrey French as Independent Non-Executive Chairman, Alan Martin as Chief Financial Officer, Richard Kilner as a Non-Executive Director and Alexander Wiseman as an Independent Non-Executive Director, providing a breadth and depth of industry and capital markets experience.

Highly skilled, motivated and loyal workforce

Nexus' focus on customer service is driven by a workforce which the Directors believe to be of exceptional quality. The Group seeks to continue to attract and retain the best people through competitive pay, a culture of empowerment, attractive training and development schemes and future leadership programmes. Nexus offers apprenticeships, high levels of training and development, a graduate programme and a degree programme.

These schemes contribute to a knowledgeable, motivated and highly trained workforce with a low rate of employee churn in comparison to the rest of the industry. This enables the Group to continue to deliver its growth strategy. The retained knowledge in the business is key to developing the skills of apprentices and other new joiners and Nexus seeks to recruit people early on in their careers in order to instil the Group's knowledge and customer service culture across all parts of the business.

4. Group Strategy

Nexus' mission is to be recognised as the leading provider of essential infrastructure services in the UK. The Group's strategy is to deliver outstanding performance through a focus on innovation and customer service.

The Directors believe that this will lead to growth, building on existing market positions, by developing new markets and services and extending geography, both organically and through complementary earnings enhancing acquisitions.

Increase market share within existing geographies

The Group aims to drive customer penetration by leveraging existing customer relationships. Within the geography in which the Group operates a number of existing customers have regional businesses to which the Group does not currently provide services. Management estimates that the Group's current customer penetration is 40 per cent within Tamdown and 35 per cent within TriConnex⁽⁵⁾, creating a significant opportunity for the Group to increase its market share by winning contracts with the regional businesses of existing customers for which it currently does not work. This is likely to be done through customer recommendations and specific customer targeting.

Expansion into new geographic markets

There are a number of regions outside the South East of England and London into which Tamdown can expand in order to increase its market reach. This is likely to be achieved through recommendations and referrals from existing customers who also operate in these neighbouring regions, as well as new customers. The ultimate goal for TriConnex is national coverage and to be recognised as the UK's leading independent provider of utility connections to new developments. TriConnex is able to expand geographically more rapidly than Tamdown as the nature of its work is fundamentally asset-light. TriConnex's Bristol office opened in 2015 and a third office in the Midlands is being planned for 2018, with a Business Development Manager for the region recently recruited.

Diversification into new growth sectors

In 2016 the Group generated 96 per cent of its revenue from the private development residential sector through its housebuilding customers. This weighting towards the private development residential sector is a result of the Group aligning itself with the major housebuilders who over recent years have increased development activity with larger multi-phase schemes, especially in the South East and South West of England where the Group operates. As outlined above, one of the Group's key strengths is that its current market positioning means that it should be able to diversify end market exposure into other sectors such as the affordable residential and commercial sectors. The Group's strategy is to diversify its end markets over the medium term targeting over 30 per cent of revenue from the affordable residential and non-residential sectors by 2019. The Group will expand its customer base within the affordable residential sector, as well as entering selective commercial sectors, which will enable it to grow sustainably through the economic cycle. The intention is that this medium term target of 30 per cent of revenue from the affordable residential and non-residential sectors will be gained from incremental revenue sources and will not be at the expense of existing private development residential operations. The Group already has a number of customers in the affordable residential sector and a number of previous customers within the commercial sector and has a track record of applying its skill-set in this area across a variety of projects.

TriConnex has also diversified its business by first offering water connections in 2014 and fibre connections in 2016. This enables TriConnex to offer all four utility connections to customers and it is the only independent utility operator to be able to do this. The Directors also believe that the benefits of UK utilities deregulation will continue, specifically for water connections via self-lay witnessing high levels of growth and for the broadband market, which is very attractive given that it is regarded as an "essential service" with the government supporting the roll-out of fibre across the UK.

TriConnex is also exploring entering new sectors such as industrial and commercial sectors and new opportunities such as electric vehicle (EV) connections and battery storage.

Leverage TriConnex to maximise opportunities for Tamdown

TriConnex is typically engaged early in the development process to advise customers on the utility network considerations for their site. As such, TriConnex gets a unique opportunity to see future developments

(5) Represents the number of regions each division currently works with its customers in as a percentage of the total number of regions each division's customers currently operate in.

months in advance of the usual sales cycle experienced by Tamdown. As Nexus operates an integrated business development strategy, the Group is able to share this customer intelligence with Tamdown, which can then benefit by targeting customers more selectively and in advance of typical tender windows.

Accretive acquisitions

To date the Group has grown organically and the Directors will continue to focus on organic growth. This organic growth will be supplemented by any complementary acquisitions that may be identified by management over the short to medium term. The Group's acquisition strategy will primarily focus on bolt-on acquisitions within areas linked or closely associated to TriConnex to enhance its geographic reach and service offering. Current areas that the Group is exploring include businesses within existing residential utility markets (such as regulated energy utilities) and new markets such as fibre services and non-residential utilities (for example utility connections and services for commercial or industrial operations). Any acquisition will be subject to detailed due diligence and is anticipated to be required to have a clear strategic rationale and be earnings enhancing.

5. Market Overview

5.1. Overview of the UK housebuilding market

The vast majority of the Group's current customers are UK housebuilders and, as such, the UK housebuilding market is key for Nexus. The housing market has been in a long-term position of structural undersupply as the number of new houses built has failed to keep pace with the rate of household formation. Current estimates from the DCLG are for annual household formation in excess of 250,000 over the short to medium term, which compares to UK housing starts in 2016 of approximately 148,000 (178,000 including public and private homes) and is projected to increase to 158,000 in 2019 (192,000 including public and private homes)⁽⁶⁾. As a result there is the expectation that the housing deficit will remain over the foreseeable future. The prevalence of this deficit has attracted a significant amount of government stimulus to the sector. The government has stated that it wishes to see 200,000 new homes completed per year, and has implemented various stimulus measures, such as Help to Buy and Starter Homes, to try to achieve this. The Directors believe that the CPA forecast of 192,000 total housing starts in 2019 is conservative given the supportive government policy (Help to Buy extends out to 2021) and the fact that the high household formation versus new build rate will exacerbate the deficit.

Nexus predominantly operates within the more economically resilient areas of the South East of England and London. The Directors believe the undersupply of housing is more acute in this region compared to the rest of the UK.

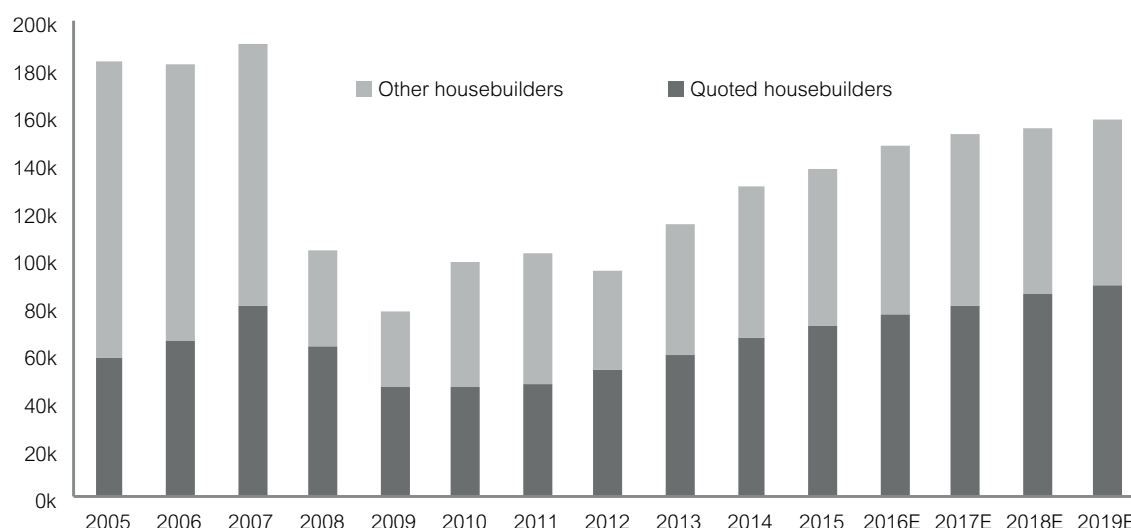
Figure 1 highlights how the current rate of housebuilding in the UK is significantly below the historic average of 180,000 private homes per annum⁽⁷⁾ and, according to the CPA, is not expected to recover to that level by 2019. The sharp reduction in the period 2009 to 2010 was a result of the recession which significantly changed the landscape of the housebuilding industry. Volumes have recovered since 2010 and this is largely a result of the performance of the large, national housebuilders thanks to their land banks and recapitalised balance sheets. In 2016 the quoted housebuilders accounted for approximately 50 per cent of total private new build volumes (compared to approximately 32 per cent in 2005) and the Directors expect this dominance to continue as they work through their land bank and develop larger schemes⁽⁸⁾.

(6) Source: DCLG, Construction Products Association.

(7) Source: DCLG, Construction Products Association for the period 2001-2007.

(8) Source: UK private housing starts. Source: DCLG, Construction Products Association. Quoted housebuilders starts based on public announcements by Barratt Developments Plc, Bellway Plc, Berkeley Group Holdings Plc, Bovis Homes Group Plc, Crest Nicholson Holdings Plc, Galliford Try Plc, Persimmon Plc, Redrow Plc, Countryside Properties Plc, McCarthy & Stone plc and Taylor Wimpey Plc.

Figure 1: UK private housebuilding activity⁽⁹⁾



The housing White Paper released in February 2017 announced new plans by the UK Government to reduce the obstacles to housebuilding and help local authorities, developers and small to medium sized housebuilders meet housing needs. This included greater support for small housebuilders, through the £3 billion Home Building Fund, to build more than 25,000 homes over the next year and up to 225,000 homes in the long term. This is alongside a commitment to build more affordable homes, including Rent to Buy and shared ownership, with an extra £1.4 billion for the Affordable Homes Programme, to build around 225,000 affordable homes.

5.2. **Key participants in Tamdown's market**

The ground engineering and infrastructure industry in the UK is fragmented. Within Tamdown's region in London and the South East of England there are eight significant players who, the Directors believe account for the majority of the market: Tamdown, O'Halloran & O'Brien, M.V. Kelly, Reddington, Breheny, Byrne Bros, Keller (UK) and Jackson. Tamdown generated the highest Adjusted Operating Margin of 8.4 per cent in 2016⁽¹⁰⁾, with the majority of the competitors closer to 4 per cent or below. Tamdown generated the second largest Adjusted Operating Profit of £9.5 million in 2016⁽¹¹⁾. In addition to Tamdown's main competitors listed above there are also a number of medium sized operators and a large number of smaller operators. The leading large companies are all professionally run and, like Tamdown, have generally remained profitable through the recession and they represent a 'quality cohort' of service providers for the major housebuilders to choose from.

The Directors believe that Tamdown and Breheny are the only two major businesses to undertake large-scale infrastructure works at the early stage of a major housing development but Breheny does not undertake follow-on infrastructure works such as substructures, whilst Reddington, Byrne Bros and M.V. Kelly focus on building work. O'Halloran & O'Brien does undertake a similar split of services as Tamdown, though the business is more focused on minor infrastructure and high rise services. Accordingly, the Directors believe that this makes Tamdown unique among its competitors as it is able to deliver all the significant infrastructure works on a development site, and as a result, appeals to housebuilders who then have to rely on fewer service providers.

(9) UK private housing starts. Source: DCLG, Construction Products Association. Quoted housebuilder starts based on public announcements by Barratt Developments plc, Bellway plc, Berkeley Group Holdings plc, Bovis Homes Group plc, Crest Nicholson Holdings plc, Galliford Try plc, Persimmon plc, Redrow plc, Countryside Properties plc, McCarthy & Stone plc and Taylor Wimpey plc.

(10) Based on last reported turnover and operating profit from company annual reports and accounts.

(11) Based on last reported turnover and operating profit from company annual reports and accounts.

5.3. *The UK utilities and connections market*

Management estimates that the total UK independent utility connections market for residential is worth approximately £300 million per year. The market has arisen from the deregulation of the utility sector and TriConnex entered the market in 2011 as a result of this deregulation. The utility connections market consists of three regulated utilities; electricity, gas and water, and one unregulated utility, fibre. TriConnex initially offered electricity and gas connections, expanding to offer water connections in 2014 and fibre connections in 2016.

5.3.1. *Electricity and gas deregulation*

The privatisation of the electricity and gas boards in the 1980s and 1990s created private monopolies which were subject to regulation by what is now known as Ofgem. Ofgem's remit was to improve efficiency and overall service standards as well as to increase competition within these markets. Since splitting the retail and distribution elements of the industry at the end of the 1990s and creating retail competition in the form of the "Big Six"⁽¹²⁾, Ofgem has focused on improving competition within the distribution side of the industry. As part of this, the design and provision of connections of electricity and gas infrastructure to new developments was identified as a major opportunity to introduce competition by Ofgem.

Rules for independent companies to provide the local connection and own/operate installed electricity and gas assets (subject to the same regulation as the regional distribution companies) began to be introduced in 2000. In 2010, licence obligations were imposed on electricity and gas distribution companies to promote competition and tighten up performance standards when working with independents. This provided the opportunity for TriConnex, which entered the market in 2011. Today the Directors believe that approximately 60 per cent of gas and approximately 30 per cent of electricity connections in the UK are undertaken by independent connection providers and they believe this will continue to grow as the independents are generally more cost effective and agile in service delivery than the traditional utility distribution companies.

5.3.2. *Water deregulation*

The former nationalised water boards were also privatised around the same time as the energy industry. However, unlike energy, where service and efficiency were the focus of regulation, the priority for the water industry was to encourage investment in an inadequate infrastructure. As a result, promotion of competition has historically not been a priority for the water regulator Ofwat. Up until the last few years, selling of water, distribution of water and the connections to new developments had remained with the regional monopoly water companies. However, the concept of Self-Lay was introduced in 2013 which permitted developers to arrange for the installation of the water mains and services by an independent third party, so called Self-Lay Organisations (SLOs) such as TriConnex. After installation and connection by the SLO the water assets are adopted by the local water company.

Until recently there had been little direction from Ofwat on process and standards for Self-Lay and accordingly different developers operate in different ways – this made it difficult for SLOs to offer a consistent service to developers who operate nationwide. In 2014/15, following pressure from developers and SLOs, Ofwat, working with the water industry trade body WaterUK, started to encourage standardisation. A new national body, the Water Self-Lay Forum, of which Richard Harpley (Managing Director of TriConnex) is a member, was set up, sponsored by the water companies, and charged with improving standards and developing consistent processes that will ultimately align the water connections market to that of energy, giving TriConnex the opportunity to take market share from incumbent water distributors. The UK water industry is some way behind the gas and electricity independent connections industry but given recent deregulation the Directors expect an element of catch-up. In 2017, the Water Self-Lay Forum introduced the Code of Practice to encourage more consistent and high standards of service to developers nationwide.

(12) The Big Six includes British Gas, EDF Energy, E.ON UK, npower, Scottish Power and SSE.

5.3.3. *Fibre*

Fibre connections are not a regulated activity and independents have always been able to provide them. Thus there is less opportunity for TriConnex to benefit from deregulation but in 2016, Ofcom mandated more open access to Openreach's fibre network throughout the UK and the dynamics remain similar to the electricity, gas and water connections market as the availability of high speed fibre is an increasingly important factor for home buyers, and therefore for housebuilders and developers. In addition, the Department for Culture, Media and Sport has worked with the housebuilders and communications infrastructure providers to produce voluntary performance standards covering the key steps in the connection process. There has been significant government support to roll out super-fast fibre across the country, including new residential and commercial developments.

5.4. *Key participants in TriConnex's market*

TriConnex has three main competitors in the South East of England market, GTC (owned by Brookfield Infrastructure Fund), SSE (quoted on the London Stock Exchange) and Fulcrum (quoted on the London Stock Exchange). There is also a fourth player in the industry, Energetics, which is owned by Macquarie, but this business operates primarily in Scotland and Northern England and has had a limited presence in the South East of England market. GTC provide electricity, gas and fibre connections, SSE provide electricity and gas connections, Energetics provide electricity, gas and water connections and Fulcrum principally provide gas and water connections. These four companies are predominantly utility operators or Asset Owners and as such are not truly independent installers like TriConnex. The Directors believe that TriConnex has a 20 per cent share of the South East of England market which it has built through having a deep understanding of its customers' needs, drawing on the Group's expertise in residential developments, being more service focused and user-friendly than competitors, and by providing fast and reliable delivery. The Directors believe that TriConnex has a 3 per cent share of the South West of England but has only been operating in the region since 2015.

6. **The Company's Business**

6.1. *Nexus*

Nexus is a leading provider of essential infrastructure services to the UK housebuilding and commercial sectors, comprising two separately managed and operated businesses, Tamdown and TriConnex, with an ambition to achieve market leadership in their respective industry sectors. The Group's mission is to outperform the competition through innovation and by delivering a frictionless service to customers. As at the date of this document, the Group has a total workforce of 828 employees.

6.2. *Tamdown*

Tamdown provides a range of specialised infrastructure and engineering services to the UK housebuilding and commercial sectors. Services include carrying out earthworks, remedial work, building highways, substructures and basements, creating drainage systems as well as constructing reinforced concrete frames. The business has a well-established market position having been in operation for over 40 years and a blue-chip customer base with a total of 19 customers including nine of the top ten largest UK housebuilders. Tamdown's operations are focused on the South East of England and London (generally outside zones 1 and 2). Tamdown has a specific focus on large, multi-phase, multi-year projects generating significant follow-on work. The Group's services are considered essential for residential development projects and the Directors believe that they account for a significant portion of the costs of a typical development.

Tamdown specialises in the major infrastructure works that represent the 'front-end' of major housing developments. Undertaking these works typically embeds Tamdown throughout the life of a scheme, as these infrastructure works are often extended, and also places it favourably to secure subsequent phases of the scheme (in the case of a multi-phase development site). This facilitates a good level of revenue visibility with these future phases sitting outside Tamdown's Order Book.

Figure 2: Geographic locations of Tamdown operations in the South East of England



Tamdown has an office in Braintree, Essex with a strong presence in the outer zones of London and the Home Counties. Tamdown's presence in central London is limited due to logistical and accessibility issues and fewer residential opportunities, along with increased levels of competition.

6.2.1. *Contracts*

Tamdown's contracts are secured through tendering and are considered to be won when in receipt of a signed order at which point the contract is recognised in the Order Book. Contracts are typically awarded on a phase by phase basis by the customer. Tamdown has a high contract win rate historically, for example in 2016 this was 1:2.1, whilst the average contract value secured by Tamdown has increased between 2013 and 2016 from £1.2 million to £2.4 million. The number of tenders submitted by Tamdown has decreased over this period, as a result of Management being more selective in tendering for projects, focusing more on higher value projects and in particular those which are part of multi-phase schemes. These subsequent phases also increase the average duration of a contract. Based on Tamdown's experience, multi-phase contracts on average last approximately 8 years, with individual phases tending to last on average 12-18 months. Tamdown contracts are typically fixed price for 12 months with cost increases passed on if the contract extends beyond this period.

Tamdown's revenue is recognised over the life of a contract according to the percentage completion of the contract based upon monthly surveyor assessments. The customer is provided with the Tamdown valuation assessment and upon agreement with the customer's surveyor, the increase from the previous month's valuation is invoiced by Tamdown and recognised as revenue in that month.

6.2.2. *Customers*

Figure 3: Top 10 Tamdown customers by revenue for the financial year ended 30 September 2016

Customer	Revenue (£m)	Contracts (#)
Countryside	23.9	17
Barratt	15.3	11
Redrow	14.4	7
Taylor Wimpey	8.2	10
Persimmon Homes	7.2	2
Hill Partnership	6.6	5
Berkeley Homes	6.5	5
Fairview	5.0	2
Bellway	4.5	1
Bloor Homes	4.0	1

Tamdown works with nine out of the top ten largest housebuilders in the UK. Figure 3 shows Tamdown's top ten customers but does not split these out into their respective regional divisions (each regional division acts independently with its own separate management team).

These top ten customers accounted for 85.0 per cent of Tamdown's revenue in 2016 with the top five accounting for 61.3 per cent. It is worth noting that the ten customers within figure 3 comprise in total 21 separate regional divisions, the largest being Countryside with 5 regions. As at the date of this document, Tamdown had 19 customers with a total of 29 regional divisions. Tamdown is positioning itself for the changing housebuilding landscape by diversifying its customer base and utilising its transferable skill set in different markets. As part of this strategy, Tamdown has increased its focus on affordable housing and "Build to Rent" developers, including L&Q, NU Living, Legal & General Homes and Canary Wharf Contractors, and also increased its focus on smaller to mid-sized housebuilders, including Hill, Cala Homes, Hopkins Homes and Weston Homes.

6.2.3. *Barriers to entry*

Significant barriers to entry exist in Tamdown's market, principally the requirement for a skilled work force, the necessary plant and equipment, strong health and safety accreditations, efficient and effective customer service, and a strong balance sheet demonstrating financial stability. Tamdown positions itself as the leading operator of quality and focuses on customer service, lasting relationships and tailored services for individual customers. Tamdown's customer relationships have been developed over many years and significant goodwill and reputation has been established. Many customer relationships have lasted more than 20 years (for example, Countryside, Taylor Wimpey and Barratt). The Group's financial strength also acts as a significant barrier to entry for smaller operators who may struggle to access capital and so do not have the covenant strength to take on large projects, a factor which customers take into consideration when picking suppliers. The Group's strong balance sheet and cash reserves provide its customers with confidence along with Tamdown's significant operational capabilities. Tamdown has a number of awards recognising the Company's high standards including being named joint 'Subcontractor of the Year' for 2015 by Countryside Properties at the Countryside New Homes and Communities Partnering Awards on 21 January 2016, and being awarded "New Business Partner of the Year" for 2016 by Weston Homes at the 24th Annual Business Partner Awards and Conference hosted by Weston Homes on 17 February 2017.

6.3. *TriConnex*

TriConnex designs, installs and connects gas, electricity and water networks and fibre connections on new residential and commercial developments. TriConnex was established in 2011 to take advantage of deregulation in the utilities market with the goal of being recognised as the UK's leading independent provider of utility connections to new developments. TriConnex's current areas of operation include the South East and South West of England.

TriConnex has grown entirely organically from start-up to become a leading utility service provider, and is considered to be the first non-utility company in the utility connections space. It is the only provider with prior housebuilding and construction experience and is the only independent company that offers all four utility connection services. TriConnex has two main revenue streams: income from developers for connections and income from the sale of the installed assets to Asset Owners. TriConnex is first contacted and invited to tender at the very early stages of a development and this can be over 12 months before Tamdown is involved (if Tamdown is selected to work on the development). This early involvement provides the Group with a strategic benefit as the Group is aware of an upcoming project that Tamdown can prepare and tender for.

The strong reputation enjoyed by Tamdown with the major housebuilders was a critical factor in winning early support for TriConnex when it entered the market and, since then, TriConnex has rapidly built its own reputation for customer focus and responsiveness, flexibility, quality of service and reliability. The Directors believe that the customer-focused mentality of TriConnex has enabled it to displace the less customer-focused incumbent utility companies.

TriConnex designs, installs and connects the utility network from the main grid to the point of connection on the development site. The division provides a turnkey service from concept to connection with a significant amount of desktop planning and research undertaken. TriConnex's work typically comprises six main stages:

-
1. Concept: TriConnex will often become involved in a residential project prior to a customer acquiring land or obtaining planning. This allows TriConnex to gain a clear understanding of the project requirements so that it can offer the most appropriate solution.
 2. Technical: The next stage is for TriConnex to assess the site, in view of the customer's detailed build requirements.
 3. Design: TriConnex will translate the technical solution into a buildable reality. The focus for this stage is on the detail and all relevant third party stakeholders are contacted. Safety risks are also identified with relevant risk assessments carried out.
 4. Planning: The planning stage overlaps with both the design and installation stages, and is when the necessary consents and permits are secured.
 5. Installation: This involves installation of pipework and cables and associated equipment such as electricity sub stations and gas pressure reduction valves. TriConnex will integrate with the customer's on-site team to ensure a consistent and flexible delivery. In addition, TriConnex undertake any related off-site excavation.
 6. Connection: Finally, TriConnex will connect the utilities to individual housing units, so that they are ready to be handed over to the Asset Owner.

Figure 4: Geographic locations of TriConnex's current operations



TriConnex has offices in Braintree and Bristol. The Bristol office was opened in 2015 to support the delivery of the division's largest scheme to date of 5,500 units in Sherford (a Bovis, Linden Homes and Taylor Wimpey site) and to commence regional expansion. TriConnex is anticipating opening a third office in the Midlands in 2018 to expand into this region following the recent recruitment of a Business Development Manager to cover this region.

6.3.1. Contracts

TriConnex's contracts are secured through tendering and are considered to be won when in receipt of a signed contract, at which point the contract is recognised in the Order Book. TriConnex has a high contract win rate historically and in 2016 achieved a win rate of 1:3.4. The number of tenders received and submitted has increased from 2013 to 2016 in addition to the tender size (based on number of units) as TriConnex has become more established in the market. TriConnex's average revenue per contract in 2016 was £0.4 million with an average scheme size of 140 units. TriConnex's contracts typically last for over 3 years and in some instances more than 10 years (for example the Sherford New Market Town development with a total of 5,500 new homes).

Contracts are typically awarded based upon the whole site rather than on a phase by phase basis as per Tamdown's contracts. This results in proportionately higher contract orders and longer run-off periods for such orders. Revenue is recognised based on the quantum of monthly costs incurred utilising contract margin. The contract margin is calculated based on the tendered margin with adjustments for variations in materials, design and subcontractor costs after the contract is won.

6.3.2. *Revenue model*

TriConnex has two main revenue streams: income from developers for each connection and income from the sale of the asset to Asset Owners.

The consultation and installation work is carried out as instructed by the developer. The developer pays for these services less an amount equating to the asset value of the eventual network. Typically this revenue is received in staged payments in advance of the work for each stage commencing, with the final instalment paid prior to the final connections going live.

The price charged to the developer by TriConnex is the full cost of installation, plus margin, less the value of the installed assets as calculated by the adopting Asset Owner. Asset Owners earn revenue from the use of their assets which has a calculable net present value that informs the price they are prepared to pay to TriConnex for those assets. TriConnex does not retain the assets but agrees the asset value and signs an asset adoption agreement with an Asset Owner before commencing a contract.

As the installed assets have a calculable value post connection, the developer understands that this value has been deducted from the contract costs as they are not licensed to and do not seek to own the assets. TriConnex employs a capital light model targeting a high ROCE and as such does not retain the assets, with the assets vesting in the Asset Owner as soon as the connections go live.

6.3.3. *Customers*

Figure 5: Top 10 TriConnex customers by revenue for the year ended 30 September 2016

Customer	Revenue (£'000)	Contracts (#)
Countryside	3,383	20
Hopkins Homes	2,827	30
Bellway	2,585	41
Barratt	2,352	7
Redrow	1,429	28
Mersea	1,109	2
Sherford Consortium ⁽¹³⁾	1,416	3
Bloor Homes	915	20
Crest Strategic	709	4
Higgins Construction	697	16

TriConnex is reliant on a small number of customers with approximately 75 per cent of revenue generated from the top 10 customers in 2016. TriConnex had 45 customers in 2016 and 50 customers as at the date of this document which includes many of the top 25 housebuilders. The two largest customers in 2016, based on the number of contracts and revenue, were Countryside and Hopkins Homes, which accounted for approximately 27 per cent of total revenue. The division benefits from low customer churn due in part to the length of its contracts.

The Directors estimate that TriConnex has a 20 per cent share of the South East utility connections market and a 3 per cent share of the South West market. The Directors are targeting in excess of 15 per cent national market share by the end of 2019.

(13) A consortium comprising Bovis, Linden Homes and Taylor Wimpey.

6.3.4. *Barriers to entry*

TriConnex's market has a number of barriers to entry, especially regulatory, with the requirement that all independent operators must comply with stringent accreditation managed by Lloyds Register. For gas and electricity this includes the National Electricity Registration Scheme and the Gas Industry Registration Scheme, while water regulation is more complex with SLOs being regulated by the Drinking Water Inspectorate and the Environment Agency. TriConnex's reputation for strong customer service and customer relationships and the requirement to deliver connections on time (TriConnex has never missed a connection deadline to date) are also barriers to entry.

6.4. *Group awards and accreditations*

Nexus has strong links and associations with a wide range of construction accreditation organisations as a way of demonstrating and reinforcing its commitment to high standards in all Group activities. Tamdown's policies, procedures and practices are accredited with BE EN ISO 9001 Quality Management Systems, BN EN ISO 14001 Environment Management Standard, BS OHSAS 18001 Occupational Health and Safety, Management, BSI ISO 50001 Energy Management Systems certification (ESOS compliance) and CHAS (Contractors Health & Safety Scheme). Tamdown also has an in-house behavioural Health & Safety programme, 'WorkSmart', producing significant results in the strategy for culture change and is delivered by a dedicated on-site HSQE training team. Tamdown has won the RoSPA Gold Award eight years running, the 2015 Countryside Health & Safety Award and a 2016 RoSPA Gold Medal Award. Nexus is committed to the philosophy of 'Investors in People' and their policies follow these principles.

In January 2016, Tamdown was named joint 'Subcontractor of the Year' for 2015 by Countryside Properties at the Countryside New Homes and Communities Partnering Awards. At the same awards, Tamdown also won the 'Subcontractor Health & Safety Award' for the Eastern region. In February 2017, Tamdown was named "New Business Partner of the Year" for 2016 by Weston Homes.

TriConnex has the necessary accreditations required to work in the industry, specifically, NERS (National Electricity Registration Scheme), GIRS (Gas Industry Registration Scheme) and WIRS (Water Industry Regulation Scheme). In addition to these accreditations, TriConnex is also ISO 9001 Quality Management Systems, ISO14001 Environment Management Standard and OHSAS 18001 Occupational Health and Safety accredited. TriConnex is registered with Achilles and CHAS (Contractors Health & Safety Scheme).

6.5. *Group workforce*

As at the date of this document Nexus had a total workforce of 828 employees as well as 219 agency staff. The business uses agency staff to supplement the number of on-site staff. This allows flexibility during market upturns and downturns and is also a useful means of controlling costs during winter months when poor weather can delay site work.

As at 30 September 2016 Nexus had a total work force of 802 employees as well as 165 agency staff. The workforce summary as at 30 September 2016 was as follows:

	Tamdown	TriConnex	Central	Group total
Management	32	27	6	65
Office	44	63	1	108
On site workforce	568	55	0	623
Part time	6	0	0	6
Agency	165	0	0	165
Total	815	145	7	967

Nexus believes in success through its employees with dedicated in-house HR, Learning & Development and Recruitment teams providing structured learning, development and improvement opportunities. Nexus has a bespoke BSc in Business Management Practice at Anglia Ruskin University, along with the Aspire Programme for graduates, Apprentice Programme, Developing Contract Managers/Foreman Programme and Future Talent Programme for A-Level students. Nexus

also encourages leadership and management development with executive coaching, management coaching, ILM Level 3 and 5 accreditation, succession planning and psychometrics. The Group also has a development programme including a Quantity Surveyor Programme, Site Bursary, technical development and development for IT, HR and Finance. The Group also has a Stakeholder and Performance Management Framework (PMF) which is linked to the business plan involving performance and competence reviews. Tamdown won the 2016 Construction News Awards Employer of the Year, having been a finalist in 2015 in the same category. The Group is also accredited with the “Investors in People” standard.

7. Financial Information

The financials within this section which have been extracted from the Historical Financial Information of the Group as set out in Section B of Part IV of this document and the Unaudited Interim Financial Information of the Group as set out in Section D of Part IV of this document, sets out a summary of the financial results of the Group for the three years ended 30 September 2014, 30 September 2015, and 30 September 2016, and the 6 month periods ended 31 March 2016 and 31 March 2017. Prospective investors should read the full financial information in Part IV of this document and not solely rely upon the summary below.

7.1. Income statement

The Group has demonstrated a strong financial track record over the historical period under review with consistent growth in revenue and profits.

	For the year ended 30 September			For the 6 months ended 31 March (unaudited)	
	2014 £m	2015 £m	2016 £m	2016 £m	2017 £m
Revenue	108.4	130.9	135.7	63.7	60.6
Cost of sales	(91.1)	(109.0)	(109.4)	(51.7)	(48.5)
Adjusted Gross Profit	17.2	21.9	26.3	12.0	12.1
<i>Adjusted Gross Profit Margin</i>	<i>15.9%</i>	<i>16.7%</i>	<i>19.4%</i>	<i>18.9%</i>	<i>20.0%</i>
Overheads	(10.7)	(12.1)	(14.0)	(6.8)	(8.5)
Central costs	(0.2)	(0.4)	(1.3)	(0.4)	(0.6)
Adjusted Operating Profit	6.3	9.4	11.0	4.8	3.1
<i>Adjusted Operating Profit Margin</i>	<i>5.8%</i>	<i>7.2%</i>	<i>8.1%</i>	<i>7.5%</i>	<i>5.1%</i>
Net finance charge	(0.1)	0.0	(0.2)	(0.1)	(0.1)
Taxation	(1.2)	(1.8)	(2.1)	(1.0)	(0.6)
Adjusted Profit After Tax	5.0	7.6	8.7	3.7	2.4

Group revenue over the period has grown from £108.4 million in 2014 to £135.7 million in 2016 (representing a CAGR of 11.9 per cent) driven by a 17 per cent increase in Tamdown revenue and a 91 per cent increase in TriConnex revenue. This growth is due to Tamdown increasing the average size of its contracts with both new and existing customers and TriConnex growing profits significantly and increasing market share. Revenue in H1 2017 was £60.6 million, a decrease of 4.8 per cent compared to H1 2016. The reduction in Group revenue growth in 2016 compared to 2015 and the small reduction in Group revenue in H1 2017 compared to H1 2016 is principally due to difficult market conditions experienced as a result of the EU Referendum which caused a slowdown in tendering activity and delays to customers awarding new contracts both in the run up to and after the EU Referendum.

There is an element of seasonality within the business related to weather, with revenues typically split 40 - 45 per cent in the first half of the financial year over the winter and 55 - 60 per cent in the second half of the financial year over the spring and summer. In the year end 30 September 2016, 47 per cent of Group revenue was generated in the first half of the financial year, with 53 per cent in the second half, while Group Adjusted Operating Profit was split 44 per cent in the first half of the financial year and 56 per cent in the second half.

Group Adjusted Gross Profit grew from £17.2 million in 2014 to £26.3 million in 2016 (CAGR of 23.7 per cent) representing an increase in Group Adjusted Gross Profit Margin from 15.9 per cent to 19.4 per cent. This improvement is primarily due to higher margin contracts being won and growth in the higher margin TriConnex business. This trend continued in H1 2017 with an Adjusted Gross Profit Margin of 20.0 per cent compared to 18.9 per cent in H1 2016.

Overheads have broadly increased in line with revenue as the business has expanded, principally driven by increased staff costs as employee numbers increased and the Board and management team strengthened. Central costs have been relatively small historically and are expected to increase to £1.3 million in 2017, £1.7 million in 2018 and £1.8 million by 2019 due principally to plc costs and share based payments under the Group's equity incentive schemes.

Group Adjusted Operating Profit has increased by 73.8 per cent over the period from £6.3 million in 2014 to £11.0 million in 2016 (representing a CAGR of 32.1 per cent), while Adjusted Operating Profit Margin has increased from 5.8 per cent in 2014 to 8.1 per cent in 2016 principally due to the Group's strategy of focussing on higher quality, higher margin contracts and the completion of underperforming legacy contracts and also an element of operational leverage. In H1 2017 the Group generated Adjusted Operating Profit of £3.1 million, a 35.5 per cent contraction from the £4.8 million in H1 2016 and an Adjusted Operating Profit Margin of 5.1 per cent. This was due to increased overhead investment in the period to support the Group's growth strategy combined with lower revenues due to the impact of the EU Referendum.

The effective tax rate for the Group in 2016 was 20.0 per cent, and the Directors believe this effective tax rate will track the UK corporation tax rate in the future. Group Adjusted Profit After Tax has grown 71.8 per cent since 2014 from £5.0 million to £8.7 million in 2016, representing a CAGR of 31.1 per cent.

7.2. *Divisional performance*

7.2.1. *Tamdown*

	For the year ended 30 September			For the 6 months ended 31 March (unaudited)	
	2014 £m	2015 £m	2016 £m	2016 £m	2017 £m
Revenue	96.1	112.0	112.4	54.1	46.8
Adjusted Gross Profit	12.9	16.0	18.5	9.0	7.4
<i>Adjusted Gross Profit Margin</i>	<i>13.4%</i>	<i>14.3%</i>	<i>16.5%</i>	<i>16.6%</i>	<i>15.9%</i>
Adjusted Operating Profit	4.3	7.2	9.5	4.3	1.9
<i>Adjusted Operating Profit Margin</i>	<i>4.5%</i>	<i>6.4%</i>	<i>8.4%</i>	<i>8.0%</i>	<i>4.1%</i>

Tamdown has demonstrated robust growth in revenues and profits since 2014 with revenue increasing from £96.1 million in 2014 to £112.4 million in 2016, representing a CAGR of 8.1 per cent. Adjusted Gross Profit has also increased from £12.9 million in 2014 to £18.5 million in 2016, representing an Adjusted Gross Profit Margin of 13.4 per cent in 2014 and 16.5 per cent in 2016. Adjusted Gross Profit fell to £7.4 million in H1 2017, compared to £9.0 million in H1 2016, representing an Adjusted Gross Profit Margin of 15.9 per cent compared to 16.6 per cent. This reduction was due to increased competition following a reduction in new orders as a result of market uncertainty due to the EU Referendum, particularly on larger schemes, and affordable housing schemes coming through the Order Book. The Directors will be targeting an Adjusted Gross Profit Margin in excess of 17 per cent per annum for Tamdown in the medium term. The main components of Tamdown's cost of sales include materials, labour, plant and subcontracting costs.

For the financial year ended 30 September 2015 a £1.3 million provision was booked in relation to two separate Tamdown contracts (at different sites) which, due to damage to water and gas works did not perform in-line with the Board's expectations and required remedial action. The provision covers the potential liabilities arising from these two contracts and the Directors believe they are one-off in nature and fully provided for. Tamdown's overheads over the period decreased from 8.9 per cent of revenue in 2014 to 8.1 per cent in 2016. In the medium term

Tamdown's overheads are expected to remain at around 10 per cent of revenue as the business invests on a sustainable basis to support future growth. Tamdown's Adjusted Operating Profits has increased from £4.3 million in 2014 to £9.5 million in 2016, (representing an Adjusted Operating Margin of 4.5 per cent and 8.4 per cent respectively) which reflects Tamdown's focus on more profitable, higher margin contracts, and utilising capacity more effectively. Tamdown's Adjusted Operating Profit decreased in H1 2017 to £1.9 million from £4.3 million in H1 2016 due to a reduced level of work being offered and secured from housebuilders following the EU Referendum whilst maintaining the investment in the overheads described above. The Directors will be targeting an Adjusted Operating Profit margin of 7 per cent per annum for Tamdown in the medium term.

7.2.2. TriConnex

	For the year ended 30 September			For the 6 months ended 31 March (unaudited)	
	2014 £m	2015 £m	2016 £m	2016 £m	2017 £m
Revenue	12.2	18.9	23.3	9.6	13.9
Adjusted Gross Profit	4.3	5.9	7.8	3.0	4.7
<i>Adjusted Gross Profit Margin</i>	<i>35.5%</i>	<i>31.1%</i>	<i>33.4%</i>	<i>31.7%</i>	<i>33.9%</i>
Adjusted Operating Profit	2.2	2.6	2.8	0.9	1.8
<i>Adjusted Operating Profit Margin</i>	<i>17.6%</i>	<i>13.6%</i>	<i>12.1%</i>	<i>9.2%</i>	<i>12.7%</i>

Since its formation in 2011 TriConnex has been a high growth, high margin and cash generative business as it has established itself as a leading operator in the utility connections market. Revenue has increased from £12.2 million in 2014 to £23.3 million in 2016, representing a CAGR of 38.1 per cent and comprising 17.2 per cent of Group revenue in 2016, up from 11.3 per cent in 2014. Revenue in H1 2017 was £13.9 million, 44.9 per cent higher than in H1 2016 as TriConnex continued its growth trajectory.

Adjusted Gross Profit increased over the period from £4.3 million to £7.8 million, representing an Adjusted Gross Profit Margin of 35.5 per cent in 2014 and 33.4 per cent in 2016. TriConnex is a higher margin business than Tamdown, principally due to the more technical, office-based services offered being a larger proportion of TriConnex's revenue than Tamdown's, which is typically more site focused. As a result TriConnex has a higher proportion of overhead costs than Tamdown. Adjusted Gross Profit increased to £4.7 million in H1 2017, compared to £3.0 million in H1 2016 representing an Adjusted Gross Profit Margin of 33.9 per cent and 31.7 per cent respectively. TriConnex Adjusted Gross Profit Margin is expected to remain at around 33 per cent in the medium term as TriConnex expands geographically and in part from TriConnex's ability to share in a small portion of the future revenue from certain on-sold utility assets that have been installed by TriConnex. This is in addition to the revenue TriConnex receives from installing connections and selling assets to the Asset Owners.

TriConnex's overheads as a percentage of revenue increased from 17.9 per cent in 2014 to 21.3 per cent in 2016 and 21.2 per cent in H1 2017. The increase in overheads over the period was due to the investment required to fund TriConnex's growth strategy and in particular a significant increase in employees across the business (including management and business development). In the medium term, TriConnex overheads are expected to be around 20 per cent of revenue reflecting the "concept to connection" business model which includes a significant proportion of technical, design and customer liaison staff. TriConnex's Adjusted Operating Profit has tracked the substantial growth in the business in recent years, from £2.2 million in 2014 to £2.8 million in 2016 (representing a CAGR of 14.3 per cent). Adjusted Operating Profit Margin was 17.6 per cent in 2014 (this was higher than normal due to a number of one-off large projects being recognised in 2014) and 12.1 per cent in 2016. TriConnex's Adjusted Operating Profit Margin is expected to broadly remain around this level in the medium term taking into account investment in overheads as the business expands.

TriConnex has achieved a high ROCE over the historical period (44.8 per cent in 2016) due to the low level of assets required and the favourable payment terms as a result of contracts being pre-funded by customers, a feature of the regulated utilities space.

	For the year ended 30 September		
	2014 £m	2015 £m	2016 £m
TriConnex Adjusted Operating Profit	2.2	2.6	2.8
TriConnex net asset value	1.9	4.0	6.3
<i>TriConnex ROCE</i>	<u>114.4%</u>	<u>64.7%</u>	<u>44.8%</u>

7.3. Group cash flow

	For the year ended 30 September			For the 6 months ended 31 March (unaudited)	
	2014 £m	2015 £m	2016 £m	2016 £m	2017 £m
EBITDA	7.3	9.3	11.6	5.3	3.7
Working capital	3.2	3.3	(0.2)	(8.5)	(12.7)
Capex	(2.3)	(0.6)	(1.1)	(0.8)	(0.5)
Group Operating Cash Flow	8.2	12.1	10.4	(4.0)	(9.5)
Interest paid	(0.1)	(0.1)	(0.4)	(0.2)	(0.2)
Other	(1.2)	(1.3)	(1.2)	(0.4)	(0.6)
Net cashflow before financing	6.9	10.7	8.8	(4.5)	(10.3)
Redemption of preference shares	(2.4)	(2.4)	0.0	0.0	0.0
Dividend payment	(0.2)	0.0	(11.0)	(11.0)	(2.7)
Repayment of loans	0.0	(1.0)	(2.6)	(1.8)	(1.0)
Repayment of HP	0.0	0.0	(0.9)	(0.5)	(0.3)
Drawdown of borrowings	0.0	0.0	12.0	12.0	0.0
Net cashflow from financing	(2.5)	(3.4)	(2.5)	(1.3)	(4.0)
Net cashflow	4.4	7.3	6.3	(5.8)	(14.3)

The Group has attractive cash flow characteristics and has achieved an average Cash Flow Conversion of 109 per cent during the Historical Financial Period. This is largely due to the timing of TriConnex receipts which give an attractive working capital profile as the majority of customer payments are received up-front in advance of work starting, and the Company's focus on strong capital controls and working capital management. The growth in both Tamdown and TriConnex, has driven the increase in Group Operating Cash Flow from £8.2 million in 2014 to £10.4 million in 2016. This has allowed the Group to redeem £4.8 million of preference shares, pay dividends of £11.2 million, and repay loans and finances leases totalling £4.5 million during the Historical Financial Period.

Capital expenditure predominantly relates to Tamdown's investment in new plant and machinery with an average £1.4 million annual spend in the period 2014 to 2016. Capital expenditure was higher in 2014 due to a more significant investment in new plant and equipment that is required by the business, on average, every three years. Management expect to invest in excess of £2.5 million per year, over the medium term in plant and equipment in order to improve the ratio of owned to hired plant and support the Group's growth strategy. Interest costs are minimal for the Group due to its strong cash position, with the majority of interest paid relating to hire purchase agreements in relation to the Group's plant and equipment.

In December 2015 the Group paid a special dividend of £11.0 million, financed through a £12.0 million term loan facility with Allied Irish Bank (AIB). At the same time, the Group repaid the remaining balance on its pre-existing AIB loan of £1.0 million. In addition, the Group disposed of certain non-core listed investments in H1 2016 which resulted in a £0.4 million profit being recognised and a £0.5 million cash inflow.

The Group is also in the early stages of planning of the site to build a new headquarters. Approximately £3.0 million was spent in April 2017 to purchase land and the Directors anticipate that

an additional £7.0 million of spending is required for construction, expected to be funded via a mortgage. It is expected that construction will take 18 months with completion in 2019.

7.4. *Group balance sheet*

	30 September 2014 £m	30 September 2015 £m	30 September 2016 £m	31 March 2016 (unaudited) £m	31 March 2017 (unaudited) £m
Non-current assets					
Property, plant and equipment	5.0	4.2	4.8	5.1	4.8
Other non-current assets	2.7	2.9	2.4	2.4	2.4
Current assets					
Inventories	0.5	0.7	0.4	0.7	1.5
Trade and other receivables	25.5	22.1	33.4	33.1	37.4
Cash and cash equivalents	20.5	27.7	34.0	21.9	19.7
Total Assets	54.2	57.7	75.0	63.2	65.8
Current liabilities					
Borrowings	(2.0)	(1.0)	(2.0)	(1.8)	(2.0)
Trade and other payables	(38.6)	(39.3)	(49.9)	(41.7)	(42.3)
Tax liabilities	(0.5)	(0.7)	(0.8)	(0.7)	(0.2)
Non-current liabilities					
Borrowing	0.0	0.0	(8.4)	(9.4)	(7.4)
Other non-current liabilities	(0.9)	(0.3)	(0.5)	(0.7)	(0.7)
Total liabilities	(42.1)	(41.4)	(61.7)	(54.3)	(52.6)
Net Assets	12.1	16.3	13.4	9.0	13.2

The Group has maintained a strong balance sheet over the historical period, with a cash balance of £34.0 million as at 30 September 2016. The Group's cash position has remained strong during the historical period, increasing from £20.5 million in 2014 to £34.0 million in 2016. The increase in cash balance is driven by the Group's growth, profitability and favourable cash flow characteristics. The reduction in cash in H1 2017 to £19.7 million is due to a reduction in trading profits in the period for the reasons described above and reflects the working capital seasonality of the business. The Group has a strict focus on cash management which allows it to maintain its strong cash position to effectively manage working capital and ensures financial strength which customers view favourably when selecting service providers. The Group's net cash position, defined as cash less debt and hire purchase liabilities, increased from £17.2 million in 2014 to £22.6 million in 2016. Net cash as at 31 March 2017 of £9.1 million was broadly comparable with 31 March 2016 and reflects the working capital seasonality of the Group.

	30 September 2014 £m	30 September 2015 £m	30 September 2016 £m	31 March 2016 (unaudited) £m	31 March 2017 (unaudited) £m
Cash	20.5	27.7	34.0	21.9	19.7
Debt	(2.0)	(1.0)	(10.4)	(11.2)	(9.4)
Hire purchase liability	(1.2)	(0.8)	(1.0)	(1.2)	(1.2)
Net cash	17.2	25.9	22.6	9.5	9.1

Property, plant and equipment is predominantly comprised of the freehold title of the Group's headquarters in Braintree, Essex and plant and machinery within Tamdown. This has grown from £3.8 million in 2013 to £4.8 million as at 31 March 2017. Over the period the Group had no significant bad debts.

The Group entered into a new £12.0 million loan with AIB in November 2015 for a term of five years with quarterly repayments of £0.4 million in the first year and £0.5 million thereafter. The first

repayment was made on 31 December 2015, with the balance of the loan repayable on the termination date, being 31 October 2020. There are no penalties for early repayment and interest is charged at between 2.25 and 3.00 per cent per annum plus LIBOR. The facility is subject to four covenants, being: debt service cover (EBITDA : net finance and debt payments) not less than 1.75x; tangible net worth minimum of £5 million, raising to £8 million, £10 million, £12 million; interest cover (EBITDA: net finance charges) not less than 4x; and, leverage (gross debt: EBITDA) not to exceed 2.0x up to September 2018 and not to exceed 1.75x thereafter. Further information on the AIB facility is contained in Part IV, paragraph 10.4 of this document.

7.5. Order Book

Tamdown and TriConnex's unaudited Order Books are valued on a prudent basis using signed orders or contracts only, and exclude anticipated future phases or contract variations.

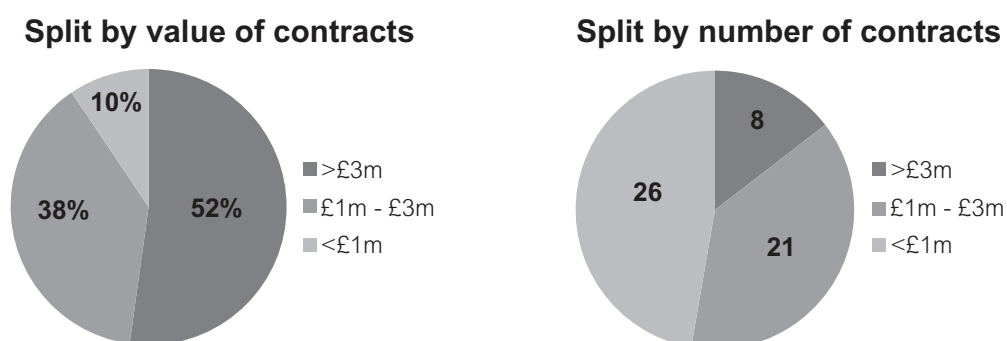
	30 September 2014 £m	30 September 2015 £m	31 May 2016 £m	30 September 2016 £m	31 March 2017 £m	31 May 2017 £m
Tamdown	83.1	95.0	102.3	86.7	100.5	106.1
TriConnex	40.2	68.7	79.8	75.0	80.2	80.9
Group	123.3	163.7	182.1	161.7	180.7	187.0

The Group's Order Book has grown considerably from £123.3 million to £187.0 million as at 31 May 2017. This increase has been driven by the growth of each division but predominantly by TriConnex, whose Order Book has almost quadrupled over the period. The Order Book affords the Group a good degree of visibility over future revenue.

7.5.1. Tamdown

The Order Book for Tamdown has grown significantly over recent years from £83.1 million as of 30 September 2014 to £106.1 million as of 31 May 2017. The Order Book is diversified across a large number of projects as shown in figure 6 and affords revenue visibility for Tamdown with approximately 96 per cent of 2017 budgeted revenue secured as at the date of this document. From 30 September 2016 to 31 May 2017 Tamdown's Order Book increased by £19.4 million as a rebound in contract wins occurred following a slowdown in tendering activity and contract awards as a results of market uncertainty caused by the EU Referendum (both in the run up to and after the result) during which time Tamdown's Order Book decreased as limited new contracts were awarded and the existing contracts base was worked through.

Figure 6: Tamdown Order Book as at 31 March 2017

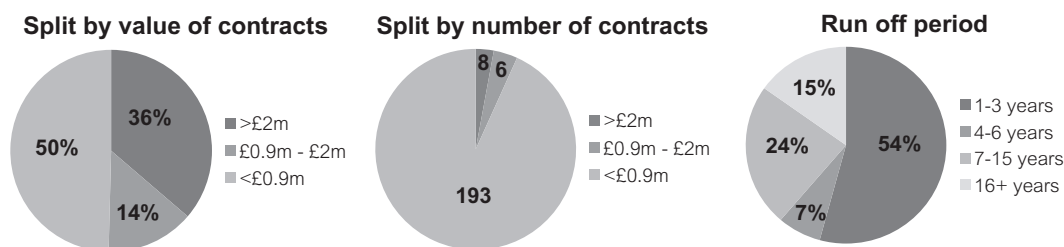


7.5.2. TriConnex

TriConnex's Order Book has grown from £40.2 million as at 30 September 2014 to £80.9 as at 31 May 2017. This has been driven by TriConnex winning large, long-term contracts, the duration of which are typically longer than those in Tamdown, with most contracts lasting for three years or less but with some extending beyond 16 years. This affords TriConnex high revenue visibility and as at the date of this document 96 per cent of 2017 budgeted financial

year revenue is secured. TriConnex's Order Book also stretches over a much longer timeframe than Tamdown's as TriConnex is contracted for the whole of a site, whereas Tamdown is contracted on a phase-by-phase basis. This also contributes to revenue visibility with 39 per cent of TriConnex's Order Book as at 31 March 2017 being for seven years and beyond as shown in Figure 7. TriConnex's Order Book did decrease as a result of the market disruption caused by the EU Referendum but not to the same extent as Tamdown (TriConnex's Order Book for example reduced from £79.8 million as at 31 May 2016 to £75.0 million as at 30 September 2016 compared to Tamdown's Order Book which decreased from £102.3 million to £86.7 million over the same period).

Figure 7: TriConnex Order Book as at 31 March 2017



8. Current Trading and Prospects

As described in paragraph 7 of Part I of this document, the Group's Order Book has increased from £180.7 million as at 31 March 2017 to £187.0 million as at 31 May 2017. This growth has been driven by strong order intake across both Tamdown and TriConnex following a busy period of tendering activity as customers are looking to accelerate development sites following the hiatus caused by the EU Referendum. Current trading for the Group is in line with the Board's expectations and the Board is confident on the outlook and future prospects for the business.

9. Incentive schemes and share awards

The Directors believe that the success of the Group in the future depends to a significant degree on the performance of the Group's senior management team. The Directors also believe in the importance of ensuring that all employees are well motivated and identify closely with the success of the Group.

To that end, the Company has established the LTIP and the SIP. Further details of these Plans are set out in Part VI of this document.

In recognition of their contribution to the Company, all employees will receive a one-off award of 100 Free Shares under the SIP shortly following Admission. In anticipation of the grant of such awards of Free Shares, 85,000 Ordinary Shares will be held by the Trustee at Admission to be used to satisfy those awards.

Details of awards which have been granted to Directors under the LTIP prior to Admission are set out in Part VI of this document.

10. Dividend Policy

The Board intend to adopt a progressive dividend policy whilst maintaining an appropriate level of dividend cover. This policy is intended to allow the Group to retain sufficient capital to meet both the working capital needs of the business and to fund the planned continued expansion of the Group in-line with its growth strategy.

The Board's current intention is to pay annual dividends based on a dividend cover of 3.0 times the Group's Adjusted Profit After Tax.

The Company's maiden dividend after Admission will be an interim dividend for the six months ended 31 March 2017 with a total payment of £0.8 million. In connection with this interim dividend, the ex-dividend date will be 17 August 2017 and the record date will be 18 August. The Company will pay the dividend within 30 business days of the record date.

Assuming that there are sufficient distributable reserves available at the time, the Board currently intends that the Company will pay a final dividend for the financial year ended 30 September 2017, and interim and final dividends in respect of each subsequent financial year.

The Company may revise its dividend policy from time to time. There are no guarantees that the Company will pay dividends or the level of any such dividends.

11. Details of the Placing

It is proposed that 18,928,925 Sale Shares will be sold by the Selling Shareholders at a price of 185 pence per Ordinary Share pursuant to the Placing.

The Company, the Directors, the Principal Shareholders and Numis have entered into the Placing Agreement relating to the Placing pursuant to which, subject to certain conditions, Numis has conditionally agreed to use its reasonable endeavours to procure purchasers for the Sale Shares to be sold by the Selling Shareholders, failing which it will purchase the Sale Shares at the Placing Price.

Each Other Selling Shareholder has executed a form of instruction in favour of the Company pursuant to which each Other Selling Shareholder has directed the Company to procure the sale of certain Ordinary Shares on such Other Selling Shareholder's behalf.

The names of the Selling Shareholders and the number of Ordinary Shares each Selling Shareholder is selling pursuant to the Placing are set out below:

Name of Selling Shareholder	Number of Ordinary Shares to be offered for sale pursuant to the terms of the Placing
Michael Morris	9,376,325
Michelle Morris	483,400
Keith Breen	6,250,800
Mary Breen	322,250
The David Holliday Trust ⁽¹⁾	1,583,650
Christopher Dore	312,500
John Hillman	150,000
Andrew Parton	75,000
Alan Martin ⁽²⁾	75,000
Richard Harpley ⁽²⁾	75,000
Robert Kendal ⁽²⁾	37,500
Michael Hine ⁽²⁾	37,500
John Crick ⁽²⁾	25,000
Mark Waine ⁽²⁾	25,000
Simon Gallagher ⁽²⁾	25,000
Andrew Crick ⁽²⁾	18,750
Patrick Mohan ⁽²⁾	18,750
Eamon Mahon ⁽²⁾	18,750
Michael Bray ⁽²⁾	18,750
Total:	18,928,925

(1) The legal title to the Ordinary Shares to be sold by The David Holliday Trust is held by Rebecca Louise Farnsworth, Diana Patricia Holliday, Michael Stuart Holliday and Amanda Alice Stafford.

(2) The legal title to the Ordinary Shares to be sold by Alan Martin, Richard Harpley, Robert Kendal, Michael Hine, John Crick, Mark Waine, Simon Gallagher, Andrew Crick, Patrick Mohan, Eamon Mahon and Michael Bray is held by Garbol Warehousing Limited.

Each Selling Shareholder (other than the David Holliday Trust) is a Director, a person connected to a Director, or an employee of the Group and the business address of each of them is 1 Tamdown Way, Braintree, Essex, CM7 2QL. The business address of The David Holliday Trust is 19 Cookridge Street, Leeds LS2 3AG.

The Sale Shares represent approximately 49.7 per cent of the Company's current issued share capital. The Company will have a market capitalisation of approximately £70.5 million on Admission.

The Placing Agreement is conditional, amongst other things, upon Admission having become effective by not later than 8:00 am on 11 July 2017 or such later time and date as the Company and Numis may agree (being not later than 8:00 am on 25 July 2017).

Further details of the Placing Agreement are set out in paragraph 10.2 of Part VI of this document.

12. Reasons for Admission to AIM and Use of Proceeds

The Directors believe that the Placing and Admission will:

- Enhance the profile of the Group;
- Provide the Group with access to the capital markets to support the Group's growth strategy;
- Assist in the incentivisation and retention of key management and employees;
- Create a liquid market in the Ordinary Shares for existing and future shareholders; and
- Provide the Selling Shareholders with a partial realisation of their investment in the Company.

The Placing will raise approximately £35,018,511 (before expenses) for the Selling Shareholders.

13. Lock-in and Orderly Market Arrangements

Following the Placing and Admission, the Directors and the Principal Shareholders will, together with each of their connected persons, in aggregate be interested in 16.5 million Ordinary Shares which will represent approximately 43.3 per cent of the issued share capital of the Company. Details of these interests are set out in paragraph 5 of Part VI of this document. The Directors and the Principal Shareholders in respect of themselves and each of their connected persons have undertaken to the Company and Numis that, except in limited circumstances, they will not sell or dispose of their interests in or rights over any of their Ordinary Shares for a period of twelve months from Admission and, for a further twelve months thereafter, they will only sell or dispose of their interests in or rights over their Ordinary Shares subject to orderly market restrictions.

In addition, the Other Selling Shareholders (other than Alan Martin who is subject to the restrictions noted in the previous paragraph) have agreed not to sell any Ordinary Shares that they continue to hold following Admission for a period of 12 months after the date of Admission without the prior written consent of the Company and Numis.

14. Admission to Trading, Settlement and Dealing Arrangements

Application has been made for admission of the Ordinary Shares comprised within the issued share capital of the Company to trading on AIM. It is expected that Admission will become effective and that dealing in the Ordinary Shares will commence on 11 July 2017.

The Ordinary Shares (including the Placing Shares) are in registered form. Prior to Admission, the Company has issued share certificates in respect of its issued share capital, and has maintained its register of members in book entry form. The register of members has been maintained by the Company at its registered office. Following Admission, it is anticipated that Ordinary Shares will be transferrable in CREST and otherwise in certificated form.

Noting the above, it is expected that, subject to the satisfaction of the conditions of the Placing, the Placing Shares will be registered in the names of the placees acquiring them and transferred either:

- (a) in CREST, where the placee so elects and only if the placee is a "system member" (as defined in the CREST Regulations) in relation to CREST, with delivery (to the designated CREST account) of the Placing Shares purchased expected to take place on 11 July 2017; or
- (b) otherwise, in certificated form, with the relevant share certificate expected to be despatched by post by 25 July 2017.

Notwithstanding the election by placees as to the form of delivery of the Placing Shares, no temporary documents of title will be issued. All documents or remittances sent by or to placees or as they may direct will be sent through the post at their risk.

Pending despatch of definitive share certificates or crediting of CREST stock accounts (as applicable), the CREST service provider will certify any instrument of transfer against the Company's register of members.

The 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.

15. CREST

CREST is a paperless settlement procedure which allows securities to be evidenced without a certificate and transferred other than by written instruction. The New Articles permit the holding of Ordinary Shares under the CREST system. Application has been made for all of the issued Ordinary Shares to be eligible for admission to CREST with effect from Admission. Accordingly settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if the individual Shareholders so wish.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

The Directors have applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, it is expected that the Ordinary Shares will be enabled for settlement in CREST following Admission.

16. Share Dealing Code

The Company has adopted, with effect from Admission, a share dealing code for the Directors, PDMRs and all employees, which is appropriate for a company whose shares are admitted to trading on AIM.

17. The City Code

The City Code, which is issued and administered by the Takeover Panel, applies to all takeover and merger transactions, however effected, where the offeree company is, amongst other things, a company which has its registered office in the United Kingdom, the Channel Islands or the Isle of Man and the securities of which are admitted to trading on AIM.

The Company is a public limited company which has its registered office in the United Kingdom. Accordingly, the City Code applies to the Company and, as a result, Shareholders are entitled to the benefit of the takeover offer protections provided under the City Code.

Under Rule 9, any person who acquires an interest in shares, whether by a series of transactions over a period of time or not, which (taken together with any interest in shares held or acquired by persons acting in concert (see below) with him) in aggregate, carry 30 per cent or more of the voting rights of a company which is subject to the City Code, is normally required by the Takeover Panel to make a general offer to all of the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent of the voting rights of such a company but does not hold shares carrying more than 50 per cent of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person which increases the percentage of shares carrying voting rights in which he is interested.

An offer under Rule 9 must be in cash or be accompanied by a cash alternative and 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 during the 12 months prior to the announcement of the offer.

The City Code defines persons "acting in concert" to comprise "persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate an offer for a company". The City Code defines "control" to mean "an interest, or interests, in shares carrying in aggregate 30 per cent or more of the voting rights of a company, irrespective of whether such interest or interest give *de facto* control."

The Company has agreed with the Takeover Panel that:

- each of Michael Morris and Michelle Morris who are husband and wife, should be treated as persons acting in concert for the purposes of the City Code (the “**Morris Concert Party**”);
- each of Keith Breen and Mary Breen who are husband and wife, should be treated as persons acting in concert for the purposes of the City Code (the “**Breen Concert Party**”);
- the Morris Concert Party and the Breen Concert Party should be regarded as acting in concert with each other (together, the “**Morris/Breen Concert Party**”); and
- no other Shareholders should be regarded as acting in concert either with each other nor with the Morris/Breen Concert Party, the Morris Concert Party or the Breen Concert Party.

At Admission, the interests of the Morris Concert Party will be as follows (excluding shares held under option which are detailed in paragraph 4.3 of Part VI of this document):

Name	Number of Ordinary Shares (conferring voting rights)	Percentage of Ordinary Shares (conferring voting rights)
Michael Morris ⁽¹⁴⁾	9,376,325	24.6
Michelle Morris	483,400	1.3
Aggregate interests of the Morris Concert Party	9,859,725	25.9

At Admission, the interests of the Breen Concert Party will be as follows (excluding shares held under option which are detailed in paragraph 4.3 of Part VI of this document):

Name	Number of Ordinary Shares (conferring voting rights)	Percentage of Ordinary Shares (conferring voting rights)
Keith Breen ⁽¹⁴⁾	6,250,800	16.4
Mary Breen	322,250	0.8
Aggregate interests of the Breen Concert Party	6,573,050	17.2

At Admission, the interests of the Morris/Breen Concert Party will be as follows (excluding shares held under option which are detailed in paragraph 4.3 of Part VI of this document):

Name	Number of Ordinary Shares (conferring voting rights)	Percentage of Ordinary Shares (conferring voting rights)
Michael Morris ⁽¹⁴⁾	9,376,325	24.6
Michelle Morris	483,400	1.3
Keith Breen ⁽¹⁴⁾	6,250,800	16.4
Mary Breen	322,250	0.8
Aggregate interests of the Morris/Breen Concert Party	16,432,775	43.1

(14) As referred to in paragraph 8.7.4.6 of Part VI of this document, it is intended that a one-off award of 100 Free Shares will be made shortly following Admission to each employee who is employed by the Group on Admission and who remains employed by the Group on the date of the award. As Michael Morris and Keith Breen are both employees of the Group, they would each receive this award of Free Shares. The shareholdings set out above do not include these Free Shares and therefore, following such award, the shareholding of each of Michael Morris and Keith Breen will increase by 100 Ordinary Shares.

Squeeze out

Under the Act, if an offeror were to acquire 90 per cent of the Ordinary Shares within four months of making the offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their Ordinary Shares and then, six weeks later, it would execute a transfer of the outstanding Ordinary Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to the Shareholders whose Ordinary Shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

Sell out

The Act also gives minority Shareholders in the Company 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 Ordinary 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 Ordinary Shares, any holder of shares to which the offer relates who has not accepted the offer can require the offeror to acquire his Ordinary Shares. The offeror would be 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 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 its rights, the offeror is bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

18. Taxation

Information regarding taxation is set out in paragraph 15 of Part VI of this document. These details are, however, intended only as a general guide to the current tax position under UK taxation law. If you are in any doubt as to your tax position you should consult your own independent financial adviser immediately.

19. Further Information

Prospective investors should read the whole of this document which provides additional information on the Company and not rely on summaries or individual parts only. In particular, the attention of prospective investors is drawn to Part III of this document, which contains a summary of the risk factors relating to any investment in the Ordinary Shares of the Company.

PART II

BOARD OF DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

1. Board of Directors and Senior Management

Board of Directors

The Company currently has 5 directors, of which 2 are non-executive directors who are considered to be independent.

Geoffrey French (aged 70) – Independent Non-Executive Chairman

Geoffrey French CBE joined the Board as non-executive Chairman in January 2016. Geoffrey, who is a civil engineering graduate, began his career at Scott Wilson in 1968. He was Chairman from 2002 until 2010 during which time he oversaw the Group's successful flotation on the London Stock Exchange and its sale to URS. Geoffrey has been Chairman of the Enterprise M3 Local Enterprise Partnership ('LEP') since it was established in 2011. He was formerly President of the Institution of Civil Engineers (2013 to 2014), President of the International Federation of Consulting Engineers (2011 to 2013) and Chairman of the Association for Consultancy and Engineering in 2009.

Michael Morris (aged 49) – Chief Executive Officer

Michael Morris has led the Group through a period of significant growth since the management buy-out in 1999 working closely with 3i Group plc. Michael is an entrepreneur, business leader and keen start-up investor with 30 years' experience within the civil engineering and infrastructure services industry. The catalyst and driving force behind the continued success of the business, Michael is passionate about continuous improvement at a business and personal level. He holds a B.Sc. degree in Management.

Alan Martin (aged 51) – Chief Financial Officer

Alan Martin was appointed Chief Financial Officer of Nexus in September 2015. Alan, a Chartered Accountant, was previously Chief Financial Officer of housebuilder and strategic land specialist MJ Gleeson plc from 2009 to 2015, having joined in 2006 as Group Financial Controller, during which time he played an important role in the repositioning and revitalisation of the Group. Prior to this, he held senior roles at Psion plc and PwC. Educated at Cardiff University, he has a B.Sc. Honours degree in Accountancy and Law.

Richard Kilner (aged 61) – Non-Executive Director

Richard Kilner is a chartered civil engineer and a member of the Institution of Civil Engineers. Educated in South Africa, he has a B.Sc. degree in civil engineering. He has held a number of senior positions in construction and private equity and also has specific experience of property development, business process outsourcing and healthcare. He was a partner at 3i Group plc where he was involved in significant investments in Asia, the USA and Europe. Richard also spent five years (including a year as acting Chairman) as a non-executive Director of University Hospitals of Leicester NHS Trust.

Alexander Wiseman (aged 60) – Independent Non-Executive Director

Alexander Wiseman has significant experience within the utility sector specialising in regulation and strategy. He is currently Non-Executive Director at Bristol Energy as well as at the Northern Ireland Authority for Utility Regulation. Alexander has previously held directorships across both public and private sector organisations, including Open4energy, xoserve and the Central Manchester University Hospitals NHS Foundation Trust. Alexander was previously Regulation Director at Northern Gas Networks and Head of Strategic Planning at United Utilities. Educated at Cambridge University, Alexander holds an MA degree in Mathematics and an MBA and is a qualified management accountant.

Senior Management

Charles Sweeney (aged 58) – Managing Director of Tamdown

Charles joined the Group in September 2016 and was appointed Managing Director of Tamdown in March 2017. Charles is a Chartered Engineer with over 30 years' experience within the construction sector. Charles was previously Managing Director of the Energy & Process Division of Costain Group plc and he also held senior roles at Foster Wheeler. Charles has a B.Sc. Honours degree in Chemical Engineering from Leeds University and an MBA from Webster University in Leiden, the Netherlands.

Keith Breen (aged 52) – Key Account Director of Tamdown

Keith Breen has been with the Group since 1985 and was Managing Director of Tamdown from 2007 until March 2017, when he took up his current role of Key Account Director. Keith is a trained Engineer with over 30 years' experience of managing civil engineering, groundworks and infrastructure projects and teams, delivering first class service to clients. He has exceptional client relationship skills and provides a practical and common sense approach to construction challenges.

Richard Harpley (aged 59) – Managing Director of TriConnex

Richard joined TriConnex in September 2012 as Managing Director. Richard has over 30 years' experience in the utility sector with the 14 years prior to TriConnex at Executive Director level at EDF Energy and UK Power Networks. Richard's previous senior roles have included network asset management, regulatory affairs, supply chain management, sales & marketing, business change, strategy development and business consulting. He is a member of the National Water Self-Lay Forum and has been Chair of the Energy & Utility Skills Power Sector Strategy Group and co-founded the National Power Academy. Educated at City University, London, he has a B.Sc. Honours degree in Electrical & Electronic Engineering, he is an electrical engineer by profession and a graduate of the Cranfield University Business Leaders' Programme.

Dawn Hillman (aged 49) – Group Company Secretary

Dawn Hillman joined the Group in 1985 and has a unique and deep knowledge of the business. In addition to her duties as Company Secretary, she also serves as Finance Director of Tamdown and TriConnex. Dawn is also a trustee of the Tamdown (Charitable) Foundation.

2. Corporate Governance

There is no required corporate governance regime in the UK for AIM companies. However, while the UK Corporate Governance Code does not apply to companies whose shares are admitted to trading on AIM, the Directors recognise the importance of sound corporate governance commensurate with the size and nature of the Group and the interests of its Shareholders.

The QCA has published the QCA Corporate Governance Code; a set of corporate governance guidelines for AIM companies, which include a code of best practice, comprising principles intended as a minimum standard and recommendations for reporting corporate governance matters. The Board will adopt the QCA Corporate Governance Code with effect from Admission, so far as it is practicable having regard to the size and nature of the Group.

Notably, the QCA Corporate Governance Code advocates that a relevant company appoints a number of independent directors to bring an independent view to its board and a balance to its executive directors. The code explains that a company's board should determine whether a director is independent in character and judgment, and whether there are relationships or circumstances which are likely to affect, or which could appear to affect, the director's judgment. In this context, the Board considers Geoffrey French and Alexander Wiseman to be independent.

The Board

The Board will meet regularly and will be responsible for strategy, performance, approval of any major capital expenditure and the framework of internal controls. The Board has delegated specific responsibilities to the committees referred to below.

Audit Committee

The Company has established an Audit Committee, which comprises Alexander Wiseman as Chairman, with Geoffrey French and Richard Kilner as members. It meets at least three times each year and at any other time when it is appropriate to consider and discuss audit and accounting related issues. The Audit Committee is responsible for determining the application of the financial reporting and internal control principles, including reviewing regularly the effectiveness of the Company's financial reporting, internal control and risk-management procedures and the scope, quality and results of the external audit.

Remuneration Committee

The Company has established a Remuneration Committee which comprises Richard Kilner as Chairman, with Geoffrey French and Alexander Wiseman as members, who review the performance of the executive Directors and set the scale and structure of their remuneration and the basis of their service agreements with due regards to the interests of Shareholders. In determining the remuneration of executive Directors, the Remuneration Committee seeks to enable the Company to attract and retain executives of the highest calibre. The Remuneration Committee also makes recommendations to the Board concerning the allocation of awards to executives under the Plans referred to in paragraph 8 of Part VI and for the administration of the Plans. No Director is permitted to participate in discussions or decisions concerning their own remuneration.

Nomination Committee

The Company has established a Nomination Committee which comprises Geoffrey French as Chairman, with Richard Kilner and Alexander Wiseman as members and is responsible for reviewing the structure, size and composition of the Board, preparing a description of the role and capabilities required for a particular appointment and identifying and nominating candidates to fill Board positions as and when they arise.

PART III

RISK FACTORS

An investment in the Ordinary Shares involves a high degree of risk. Accordingly prospective investors should carefully consider the specific risk factors set out below in addition to the other information contained in this document before investing in Ordinary Shares. The Board considers the following risk factors to be the most significant for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority.

If any of the following risks actually occur, the Group's business, financial condition, capital resources, results or future operations could be materially adversely affected. In such a case, the price of the Ordinary Shares could decline and investors may lose all or part of their investment.

Additional risks and uncertainties not currently known to the Board may also have an adverse effect on the Group's business and the information set out below does not purport to be an exhaustive summary of the risks affecting the Group. In particular, the Group's performance may be affected by changes in the market and/or economic conditions and in legal, regulatory and tax requirements.

An investment in the Ordinary Shares described in this document is speculative. Potential investors are accordingly advised to consult a person authorised for the purposes of FSMA who specialises in advising on the acquisition of shares and other securities before making any investment decisions. A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his or her personal circumstances and the financial resources available to him or her. If you are in any doubt about the action you should take, you should consult your independent professional adviser authorised under FSMA.

1. Risks specific to the market in which the Group operates

The market in which the Group operates is highly competitive, meaning the Group may find it difficult to continue to win contracts

The Group operates in a competitive sector; the infrastructure and engineering services industry and the installation and connectivity of utility networks industry are both highly competitive markets and the Group faces strong competition from both companies with established delivery capabilities and new market entrants.

The existence of competition in the market may lead to the Group not winning work it has traditionally sought. If the Group fails to retain its existing customers or win new work, it is likely that the Group's market share will suffer, which in turn may impact on the Group's revenue and profitability.

Any new entrants entering the markets in which the Group operates would likely cause a reduction to the number of tenders or contracts secured by the Group and also impact on the Group's presence in the market. This resulting decrease would impact on the Group's revenue, margins and margin share.

The Group may find it difficult to respond to ever changing market pressures. For instance, the Group's competition may seek to increase market share by offering more attractive terms, including lowering prices to win contracts. Faced with downward pressure on pricing and margins, the Group may not be able to continue to offer the standard of service it currently offers, meaning that it could struggle to continue to win tenders and maintain its existing or target margins.

The Group's success is dependent on the general economic climate

The Group's operating results are dependent, to a large extent, upon the state of the economy. Economic weakness and uncertainty have resulted, and may result, in the future, in decreased revenue, margins and earnings.

Continued adverse economic conditions may decrease customer confidence levels leading to a decrease in housebuilding or rates of development. Customers may decide to pause development activity or reduce the size of schemes. This would have the overall effect of reducing the amount of work undertaken by the Group with lower levels of tendering activity and contracts awarded. In addition, despite the Group's strong service and customer relationships, customers may demand more competitive prices which would have an adverse effect on the Group's revenues, margins and earnings.

UK exit from the European Union

The UK held a referendum on its continued membership of the EU on 23 June 2016, the result of which was a majority vote for the UK to leave the EU. The UK government formally served notice of the UK's intention to leave the EU on 29 March 2017 in accordance with Article 50(2) of the Treaty on European Union, marking the start of the process of the UK's withdrawal from the EU ("**Brexit**"). Brexit could have a significant impact on the Group. The extent of the impact would depend in part on the nature of the arrangements that are put in place between the UK and the EU following Brexit and the extent to which the UK continues to apply laws that are based on EU legislation. In addition, the macroeconomic effect of Brexit on the Group's business and that of its customers is unknown. As such, it is not possible to state the impact that Brexit would have on the Group. Prolonged political and economic uncertainty and the potential negative economic trends that may follow could have a material adverse effect on the Group's business, financial position and/or results of operations.

The Group's business is exposed to fluctuations in the UK's property market

While the Group is in the process of diversifying its customer and revenue base, the Group's business is largely focused in the residential sector. There are a number of factors beyond the Company's control that could adversely affect the residential construction market and the number of homes being built.

A decrease in the availability of mortgage funding and an increase in the costs associated with mortgage funding could result in fewer house purchases and, in turn, there may be an impact on the number of houses built. This could adversely affect the Group's business as the market shrinks and prices constrict, meaning the Group would find it harder to win new work.

The residential construction market is driven by the overall housing market, which in turn is largely affected by governmental regulations and schemes such as the "Help to Buy" scheme. While these government backed schemes currently assist purchasers to acquire property, helping create demand, there is no guarantee these schemes will be continued. Any discontinuation of these schemes will likely result in a reduction in homes being purchased and a corresponding reduction in the number of homes being built. A reduction in new-build demand would negatively affect the Group's revenue.

Fluctuations in the housebuilding industry could cause tendering delays while housebuilders wait for the market to become more stable before they start their schemes or embark on large scale developments. This could affect the Group's Order Book and contract visibility going forward as it could lead to a reduction in the number of tenders and new work that is available in the market as a whole.

If the ability of major house builders to secure planning permission in respect of new residential developments is restricted or lessened, that may impact on opportunities available to the Group.

It is likely that any of the above factors would have a negative impact on customer confidence. Faced with a potential downturn in the market, housebuilders are likely to slow down or, in the worst case, stop building homes in order to protect their financial position. This would adversely affect the Group's Order Book as there would be fewer tenders to bid and a decrease in the number of phased developments.

Parts of the Group's business are subject to regulatory requirements with which it may be found to be non-compliant

TriConnex operates in a regulated environment. For instance, the OFT and RICS can conduct industry-wide investigations into certain products, selling practices or other aspects of businesses or firms supervised by that regulator. A regulator may determine that the Group has failed to comply with applicable laws, regulations or rules, or that it has not undertaken corrective action as required. The impact of the Group being found to be non-compliant in any such inquiry and/or investigation is difficult to assess or quantify and depends on which regulatory regimes engaged and the disciplinary enforcement powers of the regulator responsible for the supervision of that particular business. Such inquiries or investigations could result in adverse publicity for, or negative perceptions regarding, the Group, or, indeed, prosecution, disciplinary action, fines or the revocation of licences, and affect the Group's relationships with regulators and current and potential customers as well as diverting management's attention.

In addition, any changes in the regulatory environment, particularly in relation to Health and Safety and employment laws could affect the operational activity of the Group – and in particular, Tamdown. Further, a significant divergence in regulatory approaches at either a national or European level may create

challenges and burdens for national housebuilding platforms, to the detriment of customers and, as such, the Group.

2. Risks specific to the Group's business

The success of the Group's general business strategies cannot be guaranteed

The Group's continued value is dependent upon, amongst other things, the Group achieving the aims set out in this document. Although the Group has a clearly defined strategy, there can be no guarantee that its objectives will be achieved or that the Group will achieve the level of success that the Directors expect – for instance, the Group may experience poor market conditions. The ability of the Group to implement its strategy in a competitive market will require effective management planning and operational controls, which may result in significant diversion of management time, as well as incurring substantial costs.

In relation to the expansion strategies set out in Part I of this document, the successful implementation of those strategies will be dependent on the sufficiency of demand for the Group's services. If the Group is faced with increased competition resulting in an insufficient demand for the Group's services and a downward trend in pricing, the Group's financial performance and realised margins will likely be adversely affected.

To react to the changes in the economic climate, the Group may decide to adjust its strategy to diversify into and target different markets or areas of construction/development. The Group's ability to implement such new business strategies quickly and successfully may be impacted by factors that the Group cannot currently foresee, such as unanticipated costs and expenses or technological changes.

The Group's longer term growth will depend on its ability to continue to provide a service offering and level of professional expertise which is at least in line with market needs. Many factors, including the availability of resources, appropriately experienced employees and general sector activity, will impact on its ability to offer that service and level of expertise.

The success of the Group's ability to diversify its customer and revenue base cannot be guaranteed

As described in Part I of this document, the Group intends to diversify its operations over future years into the affordable residential and commercial sector; indeed, the Directors believe that diversification from the private development residential sector is key to ensuring the long-term stability of the Group. However, commercial work involves a higher level of traditional contracting risks including contract variations, project over-runs and withheld retentions. There is also lower customer repeatability and increased adversity in negotiations than when contracting with residential housebuilders. The Group must be able to meet these challenges if its expansion is to be successful.

The Group may undertake more commercial work in the future as a way of diversifying away from the residential sector. Commercial work is generally carried out at a lower margin than the work completed in the residential sector and, as a result, the Group's realised margins may be adversely affected.

The Group's current business depends on a small number of larger customers

Approximately 48 per cent of the Group's revenue was generated by its three largest customers in the year ended 30 September 2016, meaning the Group's success is currently reliant on a small number of key customers. If these customers cease trading with the Group, whether due to engaging other businesses or due to a change in their own strategic direction, there could be a significant negative impact on the Group's ability to generate revenues and operate profitably.

At the date of this document, the Group counts all of the top 10 housebuilders in the UK among its customers. Although these companies have historically been successful, each will be subject to market conditions and general commercial exposures in the same way as the Group. There can be no guarantee that these companies will continue to trade or continue to conduct business with the Group.

Many of Tamdown's customers are in strong negotiating positions. Whilst Tamdown seeks to negotiate contracts on terms that it considers are the most beneficial to it in the circumstances, Tamdown often enters into contracts on the other party's standard terms which can include more onerous terms than Tamdown would ideally like. Such terms can include significant warranty and indemnity provisions and may include favourable termination rights for the customer.

The Group's current customer base is largely focused on residential property developments as opposed to commercial or other forms of development. Realising this potential risk, the Group's current strategy, as set out in Part I, involves considering and entering new markets, something that is evidenced by the expansion of TriConnex into new areas. However, noting the current core focus of the Group remains in the residential sector, a reduction in the appetite of residential customers for construction work could still impact significantly on the revenues of the Group.

The Group could be adversely affected by the availability of materials, subcontractors and suppliers

The construction market naturally depends on the availability of materials. An increase in the cost of materials could adversely affect the Group's margins, while a decrease in availability could lead to projects being delayed. At the same time, such changes could affect the Group's ability to submit appropriate tenders at the appropriate price level. A failure to win tenders would adversely affect the Group's revenue and financial or operating performance.

The Group's business is dependent on the availability, competence and consistency of subcontractors. There is no guarantee that the Group will be able to continue to source appropriate contractors for the work to be carried out, meaning projects could become drawn out or generally more expensive, leading to the Group failing to generate the anticipated revenue in the anticipated timeframe. At the same time, being dependent on subcontractors means that the Group is exposed to the default of those subcontractors. In the event that subcontractors do default on subcontracted work, the Group will be required to find alternative providers which will result in a delay to completion and will likely have a knock-on effect to anticipated margins for given projects. While the Group would, in the ordinary course of business, seek to recover any losses associated with a subcontractor's default, seeking third party reimbursement is a time-consuming and costly process which could have an impact on the Group's profitability and short-term cash flow.

The Group depends on the availability of skilled labour in relation to both infrastructure and engineering services, and the installation and connectivity of utility networks. The Group purchases materials from a number of external suppliers and, largely, the Group is unable to control the availability and price of such materials. The Group may be adversely affected by shortages, or increased costs, of skilled labour and materials which could lead to increased costs for the Group, delays in completing projects and reduced profitability.

The Group could be adversely affected by the loss of, or an inability to recruit and retain, key personnel

The Group's success depends on its ability to recruit, retain and motivate high-quality senior management and other personnel with extensive experience and knowledge of the construction industry. The availability of such personnel is sparse and competition to recruit them is intense. The failure to recruit, retain and motivate these key employees could adversely affect the Group's current performance, leading to the Group being unable to achieve its strategic objectives and, in turn, potentially resulting in an adverse effect on the Group's operations, financial conditions and prospects.

The Group's employment policies are also exposed to general market conditions – for instance, a raise in the general wage expected in the industry, an increase in costs of pensions, and health and other insurances, could adversely affect the Group due to an increased mobility of the workforce and pressure on the Group to match, or even better, the level of salaries and/or benefits expected in the market.

The Group has implemented succession planning for a number of key individuals within the management team to safeguard against the loss of certain key employees or members of the management team, and proposes to adopt appropriate incentivisation programmes, such as the Plans, to align the interests of key employees and the broader workforce with those of the Group. However, while the Group is confident its succession plans will make provision for a short-term loss of key individuals, a failure to replace such individuals in the longer term will adversely affect the Group's ability to meet and achieve its strategic objectives. At the same time, incentivisation plans linked to the success of the Group are only useful to the extent the Group continues to be profitable.

If the Group is unable to continue to deliver a high level of customer service, customer satisfaction and demand for the Group's services could suffer

The Group is focused on providing its customers with quality goods and services that not only meet the Group's stated commitments, but meet and then exceed customer service expectations. If the Group is

unable to provide existing customers with quality customer support in a variety of areas, it could face customer dissatisfaction and a tightening of profit margins, resulting in a devalued brand and diminished brand recognition in the marketplace.

The majority of the Group's business comes from successful tenders. If the Group is unable to reflect a quality offering in those tenders by reference to customer satisfaction, the Group's experience and its track record, and is unable to set that offering against an attractive price, the Group may not maintain its tender win rate and/or may suffer contract losses.

The Group's tenders are based on a number of assumptions. If those assumptions are not reflective of the Group's experience or its general practices, tenders may be set at a cost-inefficient level and/or customers may be dissatisfied with the service received, resulting in contract losses and negatively impacted operating results.

The Group's continued success depends on its ability to tender to carry out work at a profitable margin

The majority of the Group's business – and, accordingly, its revenue – is generated by work won through tender submissions. The Group's profitability depends on the Group's ability to submit these tenders at a realisable margin. If, as a result of changing market conditions (for instance, an increase in competition, an increase in material prices or a decrease in the availability of a suitably skilled workforce) the cost of carrying out works increases, that increase may mean that the Group will need to submit tenders on a less profitable basis or reduce tender prices to respond to the changing conditions.

In addition, as the Group's contracts are largely fixed price in nature, any significant cost inflation or sub-contractor disruption could adversely impact the margin realised on a project compared to the tender margin or budget.

Contracts may not perform as expected and customers may dispute the execution of contracts

The Group's reputation and customer relationships – and in turn, its revenue and profit – depend on the Group's ability to deliver contracts to a high standard, efficiently and on time. Unforeseen obstacles in contract work may lead to a failure to complete contracts to the standards and within the budget expected, which may in turn lead to contract losses, delays and reputational damage.

Recognising this, the Board places emphasis on the importance of on time contract delivery and delivery to specification, and engages in monthly contract reviews of contractual performance through internal reviews and external audits. However, the risk remains that the Group could receive complaints from customers in relation to the goods provided or the Group's service delivery.

Unbudgeted expenses and delays in achieving completion of projects could impact on the margins realised by the Group and resolving contract disputes can require significant resources. Where the Group was at fault, additional expenditure which was not anticipated at the outset of the contract and any remedial work needed to be undertaken will likely lead to reduced margins for a contract, impacting on the contract's profitability.

Provisions may not be sufficient to cover future costs

The Directors seek to make adequate provision for liabilities that may be suffered or incurred by the Group. Provisions may relate to, among other things, onerous contracts (when the benefits expected to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract) and claims made by third parties (including, for example, customers of the Group). Such provisions are subject to uncertainty and the Group's estimation techniques, assumptions or loss mitigation actions may not result in provisions being sufficient. In relation to claims, the eventual outcome of any claim and the costs and expenses to be incurred in dealing with the claim are uncertain. As a result, the eventual cost of any claim can vary substantially from initial estimates. To the extent that the Group's claims reserves are subsequently estimated to be insufficient to cover the future cost of claims or administrative expenses, the Group will be required to increase its claims reserves and incur a corresponding reduction in its net income. These factors could have a material adverse effect on the Group's operating results, business prospects and financial condition.

The Group is exposed to liability claims

The nature of the Group's business exposes it to potential liability claims by third parties. The Group may face contractual disputes which may or may not lead to legal proceedings as the result of a wide range of events, including: (i) actual or alleged deficiencies in its execution of construction projects (including relating to the design, installation or repair of works); (ii) defects in the building materials the Group uses; or (iii) deficiencies in the goods and services provided by suppliers, contractors, and sub-contractors used by the Group. The Group provides services in relation to large, complex projects which involve multiple parties operating at different levels of the supply chain. There is therefore a heightened risk of potential claims and counter-claims as the number of parties involved on any given project and the inter-dependency between those parties is greater. In addition, new residential and commercial developments involve a number of parties whose interests may be affected notwithstanding that they may not be contracting parties (for example, owners of adjoining properties and utility companies). As a result, events, accidents, injuries or damage at or relating to one of the Group's ongoing or completed projects resulting from the Group's actual or alleged deficient actions could result in significant liability, warranty or other civil and criminal claims, as well as reputational harm, especially if public safety is impacted. These liabilities may not be insurable or could exceed the Group's insurance limits and therefore could have a material adverse effect on the Group's operating results, business prospects and financial condition.

As at the date of this document, the Group has a small number of ongoing disputes. With the exception of the claim in relation to a residential development at Mill Hill, which is described in further detail in paragraph 14 of Part VI, none of these disputes has yet led to actual legal proceedings. The Group actively manages any complaint or dispute with a view to defending or settling disputes without the need for a formal legal process. The Directors also seek to make adequate provision for liabilities that may be suffered or incurred by the Group as a result of any such disputes. In relation to the small number of ongoing disputes that exist at the date of this document, the Directors believe that such disputes have either been adequately provided for or that such disputes are without merit and will not lead to any liability for the Group. As at 31 March 2017, provisions included on the balance sheet in the amount of £2.3 million had been made.

Liabilities incurred may not fall within the Group's insurance cover and the Group may be unable to maintain the required level of insurance cover on acceptable terms or at an acceptable cost

In relation to the Group's insurance policies, the Directors are confident that the Group has adequate insurance policies for a business of this size and nature. That having been said, there remains a risk that certain claims or contract disputes may not be covered by the policies in place or that claims are in excess of the Group's liability limits. For instance, there is a risk that the Group's insurance policies may not cover unique contractual or other disputes brought against the Group, or extend to specific remedial works, dilapidations or other provisions required to be made on site.

An increase in the cost of insurance is likely to impact the Group's business, financial condition, results of operations and prospects. If the Group has to call on its insurance policies, there is a risk that the Group will be faced with increased premiums, representing an additional draw on the Group's resources. In the same context, an increase in the number of claims against infrastructure or utility connection companies generally may result in the cost of insurance for the industry as a whole rising and comprehensive insurance coverage becoming more difficult and/or costly to attain.

The Group's anticipated success is largely based on its Order Book, the continued level or growth of which cannot be guaranteed

The Group's contracts are recorded in the Order Book, which show the Group's contracted future revenue. The Order Book is calculated as the closing Order Book of the prior month, plus new work secured in that month and any survey adjustments, less the revenue recognised in the month.

There is a risk that the Order Book may decrease in value, for example, as a result of reduced tendering activity in the market in general, the Group failing to win tenders, the size of projects being undertaken reducing or the general standard of accepted quality reducing (meaning the Group's margins would be squeezed as the Group manoeuvres to meet new market pressures).

The Group operates in a sector that carries significant health and safety risks

The Group operates in a sector which carries significant health and safety risks, including serious injury or death, to employees and third party contractors. The Group may be subject to material claims asserted against it for any injury or death suffered by someone working on a site or involved in a project. There is also a risk that unauthorised members of the public may gain access to restricted areas, resulting in their injury or death.

The Group might not be able to successfully defend such claims and it may be liable for fines, damages, and costs in excess of, or outside the scope of, its insurance coverage. Even with adequate insurance, such claims may cause significant damage to the Group's reputation and may have a material impact on its ability to win work or attract or retain employees. Any such fines or claims may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Adverse weather can affect the efficient completion of construction projects, leading to increased costs and reduced profit margins

Weather conditions in the United Kingdom can fluctuate severely, especially between the different seasons. Rain storms, flooding and other adverse weather conditions are becoming increasingly common and can severely disrupt the successful implementation of both Tamdown and TriConnex's service provision. Adverse weather can also disrupt transport in the regions where the Group operates and other logistics on which the Group is dependent.

Although it is believed that the Group's operations are set up to operate in all seasons, materially adverse weather conditions may have a significant adverse effect on the Group's business, operating results and financial condition if they affect the Group's ability to fulfil contractual obligations or projects are not completed within the anticipated timescales and result in increased and unanticipated project costs being incurred.

The Group's operations are dependent on the Group's IT systems

The Group relies on a reliable and efficient IT system to ensure a smooth flow and retention of information. The Group's financial, accounting, data processing, communications and other systems and facilities, and/or third party infrastructure on which the Group relies, may: (i) fail to operate properly or become disabled as a result of events that are wholly or partially beyond the Group's control; and (ii) be vulnerable to unauthorised access and data loss (from within the organisation or by third parties), computer viruses, malicious code, cyber threats that have a security impact, and the interception or misuse of information transmitted or received by the Group.

The Group has put in place appropriate data security provisions, but breaches may still occur. A failure of the system or a breach could result in inefficient management processes, information processes stalling and a severe impact on operational predictability.

As the Group expands, it must make substantial expenditures and efforts to develop and maintain its operational systems and infrastructure. An inability to realise such developments and maintain the systems could negatively impact the Group's ability to complete current work efficiently, and to scope and deliver tenders to appropriate specifications.

The Group may be adversely affected by any tax dispute or tax audit to which it is subject, changes to tax legislation or its interpretation and increases in effective tax rates in the UK

The Group's profits are taxed according to UK tax laws, and the Group's tax returns are subject to regular review and examination. However, the Group cannot guarantee that a tax audit or tax dispute, to which it may be subject, will result in a favourable outcome for the Group or that additional taxes will not be incurred as a result of any of these disputes. In any such case, substantial additional tax liabilities and ancillary charges could be imposed on the Group, which could increase the Group's effective tax rate, resulting in a lower profitability of the Group.

The Group's effective tax rate may also be affected by changes in UK tax laws or the interpretation of UK tax laws, including those tax laws relating to the utilisation of capital allowances, net operating losses and tax loss or credit carry forwards, and changes in management's assessment of certain matters, such as the ability to realise deferred tax assets. An increase in the Group's effective tax rate in future periods could have a material adverse effect on the Group's results of operations and financial condition.

3. Risks relating to the Ordinary Shares

The market value of the Ordinary Shares cannot be guaranteed and investors could lose all or part of their investment

As the Ordinary Shares have not previously traded, their market value is uncertain. There can be no assurance that the market will value the Ordinary Shares at the Placing Price. In this context, potential investors should be aware that no stabilisation will be carried out in connection with the Placing and therefore there may be a greater risk of price volatility following Admission than would otherwise be the case.

In the future, the market price of the Ordinary Shares generally could be volatile and could be subject to significant fluctuations due to a variety of factors, including a number of which may be outside the Company's control. For instance, factors could include those referred to in these Risk Factors; changes in financial estimates by industry participants or securities analysts; any shortfall in the Group's operating results and prospects from levels expected by market commentators; higher than expected increases in capital expenditure; business developments of the Group or its competitors; announcements by the Group of acquisitions, strategic alliances, joint ventures, new initiatives, new services or new product ranges; speculation about the Group in the press or the investment community; unfavourable press and social media commentary; and changes in market conditions.

Again, the combination of these factors could mean that the investors are unable to recover their original investment in the Ordinary Shares.

The market value of the Ordinary Shares following Admission may not reflect the underlying value of the Group

Stock markets have from time to time experienced significant price and volume fluctuations that have affected the market prices for securities and which may be unrelated to the Group's operating performance or prospects.

Accordingly, stock market conditions may affect the Ordinary Shares regardless of the operating performance of the Group. Stock market conditions are affected by many factors, such as general economic outlook or interest rates, currency fluctuations, commodity prices, changes in investor sentiment towards particular market sectors and the demand and supply of capital. Accordingly, the market price of the Ordinary Shares may not reflect the underlying value of the Group's net assets.

Lack of liquidity in Ordinary Shares

Before Admission, there has been no prior public trading market for the Ordinary Shares and although the Company has applied for the Ordinary Shares to be admitted to trading on AIM, no assurance can be given that at any time after Admission a liquid market for the Ordinary Shares will develop.

There is no guarantee that the Company will pay dividends

The Company may not be able to, or may choose not to, pay dividends in the future.

The dividend policy of the Company is dependent upon its financial condition, working capital requirements, future prospects, profits available for distribution, finance costs, general economic factors and other factors deemed to be relevant at the time and on the continued health of the markets in which it operates.

The Company may choose not to pay dividends if the Directors believe that this could cause any Group member to be less than adequately capitalised or if for any other reason the Directors conclude it will not be in the best interests of the Group.

If dividends are paid, there can be no guarantee as to the amount of such dividends.

The value of existing Ordinary Shares may be diluted by future issues of additional Ordinary Shares

It is possible that the Company may decide to issue, pursuant to a public offer or otherwise, additional Ordinary Shares in the future at a price or prices higher or lower than the Placing Price. An additional issue of Ordinary Shares by the Company, or the public perception that an issue may occur, could have an adverse effect on the market price of Ordinary Shares and could dilute the proportionate ownership interest, and hence the proportionate voting interest, of Shareholders if, and to the extent that, such an issue of Ordinary

Shares is not effected on a pre-emptive basis or Shareholders do not take up their rights to subscribe for further Ordinary Shares as part of a pre-emptive offer.

Certain Shareholders will retain a significant interest in the Company following Admission and their interests may differ from those of the other Shareholders

Michael Morris and Keith Breen together with related parties are retaining significant interests and, following Admission, will together hold more than 43.1 per cent of the Ordinary Shares. As a result, these Shareholders will possess sufficient voting power to have a significant influence over all matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions. There is no guarantee that the interests of and the decisions made by these Shareholders will always coincide or be aligned with the opinion and interest of the other Shareholders.

Substantial sales of Ordinary Shares may adversely affect a Shareholders' ability to sell their Ordinary Shares or realise the price paid for them

There can be no assurance that certain Shareholders will not elect to sell their Ordinary Shares following the expiry of the lock-in and orderly marketing arrangements contained within the Placing Agreement, details of which are set out in paragraph 10.2 of Part VI of this document, or otherwise. The market price of Ordinary Shares could decline as a result of any such sales of Ordinary Shares or as a result of the perception that these sales may occur. In addition, if these or any other sales were to occur, the Company may in the future have difficulty in offering Ordinary Shares at a time or at a price it deems appropriate.

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

The liquidity of shares in any traded company may be affected by changes in tax laws or subordinate legislation or the practice of any relevant taxation authority. For instance, a decrease in the availability of, or lowering of the upper limit to, ISA or EIS schemes, or a change to the capital gains tax threshold could negatively impact investors' appetite to acquire shares.

At the same time, any change in taxation legislation or the interpretation of tax legislation could affect the Company's ability to provide returns to Shareholders.

Investors should refer to the paragraph entitled "United Kingdom Taxation" in paragraph 15 of Part VI of this document for a summary of the current UK tax implications of acquiring Ordinary Shares. Investors should note that statements in this document concerning the taxation of investors in Ordinary Shares are based on current tax law and practice in the UK, which are subject to change. The taxation of an investment in the Company depends on the individual circumstances of the relevant investor.

PART IV

FINANCIAL INFORMATION OF THE GROUP

Section A: Accountants Report on the Historical Financial Information of the Group



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The Directors
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6 July 2017

Dear Sirs

Nexus Infrastructure plc and its subsidiaries (together the Group)

We report on the Group's historical financial information set out in Section B of Part IV for the three years ended 30 September 2016 (the "**Historical Financial Information**"). The Historical Financial Information has been prepared for inclusion in the admission document of Nexus Infrastructure plc dated 6 July 2017 (the "**Admission Document**") on the basis of the accounting policies set out in Note 1 to the Historical Financial Information.

This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of Nexus Infrastructure plc are responsible for preparing the Historical Financial Information on the basis of preparation set out in note 1 to the Historical Financial Information. It is our responsibility to form an opinion on the Historical Financial Information and to report our opinion to you.

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

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the Historical 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

Historical Financial Information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Historical 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 September 2014, 2015 and 2016 and of its profits, cash flows and changes in equity for the three years ended 30 September 2016 in accordance with the basis of preparation set out in Note 1 to the Historical Financial Information and has been prepared in a form that is consistent with the accounting policies adopted in the Group's latest annual accounts.

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 Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

GRANT THORNTON UK LLP

Section B: Historical Financial Information of the Group**CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME**

For the year ending 30 September 2016, 2015 and 2014

	Note	Year ended 30 September 2016 £'000	Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000
Revenue	4	135,720	130,863	108,351
Cost of sales		(109,399)	(110,251)	(91,148)
Gross profit		<u>26,321</u>	<u>20,612</u>	<u>17,203</u>
Expenses				
Administrative expenses		(15,941)	(12,513)	(10,885)
Operating profit	6	<u>10,380</u>	<u>8,099</u>	<u>6,318</u>
Other income	7	380	40	3
Finance income	8	107	59	38
Finance expense	8	(352)	(90)	(111)
Profit before tax		<u>10,515</u>	<u>8,108</u>	<u>6,248</u>
Tax expense	9	(2,104)	(1,770)	(1,224)
Profit for the year		<u>8,411</u>	<u>6,338</u>	<u>5,024</u>
Other comprehensive income				
Items that will or may be reclassified to profit or loss:				
Available for sale investments		(379)	192	58
Total comprehensive income for the year attributable to equity holders of the parent		<u>8,032</u>	<u>6,530</u>	<u>5,082</u>
Basic and diluted earnings per share (£ per share)	10	£11.14	£8.39	£6.65

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016, 2015 and 2014

	Note	30 September 2016 £'000	30 September 2015 £'000	30 September 2014 £'000
Non-current assets				
Property, plant and equipment	11	4,774	4,192	5,038
Goodwill	12	2,361	2,361	2,361
Investments	13	60	524	332
Total non-current assets		7,195	7,077	7,731
Current assets				
Inventories	14	427	739	536
Trade and other receivables	15	33,412	22,129	25,491
Cash and cash equivalents		33,992	27,724	20,467
Total current assets		67,831	50,592	46,494
Total assets		75,026	57,669	54,225
Current liabilities				
Borrowings	16	2,000	1,000	2,047
Trade and other payables	17	49,908	39,318	38,644
Corporation tax		807	716	512
Total current liabilities		52,715	41,034	41,203
Non-current liabilities				
Borrowings	16	8,400	–	–
Finance lease liabilities		433	160	692
Deferred tax liabilities	18	102	165	183
Total non-current liabilities		8,935	325	875
Total liabilities		61,650	41,359	42,078
Net assets		13,376	16,310	12,147
Equity attributable to equity holders of the company				
Share capital	19	755	755	3,122
Capital redemption reserve	20	–	4,734	2,367
Retained earnings		12,621	10,821	6,658
Total equity		13,376	16,310	12,147

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2016, 2015 and 2014

	Share capital £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
Equity as at 30 September 2013	5,489	—	4,109	9,598
Transactions with owners				
Dividend paid	—	—	(166)	(166)
Redemption of redeemable preference shares	—	—	(2,367)	(2,367)
Transfer from share capital on redemption of preference shares	(2,367)	2,367	—	—
	(2,367)	2,367	(2,533)	(2,533)
Total comprehensive income				
Profit for the year	—	—	5,024	5,024
Other comprehensive income	—	—	58	58
	—	—	5,082	5,082
Equity as at 30 September 2014	3,122	2,367	6,658	12,147
Transactions with owners				
Redemption of redeemable preference shares	—	—	(2,367)	(2,367)
Transfer from share capital on redemption of preference shares	(2,367)	2,367	—	—
	(2,367)	2,367	(2,367)	(2,367)
Total comprehensive income				
Profit for the year	—	—	6,338	6,338
Other comprehensive income	—	—	192	192
	—	—	6,530	6,530
Equity as at 30 September 2015	755	4,734	10,821	16,310
Transactions with owners				
Dividend paid	—	—	(11,000)	(11,000)
Share-based payment charge	—	—	34	34
Transfer from capital redemption reserve to retained earnings	—	(4,734)	4,734	—
	—	(4,734)	(6,232)	(10,966)
Total comprehensive income				
Profit for the year	—	—	8,411	8,411
Other comprehensive income	—	—	(379)	(379)
	—	—	8,032	8,032
Equity as at 30 September 2016	755	—	12,621	13,376

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2016, 2015 and 2013

	Year ended 30 September 2016 £'000	Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000
Cash flow from operating activities			
Profit before tax	10,515	8,108	6,248
Adjusted by:			
Loss/(profit) on disposal	3	(4)	–
Share-based payment charge	34	–	–
Profit on sale of investment	(372)	–	–
Finance cost (net)	245	31	70
Depreciation of property, plant and equipment	1,261	1,206	1,022
Operating profit before working capital changes	11,686	9,341	7,340
Working capital adjustments:			
(Increase)/Decrease in trade and other receivables	(11,273)	2,686	(8,960)
(Increase)/Decrease in inventories	312	(203)	(276)
Increase/(Decrease) in trade and other payables	10,753	834	12,412
Cash generated from operations	11,478	12,658	10,516
Interest paid	(355)	(88)	(111)
Taxation paid	(2,076)	(1,601)	(1,180)
Net cash flows from operating activities	9,047	10,969	9,225
Investing activities			
Purchase of property, plant and equipment	(1,050)	(570)	(2,304)
Sale of plant and equipment	244	213	–
Sale of available for sale investment	456	–	(28)
Interest received	107	59	41
Net cash used in investing activities	(243)	(298)	(2,291)
Cash flow from financing activities			
Dividend payment	(11,000)	–	(166)
Draw down of term loan	12,000	–	–
Repayment of loans	(2,600)	(1,047)	–
Repayment of finance leases and hire purchase agreements	(936)	–	–
Redemption of preference shares	–	(2,367)	(2,367)
Net cash used in financing activities	(2,536)	(3,414)	(2,533)
Net change in cash and cash equivalents	6,268	7,257	4,401
Cash and cash equivalents at the beginning of the year	27,724	20,467	16,066
Cash and cash equivalents at the end of the year	33,992	27,724	20,467

NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF THE GROUP

1. Accounting policies

General information

The principal activity of the Group is the provision of essential infrastructure services to the UK housebuilding and commercial sectors.

Those services comprise:

- Specialised infrastructure services
- Design, installation and connection of utility networks.

The principal trading subsidiaries are Tamdown Group Limited, TriConnex Limited, Tamdown Services Limited, Tamdown Plant Hire Limited and Tamdown Regeneration Limited.

The Company is a public limited company and is incorporated and domiciled in the UK. The address of the registered office is 1, Tamdown Way, Braintree, Essex, CM7 2QL.

The registered number of the Company is 05635505.

Basis of preparation

The consolidated historical financial information is for the years ended 30 September 2014, 2015 and 2016. They have been prepared in compliance with International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRIC) interpretations as adopted by the European Union as at 30 September 2016. The historical financial information has been prepared under the historical cost convention and are presented in Sterling rounded to the nearest thousand except where indicated otherwise.

Basis of consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of over one half of the voting rights.

The historical financial information presents the results of the parent company and all its subsidiaries as if they form a single entity. Intercompany transactions and balances are therefore eliminated in full. 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.

Going concern

The Directors have undertaken a future cash flow analysis and as a result have a reasonable expectation that the Group has adequate resources to meet its liabilities as they arise for at least twelve months from the approval of these financial statements and, consequently, the Directors have adopted the going concern basis of accounting in the preparation of these financial statements.

Standards in issue but not yet effective

There are a number of standards issued by the International Accounting Standards Board that are effective for financial statements after this reporting period. The following have not yet been adopted by the Group in preparing accounts for the year ended 30 September 2017.

IFRS 15 Revenue from contracts with customers

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction contracts' and several revenue-related interpretations. The new standard establishes control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRS.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018 and the Group intends to apply IFRS 15 for the first time in the financial statements for the year ended 30 September 2019.

Management is yet to fully assess the impact of the standard and therefore is unable to provide quantified information.

IFRS 16 Leases

IFRS 16 will replace IAS 17 and three related interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability.

IFRS 16 is effective for annual reporting periods on or after 1 January 2019 and the Group intends to apply IFRS 16 for the first time in the financial statements for the year ended 30 September 2020.

Management has not yet started their assessment of the impact of IFRS 16.

IFRS 9 Financial instruments

IFRS 9 is the new standard for financial instruments, it introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets.

IFRS 9 is effective for annual reporting periods on or after 1 January 2018 and the Group intends to apply IFRS 9 for the first time in the financial statements for the year ended 30 September 2019.

Management has not yet started their assessment of the impact of IFRS 9.

Revenue recognition

Revenue, which excludes intra-group revenue and value added tax, comprises:

- Value of work executed during the year on construction contracts based on monthly valuations; and
- Contract revenue from the design, installation and connection of utility networks.

Construction contracts

Contract revenue includes the initial amount agreed in the fixed-price contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in a flow of future economic benefit to the Group and can be measured reliably.

Contract revenue is recognised in accordance with the stage of completion of the contract. The stage of completion is determined by surveys of work performed. Margin on construction contracts is recognised by reference to the stage of completion and the final estimated margin, provided that the final outcome can be assessed with reasonable certainty. Contract costs are recognised as expenses in the period in which they are incurred, subject to the margin adjustments discussed below.

Where the actual profit margin to date is lower than the final forecast profit margin, this variance is classified as a work in progress asset on the statement of financial position. Where the actual to date profit margin is higher than the final forecast profit margin, this variance is classified as an accrual within liabilities. When it is probable that the total contract costs will exceed contract revenue, the expected loss is recognised as an expense immediately.

The gross amounts due from customers for contract work are shown as a receivable for all contracts in progress for which costs incurred plus recognised profits less recognised losses exceed progress billings. The gross amounts due to customers for contract work is shown as a liability for all contracts in progress for which the project billings exceed costs incurred plus recognised profits. Progress billings are amounts billed for work performed on a contract whether or not they have been paid by the customer. Retentions are amounts of progress billings which are not paid until the satisfaction of conditions specified in the contract for the payment of such amounts. Retentions are received upon acceptance by the customer of the work performed and included as an asset.

Design, installation and connection of utility networks

Contract revenue generated from the design, installation and connection of utility networks is recognised when the outcome of a construction contract can be reliably measured and when it is probable that the contract will be profitable.

Revenue is recognised over the period of the contract by reference to the stage of completion. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Payments on account are shown as a liability and are recognised where the client has been billed in advance of services being supplied. The gross amounts due from customers for contract work is shown as a receivable for all contracts in progress for which costs incurred plus recognised profits less recognised losses and progress billings. The gross amounts due to customers for contract work is shown as a liability for all contracts in progress for which the project billings exceed costs incurred plus recognised profits. Progress billings are amounts billed for work performed on a contract whether or not they have been paid by the customer.

Inventory

Inventory is stated at the lower of costs incurred in bringing each product to its present location and condition compared to net realisable value. Cost of inventory is determined as follows:

Work in progress and finished goods costs of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on an estimated selling price less any further costs expected to be incurred for completion and disposal.

Retirement benefits: Defined contribution schemes

The Group operates a defined contribution pension scheme. Contributions to the defined contribution scheme are charged to the consolidated statement of comprehensive income in the year to which they relate.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over the expected useful economic lives. It is provided at the following rates:

- Freehold property – 2.5% straight line
- Plant and machinery – 25% reducing balance
- Motor vehicles – 25% reducing balance
- Fixtures and fittings – 15-25% reducing balance
- Leasehold improvements – over the life of the lease

Intangible assets – Goodwill

Goodwill is the excess of the cost of an acquired entity over the net of the amounts assigned to assets acquired and liabilities assumed. It is capitalised as an intangible asset and allocated to cash generating units (with separately identifiable cash flows) and is subject to impairment testing on an annual basis or more frequently if circumstances indicate that the asset may have been impaired.

Intangible assets – Impairment

Intangible assets with indefinite lives are subject to impairment tests annually at the financial year end. The carrying values of non-financial assets with finite lives are reviewed for impairment when there is an indication that assets might be impaired. When the carrying value of an asset exceeds its recoverable amount, 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 asset's cash generating unit (i.e. the smallest group of assets in which the asset belongs for which there are separately identifiable cash flows).

Impairment charges are included in the consolidated income statement, except to the extent they reverse previous gains recognised in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed.

Financial assets

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

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They 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 transactions costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest method, less provision for impairment.

Loans and receivables comprise trade and other receivables included within the statement of financial position.

Cash and cash equivalents include cash held at bank and short term investments within three months of maturity and with insignificant likelihood of fluctuations in value.

Bank overdrafts are shown within loans and borrowings in current liabilities in the consolidated statement of financial position. For the purposes of the cash flow statement they are included in cash.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. 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 income statement. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Group classifies its financial liabilities as financial liabilities at amortised cost which include the following:

- Bank loans which are initially recognised at fair value net any of transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost ensuring the interest element of the borrowing is expensed over the repayment period at a constant rate.
- Trade payables, other borrowings and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Investments

Subsidiaries

The Group has investments in subsidiaries which are carried at cost.

Securities

The Group's investment in listed shares is 'available for sale' and carried at fair value being the published price of the individual share holdings at the reporting date. Movements in fair value are taken to the other comprehensive income until the investment is sold when it is reclassified to profit or loss. These are measured fair value level 1, as they are derived from quoted prices in an active market for identical assets.

Equity

- Share capital – the nominal value of equity shares.
- Capital redemption reserve – the nominal value of shares which have been bought back by the company.
- Retained earnings – profits which have been retained within the business.

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability which is a contractual obligation to deliver cash or similar to another entity or a potentially unfavourable exchange of financial assets or liabilities with another entity.

Share repurchase

Share repurchase takes place when the company takes back its own redeemable shares in accordance with the redemption terms of those shares. The Capital Redemption Reserve was created when the Company bought back the cumulative preference shares at par. On 1 December 2015 the Company cancelled its capital redemption reserve. This reduction lead to a corresponding increase in retained earnings.

Dividends

Final equity dividends to the shareholders of Nexus Infrastructure plc are recognised in the period that they are approved by shareholders. Interim equity dividends are recognised in the period that they are paid.

Dividends receivable are recognised when the company's right to receive payment is established.

Leased assets

Where the risks and rewards of ownership of an asset are transferred to the Group as lessee, the lease is treated as a finance lease. Other leases are treated as operating leases. Future minimum lease payments payable under finance leases net of finance charges are included in creditors with the corresponding asset values recorded in property, plant and equipment and depreciated over the shorter of their estimated useful lives or their lease terms. Lease payments are apportioned between the finance element, which is charged to the income statement as interest, and the capital element, which reduces the outstanding obligation for future instalments.

Payments under operating leases are charged to profit or loss on a straight line basis over the lease term.

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 nor 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 or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different company entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

Share options

During the year to 30 September 2016, the Group implemented a share options scheme. The scheme was classified as equity settled share-based payments scheme. The share option scheme allows certain employees

to acquire shares in the capital of the company. The fair value of these share options is determined using the Binomial model. The share-based payment is recognised as an expense in the income statement, together with a corresponding credit to retained earnings in equity. This expense is recognised on a straight line basis based on the Group's estimate of the number of shares that will vest.

2. Critical accounting estimates and judgements

The Group makes certain estimates and judgements regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and judgements:

- Recoverability of debt – as part of the process of gaining new business it is necessary to carry out checks on the organisations for which the Group will carry out work. The value of individual contracts is substantial and the risk of default is always present so the estimate of the non-recoverability of the debt made by the Directors is critical. See note 16 for future details.
- Profitability of contracts – individual contracts are negotiated so as to provide a reasonable return to the Group. The calculation of the margin to be achieved and the pricing set by the Directors is of paramount importance to the success of the Group. The Directors make an accounting judgement which is an assessment on the profitability and margin of contracts.

3. Revenue

All revenues are generated from the supply of services.

4. Segmental analysis

The Directors identify operating segments based upon the information which is regularly reviewed by the chief operating decision maker. The Group considers that the chief operating decision makers are the executive members of the Board. The Group has identified two reportable operating segments, being that of the provision of construction services (Tamdown) and that of utilities installation (TriConnex). The Group operates in the UK.

	2016 £'000	2015 £'000	2014 £'000
Revenue			
Tamdown	112,390	111,955	96,125
TriConnex	23,330	18,908	12,226
Total Group revenue	135,720	130,863	108,351
Gross profit			
Tamdown	18,536	14,732	12,857
TriConnex	7,785	5,880	4,346
Total Group gross profit	26,321	20,612	17,203
Operating profit			
Tamdown	9,451	5,905	4,343
TriConnex	2,819	2,608	2,156
Central overhead	(1,889)	(414)	(181)
Other income	380	40	3
Net finance cost	(246)	(31)	(73)
Profit before tax	10,515	8,108	6,248
Income tax expense	(2,104)	(1,770)	(1,224)
Total comprehensive income for the period	8,411	6,338	5,024

Segmental analysis (continued)

Balance sheet analysis of business segments:

	2016	2016	2016
	Assets	Liabilities	Net Assets
	£'000	£'000	£'000
Tamdown	37,412	35,820	1,592
TriConnex	13,049	20,932	(7,883)
Head Office	20,721	16,920	3,801
Net Cash	33,992	–	33,992
Elimination adjustments	(30,148)	(12,022)	(18,126)
	75,026	61,650	13,376
	2015	2015	2015
	Assets	Liabilities	Net Assets
	£'000	£'000	£'000
Tamdown	35,397	26,711	8,686
TriConnex	5,786	13,712	(7,926)
Head Office	20,637	14,685	5,952
Net Cash	27,724	–	27,724
Elimination adjustments	(31,875)	(13,749)	(18,126)
	57,669	41,359	16,310
	2014	2014	2014
	Assets	Liabilities	Net Assets
	£'000	£'000	£'000
Tamdown	38,441	29,915	8,526
TriConnex	2,719	10,173	(7,454)
Head Office	25,630	16,896	8,734
Net Cash	20,467	–	20,467
Elimination adjustments	(33,032)	(14,906)	(18,126)
	54,225	42,078	12,147

One customer is responsible for over 10% of total revenue.

5. Operating profit

The operating profit is stated after charging:

	Year ended	Year ended	Year ended
	30 September	30 September	30 September
	2016	2015	2014
	£'000	£'000	£'000
Depreciation and amortisation:			
Owned			
Depreciation of property, plant and equipment	610	604	819
Depreciation of assets held under hire purchase contracts	651	602	203
Lease payments on land and buildings held under operating leases	145	120	103
Loss/(profit on sales of assets)	3	(4)	–
Audit and non-audit services:			
Fees payable to the Company's auditor for the audit of the Group's annual accounts	60	70	74
Non-audit services:			
Services relating to corporate finance transactions	190	–	–
Tax advisory services	120	24	–
For Tax compliance services	20	14	14

6. Staff cost

Group	Year ended 30 September 2016 £'000	Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000
Wages and salaries	26,094	22,447	21,748
Social security cost	2,639	2,255	1,016
Pension cost	185	155	59
	28,918	24,857	22,823
Directors remuneration (included in staff costs above)			
Wages and salaries	572	694	794
Social security cost	75	87	102
Pension cost	34	38	38
	681	819	934
Highest paid Director			
Wages and salaries	284	259	361
Social security cost	38	34	48
Pension cost	26	19	19
	348	312	428

The average monthly number of employees during the period was as follows:

	Year ended 30 September 2016 Headcount	Year ended 30 September 2015 Headcount	Year ended 30 September 2014 Headcount
Site workers	536	492	387
Administrative	172	132	97
	708	624	484

The number of Directors with pension contributions amounted to 2, 2015: 2, 2014: 2.

7. Other income

	Year ended 30 September 2016 £'000	Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000
Sale of available for sale investments	380	—	—
Income from other investments	—	40	—
Income from other fixed asset investment	—	—	3

8. Finance income and expense

	Year ended 30 September 2016 £'000	Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000
Finance income			
Other interest	107	59	38
Finance expense			
Interest	352	90	111

9. Taxation

	Year ended 30 September 2016 £'000	Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000
Current Tax:			
UK corporation tax on profits for the year	2,248	1,787	1,450
Adjustments in respect of prior periods	(81)	1	(270)
Total current tax	2,167	1,788	1,180
Deferred Tax:			
Origination and reversal of timing differences	(37)	(18)	44
Prior period adjustment	(1)	—	—
Effect of tax rate change on opening balance	(25)	—	—
Taxation	2,104	1,770	1,224

The tax assessed for the year is different from the standard rate of corporation tax as applied in the UK. The differences are explained below:

	Year ended 30 September 2016 £'000	Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000
Profit before tax	10,515	8,108	6,248
Profit before tax multiplied by the respective standard rate of corporation tax applicable in the UK (20.0%) , 2015: 20.5%, 2014: 22.0%	2,027	1,662	1,375
Effects of:			
Non-deductible expenses	176	107	119
Prior period adjustment	(81)	1	(270)
Deferred tax	(18)	—	—
Taxation	2,104	1,770	1,224

10. Earnings per share

	Year ended 30 September 2016 £'000	Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000
Profit for the year attributable to equity shareholders	8,411	6,338	5,024
Basic and diluted earnings per share (£ per share)	£11.14	£8.39	£6.65
Weighted average number of shares in issue for the year	755,157	755,157	755,157

Performance-based share options are treated as contingently issuable shares because their issue is contingent upon satisfying performance conditions in addition to the passage of time, leading to their being no dilutive impact.

11. Property, plant and equipment

Group	Freehold Property £'000	Leasehold Improvements £'000	Plant & Machinery £'000	Motor Vehicles £'000	Fixtures and Fittings £'000	Total £'000
Cost						
At 1 October 2013	627	–	4,536	1,052	607	6,822
Additions	–	258	1,781	368	53	2,460
Disposals	–	–	(389)	(37)	(38)	(464)
At 30 September 2014	627	258	5,928	1,383	622	8,818
Additions	–	–	195	363	12	570
Disposals	–	–	(399)	(281)	(20)	(700)
At 30 September 2015	627	258	5,724	1,465	614	8,688
Additions	–	399	1,469	201	21	2,090
Disposals	–	–	(561)	(193)	(117)	(871)
At 30 September 2016	627	657	6,632	1,473	518	9,907
Depreciation						
At 1 October 2013	193	–	2,009	327	536	3,065
Charge for the year	16	52	785	153	16	1,022
Disposals	–	–	(257)	(18)	(32)	(307)
At 30 September 2014	209	52	2,537	462	520	3,780
Charge for the year	15	51	886	232	22	1,206
Disposals	–	–	(271)	(205)	(14)	(490)
At 30 September 2015	224	103	3,152	489	528	4,496
Charge for the year	15	110	894	215	27	1,261
Disposals	–	–	(388)	(119)	(117)	(624)
At 30 September 2016	239	213	3,658	585	438	5,133
Net book value						
At 30 September 2014	418	206	3,391	921	102	5,038
At 30 September 2015	403	155	2,572	976	86	4,192
At 30 September 2016	388	444	2,974	888	80	4,774

The net book value of assets held under finance leases or hire purchase contracts (included above) are as follows:

	30 September 2016 £'000	30 September 2015 £'000	30 September 2014 £'000
Plant & Machinery	2,437	1,810	2,413

12. Goodwill

Group

	30 September 2016 £'000	30 September 2015 £'000	30 September 2014 £'000
Carrying value	2,361	2,361	2,361

Impairment testing

The Group tests goodwill annually for impairment. During the year, impairment tests were undertaken over the goodwill of Tamdown Group Limited (£2,361,000). There are considered to be the two Cash Generating Units (CGUs) in the Group which will provide the future economic benefit to the Group comprising Tamdown Group Limited and TriConnex. No goodwill is attached to TriConnex.

The recoverable amount was determined using a value in use calculation based upon management forecasts for the trading results for the two years ending 30 September 2019 extended to 30 June 2021 with long term average growth of 2.5 per cent.

A discount rate of 10 per cent has been calculated for this exercise. The key assumptions utilised within the forecast model relates to the level of future sales, which have been estimated based upon the Directors' expectations, current trading and recent actual trading performance. The value in use calculation indicates that Tamdown Group Limited has a recoverable amount which is £15.5 million greater than the carrying amount of the assets allocated to them. The Directors have undertaken sensitivity analysis and do not feel that a reasonable change in assumption will give rise to an impairment.

13. Investments

Companies consolidated in these accounts

	Class of shares	Holding	Activity
Tamdown Group Limited	Ordinary	100%	Construction services
Tamdown Regeneration Limited*	Ordinary	100%	Remediation
Tamdown Services Limited*	Ordinary	100%	Supply of labour to the construction industry
Tamdown Plant Hire Limited*	Ordinary	100%	Engineering plant hire
TriConnex Limited*	Ordinary	100%	Utilities contractor

*Held by Tamdown Group Limited

All Group companies are incorporated in England & Wales.

Group

The Group held investments that are 'available for sale' where the Group is not exposed and has no rights to variable returns from its involvement with the investees and has no power to affect these returns, as shown below:

	30 September 2016 £'000	30 September 2015 £'000	30 September 2014 £'000
Unlisted investments	60	60	60
	30 September 2016 £'000	30 September 2015 £'000	30 September 2014 £'000
Listed investments			
At 1 October	464	272	210
Addition	–	–	4
Disposal	(464)	–	–
Fair value change through other comprehensive income	–	192	58
At 30 September	–	464	272
Total	60	524	332

Fair value of these investments have been estimated by reference to quoted bid prices in active markets at the reporting date and are categorised within level 1 of the value hierarchy (IFRS 13).

14. Inventories

Group

	30 September 2016 £'000	30 September 2015 £'000	30 September 2014 £'000
Work in progress	427	739	536
	427	739	536

15. Trade and other receivables

Group

	30 September 2016 £'000	30 September 2015 £'000	30 September 2014 £'000
Trade receivables	21,323	14,754	20,460
Retentions	3,834	2,836	3,623
Other receivables	1,193	1,285	1,138
Prepayments and accrued income	7,062	3,254	270
	33,412	22,129	25,491

The carrying value of trade and other receivables is considered a fair approximation of their fair value.

Overdue receivables

	30 September 2016 £'000	30 September 2015 £'000	30 September 2014 £'000
By less than 3 months	7,369	4,394	3,523
Over 3 but less than 6 months	490	1,482	945
Over 6 months but less than 1 year	490	508	501
Over 1 year	541	768	371
	8,890	7,152	5,340

Allowance account for receivables

	30 September 2016 £'000	30 September 2015 £'000	30 September 2014 £'000
At 1 October	3,502	2,755	2,394
Additions	(33)	864	474
Written back to the income statement	(228)	(117)	(113)
At 30 September	3,241	3,502	2,755

The company has no receivables which are impaired.

16. Borrowings

Group

	30 September 2016 £'000	30 September 2015 £'000	30 September 2014 £'000
Current	2,000	1,000	2,047
Non-current	8,400	—	—

The Group entered into a new £12.0 million five year term facility with Allied Irish Bank plc in December 2015. The bank loans are secured by cross guarantees from other Group undertakings and carries interest at LIBOR plus 2.5 per cent to December 2016 and LIBOR plus 2.25 per cent from January 2017 onwards.

17. Trade and other payables**Group**

	30 September 2016 £'000	30 September 2015 £'000	30 September 2014 £'000
Trade payables	23,586	20,943	23,547
Other payables	548	2,397	840
Payments on account	16,369	9,792	7,953
Finance lease liabilities	591	672	526
Accruals and deferred income	7,797	4,798	5,103
Social security and other tax payable	1,017	716	675
	49,908	39,318	38,644

The Directors consider that the carrying value of trade and other payables is a reasonable approximation of their fair value.

18. Deferred income tax**Group****Accelerated capital allowances**

	30 September 2016 £'000	30 September 2015 £'000	30 September 2014 £'000
Brought forward	165	183	139
(Credit)/Charge for the year	(63)	(18)	44
	102	165	183

19. Share capital**Group and Company**

	30 September 2016 £'000	30 September 2015 £'000	30 September 2014 £'000
Authorised, issued and fully paid:			
386,715 ordinary A share of £1 each	387	387	387
257,807 ordinary B shares of £1 each	258	258	258
63,346 ordinary C shares of £1 each	63	63	63
47,289 non-voting ordinary shares of £1 each	47	47	47
2,367,013 7% redeemable preference shares of £1 each	—	—	2,367
	755	755	3,122

On 6 October 2014 the Company acquired 2,367,000 of the 7 per cent Cumulative Preference Share at £1 each for £2,367,000. The redemption rights of the preference shares are such that the Company has the absolute right to redeem the shares whereas the shareholder has no such right. The coupon rate of 7 per cent is discretionary and the entity has unconditional right to avoid the payment of dividends. On this basis, the shares have been recognised within equity.

20. Capital reduction

The Capital Redemption Reserve was created when the Company bought back the cumulative preference shares at par. The redemption rights of the preference shares are such that the Company has the absolute right to redeem the shares whereas the shareholder has no such right. The value of the shares amount to £2,367,000 (2015) and £2,367,000 (2014). On 1 December 2015 the Company cancelled its capital redemption reserve account of £4,734,027. This reduction lead to a corresponding increase in retained earnings.

21. Financial instruments

Group

	30 September 2016 £'000	30 September 2015 £'000	30 September 2014 £'000
Non-current assets			
Investments – available for sale financial assets	60	524	332
	60	524	332
Current assets			
Trade receivables – loans and receivables	21,323	14,754	20,460
Other receivables – loans and receivables	5,027	4,121	4,761
	26,350	18,875	25,221
Cash and cash equivalents	33,992	27,724	20,467
Financial assets loans and receivables	26,350	18,875	25,221
Non-current liabilities			
Borrowings – at amortised cost	8,400	–	–
Finance lease liabilities – at amortised cost	433	160	692
	8,833	160	692
Current			
Borrowings – at amortised cost	2,000	1,000	2,047
Trade payables – at amortised cost	23,586	20,943	23,547
Other payables – at amortised cost	548	2,397	840
Finance lease liabilities – at amortised cost	591	672	526
	26,725	25,012	26,960
Financial liabilities at amortised cost	35,558	25,172	27,652

22. Operating leases

The following payments are due to be made on operating lease commitments which are all leases on office accommodation:

Group

	30 September 2016 £'000	30 September 2015 £'000	30 September 2014 £'000
Within one year	190	70	70
Two to five years	281	140	210
	471	210	280

23. Finance leases

The following payments are due to be made on finance lease commitments which are all leases on motor vehicles.

Group

	30 September 2016 £'000	30 September 2015 £'000	30 September 2014 £'000
Within one year	591	672	526
Two to five years	433	160	692
	1,024	832	1,218

24. Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, interest rate and liquidity risk. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the board and their policies are outlined below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. In order to minimise this risk the Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored.

The maximum exposure to credit risk is the value of the outstanding amount of cash balances and trade and other receivables:

	2016 £'000	2015 £'000	2014 £'000
Group	67,404	49,853	45,958

Credit risk on cash and cash equivalents is considered to be small as the counterparties are all substantial banks with high credit ratings. The maximum exposure is the amount of the deposit

Provision of services by members of the Group results in trade receivables which the management consider to be of low risk. The management do not consider that there is any concentration of risk within either trade or other receivables.

(b) Interest rate risk

The Group holds the majority of its cash and cash equivalents in corporate current and deposit accounts. These accounts offer a competitive interest rate with the advantage of quick access to the funds.

As at 30 September 2016, the Group is exposed to changes in market interest rates through bank borrowings at a variable rate of interest. Sensitivities of movements in interest rates have been considered by the directors and reasonably possible movements in interest rates are not expected to have a material impact on future Group profits or equity.

(c) Liquidity risk

Group

The Group currently holds cash balances in sterling to provide funding for normal trading activity. The Group also has access to additional equity funding and, for short term flexibility, overdraft facilities would be arranged with the Group's bankers. Trade and other payables are monitored as part of normal management routine. The Group's financial liabilities have contractual maturities as summarised below:

	Within 1 year £'000	Two to five years £'000	Over five years £'000
2016			
Borrowings	2,273	8,863	—
Finance lease liabilities	591	433	—
Trade payables	23,586	—	—
Other payables	548	—	—
	<hr/>	<hr/>	<hr/>
2015			
Borrowings	1,003	—	—
Finance lease liabilities	672	160	—
Trade payables	20,943	—	—
Other payables	2,397	—	—
	<hr/>	<hr/>	<hr/>

	Within 1 year	Two to five years	Over five years
2014	£'000	£'000	£'000
Borrowings	2,096	—	—
Finance lease liabilities	526	692	—
Trade payables	23,547	—	—
Other payables	840	—	—
	<u> </u>	<u> </u>	<u> </u>

The bank loans and overdrafts are secured by cross guarantees from other Group Companies.

(d) ***Capital risk management***

The Group's capital is made up of share capital, capital redemption reserve and retained earnings totalling £13,376,000, 2015: £16,310,000, 2014: £12,147,000.

The Group's objectives when maintaining capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing services commensurately with the level of risk.

The capital structure of the Group consists of shareholders equity as set out in the consolidated statement of changes in equity. All working capital requirements are financed from existing cash resources and the drawdown of £12.0 million five year term facility in the year.

The Group will also seek to minimise the cost of capital and attempt to optimise the capital structure, which currently means maintaining equity funding and managing fixed term loan and finance lease agreements. Share capital amounts to £755,000, 2015: £755,000, 2014: £755,000. On 1 December 2015, the Company cancelled its capital redemption reserve account of £4,734,027. This reduction in share capital led to a corresponding increase in retained earnings.

Capital for further development of the Group's activities will, where possible, be achieved by share issues and not by increasing debt levels.

25. Share-based payments

During the year to 30 September 2016, the Group implemented an equity settled share-based payment arrangement.

A summary of the arrangement is shown below:

Arrangement	Contractual life	Vesting conditions
Share options	3 years	For the executive Directors the award will vest on the third anniversary of the grant date of 16 August 2019 if performance conditions have been met. The performance conditions include an EPS growth target for the three financial years from 1 October 2015 to 30 September 2018.

The fair value per option has been calculated using the Binomial model. The inputs into the model were as follows:

Date of grant	16/08/2016
Stock price at grant date	£84.42
Exercise price	£1.00
Expected life	3 years
Expiry date	16/08/2016
Expected volatility	40%
Risk free interest rate	0.12%
Dividend yield	4.40%
Fair value of one option	£73.20

Further details of the option plans are as follows:

Outstanding at 1 October 2015	—
Granted in the year	13,895
Outstanding at 30 September 2016	13,895

The total share-based payment cost charged to the statement of comprehensive income was £34,000, 2015: nil, 2014: nil.

26. Related party transactions

Compensation of key management personnel (comprising only Directors):

Group

	30 September 2016 £'000	30 September 2015 £'000	30 September 2014 £'000
Short term employee benefits	648	790	904
Post employment benefits	34	38	38
Share-based payment charge	34	—	—
	<u>716</u>	<u>828</u>	<u>942</u>

Group

	30 September 2016 £'000	30 September 2015 £'000	30 September 2014 £'000
Amounts owed by companies with common Directors			
Garbol Warehousing	–	11	11
Amounts sold to/(purchased from) companies with common Directors			
Tamdown Foundation	7	6	4
Donations made to companies with common Directors			
Tamdown Foundation	16	14	5
Transactions with K Breen for the supply of construction services.	271	–	–

27. Ultimate control

At 30 September 2016, 30 September 2015 and 30 September 2014 the company's ultimate controlling party was Michael Morris by virtue of his shareholding in the Company.

28. Capital commitments

At 30 September 2016 neither the Group nor the company had any capital commitments, 2015: £nil, 2014: £nil.

Section C: Review Report on the Unaudited Interim Financial Information of the Group



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The Directors
Nexus Infrastructure plc
1 Tamdown Way
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CM7 2QL

6 July 2017

Dear Sirs

Nexus Infrastructure plc (the Company) and Its Subsidiary Undertakings (Together the Group) – Review Report on the Unaudited Interim Financial Information

We have been engaged by the Company to review the Group's unaudited interim financial information for the six months ended 31 March 2017, which comprises the primary financial statements and the related explanatory notes that have been reviewed, set out in Section D of Part IV of the Company's AIM admission document dated 6 July 2017 (the **Unaudited Interim Financial Information**). We have read the other information contained in the Company's AIM admission document dated 6 July 2017 (the **Admission Document**) and considered whether it contains any apparent misstatements or material inconsistencies with the information in the Unaudited Interim Financial Information.

This report is made solely to the Company in accordance with guidance contained in ISRE (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the Company those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusion we have formed or consenting to its inclusion in the Admission Document.

Directors' responsibilities

The Admission Document and the Unaudited Interim Financial Information are the responsibility of, and have been approved by, the directors of the Company. The AIM rules of the London Stock Exchange require that the accounting policies and presentation applied to the Unaudited Interim Financial Information in the Admission Document are consistent with those which will be adopted in the Group's next published annual financial statements having regard to the accounting standards applicable for such annual financial statements and the requirements of paragraph 20.6 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by Paragraph (a) of Schedule Two of the AIM Rules for Companies.

As disclosed in Note 1 to the Unaudited Interim Financial Information, the next annual financial statements of the Group will be prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The Unaudited Interim Financial Information has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the Unaudited Interim Financial Information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of unaudited interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Unaudited Interim Financial Information is not prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the Unaudited Interim Financial Information.

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 Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

GRANT THORNTON UK LLP

Section D: Unaudited Interim Financial Information of the Group**CONDENSED CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME**

For the six months ended 31 March 2017 and 2016

		Unaudited Six months to 31 March 2017 £'000	Unaudited Six months to 31 March 2016 £'000	Audited Year ended 30 September 2016 £'000
	Note			
Revenue		60,644	63,706	135,720
Cost of sales		(48,498)	(51,677)	(109,399)
Gross profit		<u>12,146</u>	<u>12,029</u>	<u>26,321</u>
Administrative expenses		<u>(9,073)</u>	<u>(7,264)</u>	<u>(15,941)</u>
Operating profit		<u>3,073</u>	<u>4,765</u>	<u>10,380</u>
Other income		–	380	380
Finance income		50	48	107
Finance expense		(163)	(152)	(352)
Profit before tax		<u>2,960</u>	<u>5,041</u>	<u>10,515</u>
Tax expense	3	<u>(592)</u>	<u>(1,008)</u>	<u>(2,104)</u>
Profit for the year		<u>2,368</u>	<u>4,033</u>	<u>8,411</u>
Other comprehensive income				
Items that will or may be reclassified to profit or loss:				
Available for sale investments		<u>–</u>	<u>(379)</u>	<u>(379)</u>
Total comprehensive income for the year				
attributable to equity holders of the parent		2,368	3,654	8,032
Basic and diluted earnings per share (£ per share)	5	£3.14	£5.34	£11.14

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017 and 2016

	Note	Unaudited Six months to 31 March 2017 £'000	Unaudited Six months to 31 March 2016 £'000	Audited Year ended 30 September 2016 £'000
Non-current assets				
Property, plant and equipment		4,823	5,066	4,774
Goodwill		2,361	2,361	2,361
Investments		60	69	60
Total non-current assets		7,244	7,496	7,195
Current assets				
Inventories		1,519	692	427
Trade and other receivables		37,419	33,079	33,412
Cash and cash equivalents		19,663	21,948	33,992
Total current assets		58,601	55,719	67,831
Total assets		65,845	63,215	75,026
Current liabilities				
Borrowings	6	2,000	1,800	2,000
Trade and other payables		42,297	41,674	49,908
Corporation tax		247	710	807
Total current liabilities		44,544	44,184	52,715
Non-current liabilities				
Borrowings	6	7,400	9,400	8,400
Finance lease liabilities		597	502	433
Deferred tax liabilities		102	165	102
Total non-current liabilities		8,099	10,067	8,935
Total liabilities		52,643	54,251	61,650
Net assets		13,202	8,964	13,376
Equity attributable to equity holders of the company				
Share capital		755	755	755
Retained earnings		12,447	8,209	12,621
Total equity		13,202	8,964	13,376

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 March 2017 and 2016

	Share capital £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
Equity at 1 October 2015 (Audited)	755	4,734	10,821	16,310
Transactions with owners				
Dividend paid	—	—	(11,000)	(11,000)
Transfer from capital redemption reserve to retained earnings	—	(4,734)	4,734	—
	—	(4,734)	(6,266)	(11,000)
Total comprehensive income				
Profit for the period	—	—	4,033	4,033
Other comprehensive income	—	—	(379)	(379)
	—	—	3,654	3,654
Equity at 31 March 2016 (Unaudited)	755	—	8,209	8,964
Transactions with owners				
Share-based payment charge	—	—	34	34
Total comprehensive income				
Profit for the period	—	—	4,378	4,378
	—	—	4,378	4,378
Equity at 30 September 2016 (Audited)	755	—	12,621	13,376
Transactions with owners				
Dividend paid	—	—	(2,677)	(2,677)
Share-based payment charge	—	—	135	135
	—	—	(2,542)	(2,542)
Total comprehensive income				
Profit for the period	—	—	2,368	2,368
Other comprehensive income	—	—	—	—
	—	—	2,368	2,368
Equity at 31 March 2017 (Unaudited)	755	—	12,447	13,202

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months to 31 March 2017 and 2016

	Unaudited Six months to 31 March 2017 £'000	Unaudited Six months to 31 March 2016 £'000	Audited Year ended 30 September 2016 £'000
Cash flow from operating activities			
Profit before tax	2,960	5,041	10,515
Adjusted by:			
(Profit)/Loss on disposal	(19)	(14)	3
Share-based payment charge	135	–	34
Profit on sale of investments	–	(380)	(372)
Finance cost (net)	113	104	245
Depreciation of property, plant and equipment	652	582	1,261
Operating profit before working capital charges	3,841	5,333	11,686
Working capital adjustments:			
(Increase)/Decrease in trade and other receivables	(4,007)	(10,939)	(11,273)
(Increase)/Decrease in inventories	(1,092)	47	312
(Decrease)/Increase in trade and other payables	(7,610)	2,377	10,753
Cash generated from operations	(8,868)	(3,182)	11,478
Interest paid	(166)	(155)	(355)
Taxation paid	(1,152)	(1,014)	(2,076)
Net cash flows from operating activities	(10,186)	(4,351)	9,047
Investing activities			
Purchase of property, plant and equipment	(536)	(827)	(1,050)
Sale of plant and equipment	360	164	244
Sale of available for sale investments	–	456	456
Interest received	50	48	107
Net cash used in investing activities	(126)	(159)	(243)
Cash flow from financing activities			
Dividend payment	(2,677)	(11,000)	(11,000)
Draw down of term loan	–	12,000	12,000
Repayment of loans	(1,000)	(1,800)	(2,600)
Repayment of finance leases/hire purchase agreements	(340)	(466)	(936)
Net cash used in financing activities	(4,017)	(1,266)	(2,536)
Net change in cash and cash equivalents	(14,329)	(5,776)	6,268
Cash and cash equivalents at the beginning of the period	33,992	27,724	27,724
Cash and cash equivalents at the end of the period	19,663	21,948	33,992

NOTES TO THE CONDENSED UNAUDITED INTERIM FINANCIAL INFORMATION OF THE GROUP

For the six months to 31 March 2017

1. Basis of preparation and accounting policies

The interim report of the Group for the six months ended 31 March 2017 has been prepared in accordance with IAS 34 “Interim Financial Reporting” and International Financial Reporting Standards (“IFRS”) as adopted for use in the European Union (“EU”) and in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority.

The interim report does not constitute financial statements as defined in Section 434 of the Companies Act 2006 and is neither audited nor reviewed. It should be read in conjunction with the Report and Accounts for the year ended 30 September 2016, which is available on request from the Group’s registered office, 1 Tamdown Way, Braintree, Essex, CM7 2QL.

The comparative information for the financial year ended 30 September 2016 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been reported on by the Company’s auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters which the auditor drew attention by the way of emphasis without qualifying their report and (iii) did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

The interim report has been prepared on the basis of the accounting policies set out in the consolidated historical financial information of Nexus Infrastructure plc.

There have been no standards, amendments or interpretations issued which are relevant or effective in this interim report.

Going concern

In determining the appropriate basis of preparation of the interim report, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the interim report.

2. Segmental analysis

The Directors identify operating segments based upon the information which is regularly reviewed by the chief operating decision maker. The Group considers that the chief operating decision makers are the executive members of the Board of Directors. The Group has identified two reportable operating segments, being the provision of construction services (Tamdown) and that of utilities installation (TriConnex). The Group operates in the UK.

Segment information about the Group's operations is presented below:

	Unaudited six months to 31 March 2017 £'000	Unaudited six months to 31 March 2016 £'000	Audited Year 30 September 2016 £'000
Revenue			
Tamdown	46,771	54,135	112,390
TriConnex	13,873	9,571	23,330
Total Group revenue	60,644	63,706	135,720
Gross profit			
Tamdown	7,442	8,991	18,536
TriConnex	4,704	3,038	7,785
Total Group gross profit	12,146	12,029	26,321
Operating profit			
Tamdown	1,921	4,309	9,451
TriConnex	1,768	881	2,819
Central overhead	(616)	(425)	(1,889)
Other income	–	380	380
Net finance cost	(113)	(104)	(246)
Profit before tax	2,960	5,041	10,515
Income tax expense	(592)	(1,008)	(2,104)
Total comprehensive income for the period	2,368	4,033	8,411

Balance sheet analysis of business segments:

	Unaudited 31 March 2017		
	Assets £'000	Liabilities £'000	Net Assets £'000
Tamdown	41,888	29,625	12,263
TriConnex	14,193	17,918	(3,725)
Head Office	20,738	17,761	2,977
Net Cash	19,663	–	19,663
Elimination adjustments	(30,637)	(12,661)	(17,976)
	65,845	52,643	13,202
	Unaudited 31 March 2016		
	Assets £'000	Liabilities £'000	Net Assets £'000
Tamdown	36,406	30,474	5,932
TriConnex	10,811	17,115	(6,304)
Head Office	20,738	15,334	5,404
Net Cash	21,948	–	21,948
Elimination adjustments	(26,688)	(8,672)	(18,016)
	63,215	54,251	8,964

	Audited 30 September 2016		
	Assets	Liabilities	Net Assets
	£'000	£'000	£'000
Tamdown	37,412	35,820	1,592
TriConnex	13,049	20,932	(7,883)
Head Office	20,721	16,920	3,801
Net Cash	33,992	–	33,992
Elimination adjustments	(30,148)	(12,022)	(18,126)
	<u>75,026</u>	<u>61,650</u>	<u>13,376</u>

3. Taxation

Taxation has been calculated for the six months ended 31 March 2017 at the estimated effective tax rate of 20 per cent.

4. Dividends

On the 20 January 2017 the Company paid a final dividend of £2.677 million.

	Unaudited six months to 31 March 2017 £'000	Unaudited six months to 31 March 2016 £'000	Audited Year ended 30 September 2016 £'000
Interim dividend for the year ended 30 September 2016 of 14.56p per share	–	11,000	11,000
Final dividend for the year ended 30 September 2016 of 3.54p per share	2,677	–	–

5. Earnings per share

	Unaudited six months to 31 March 2017 £'000	Unaudited six months to 31 March 2016 £'000	Audited Year ended 30 September 2016 £'000
Profit for the period attributable to equity shareholders	<u>2,368</u>	<u>4,033</u>	<u>8,411</u>
Basic and diluted earnings per share (£ per share)	£3.14	£5.34	£11.14
Weighted average number of shares in issue for the year	<u>755,157</u>	<u>755,157</u>	<u>755,157</u>

Performance-based share options are treated as contingently issuable shares because their issue is contingent upon satisfying performance conditions in addition to the passage of time, leading to their being no dilutive impact.

6. Borrowings

	Unaudited six months to 31 March 2017 £'000	Unaudited six months to 31 March 2016 £'000	Audited Year ended 30 September 2016 £'000
Current	2,000	1,800	2,000
Non-current	<u>7,400</u>	<u>9,400</u>	<u>8,400</u>

The bank loans are secured by cross guarantees from other Group undertakings and carries interest at LIBOR plus between 2.25 per cent and 2.5 per cent.

PART V

PLACING TERMS AND CONDITIONS

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THESE TERMS AND CONDITIONS ARE DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA (EACH A MEMBER STATE) WHO ARE QUALIFIED INVESTORS AS DEFINED IN SECTION 86(7) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000, AS AMENDED, (“**QUALIFIED INVESTORS**”) BEING PERSONS FALLING WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE EU PROSPECTUS DIRECTIVE (WHICH MEANS DIRECTIVE 2003/71/EC AND INCLUDES ANY RELEVANT IMPLEMENTING DIRECTIVE MEASURE IN ANY MEMBER STATE) (“**THE PROSPECTUS DIRECTIVE**”); (B) IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO ARE PERSONS WHO (I) FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (“**THE ORDER**”); (II) FALL WITHIN ARTICLE 49(2) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE ORDER; OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS WITHIN (A) OR (B) TOGETHER BEING REFERRED TO AS “**RELEVANT PERSONS**”).

THESE TERMS AND CONDITIONS MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THESE TERMS AND CONDITIONS RELATE IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

These terms and conditions apply to investors agreeing to purchase Placing Shares (in this Part V, “**Investors**”). Each Investor agrees with each of the Company, the Selling Shareholders and Numis to be bound by these terms and conditions as being the terms and conditions upon which Placing Shares will be sold in connection with the Placing.

1. Agreement to acquire Placing Shares

Conditional on: (i) the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated in accordance with its terms; (ii) Admission occurring on or prior to 11 July 2017 (or such later date as Numis and the Company may agree); and (iii) the Investor being allocated Placing Shares, each Investor agrees to become a member of the Company and agrees to acquire Placing Shares allocated to the Investor at the Placing Price.

To the fullest extent permitted by law, each Investor acknowledges and agrees that it will not be entitled to exercise any rights to rescind or terminate or, subject to any statutory rights, to withdraw an application for Placing Shares in the Placing, or otherwise to withdraw from, such commitment.

2. Payment for Placing Shares

Each Investor undertakes to pay the Placing Price for the Placing Shares acquired by such Investor in such manner as shall be directed by Numis. In the event of any failure by any Investor to pay as so directed by Numis, the relevant Investor will be deemed to have appointed Numis, or any nominee of Numis, as its agent to sell (in one or more transactions) any or all of the Placing Shares allocated to the Investor in respect of which payment will not have been made as directed by Numis and indemnifies on demand Numis and/or any relevant nominee of Numis in respect of any liability for stamp duty and/or stamp duty reserve tax arising in respect of any such sale or sales (a summary of for UK stamp duty and stamp duty reserve tax liability is contained in paragraph 15.3 of Part VI of this document). Any proceeds received in respect of the sale of such Placing Shares shall be retained by Numis and for Numis’ account and benefit as agent for the Company and/or the Selling Shareholder(s), as the case may be.

3. Representations and Warranties

Each Investor and any person confirming an agreement to purchase Placing Shares on behalf of an Investor or authorising Numis to notify the Investor’s name to the Registrars, represents, warrants and acknowledges to each of the Company, the Selling Shareholders and Numis that:

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- (a) the content of this document is exclusively the responsibility of the Company and the Directors and that neither the Selling Shareholders, Numis nor any person acting on their behalf is responsible for or will have any liability for any information, representation or statement contained in this document or any information previously published by or on behalf of the Company or any member of the Group and will not be liable for any decision by an Investor to participate in the Placing based on any information, representation or statement contained in this document or otherwise;
 - (b) in agreeing to purchase Placing Shares, the Investor has read this document in its entirety and is relying solely on this document (including these terms and conditions) and any supplementary document that may be issued by the Company, and not on any draft thereof, other information given or representation or statement made at any time, by any person, concerning the Group, the Selling Shareholders, the Placing Shares or the Placing. Such Investor agrees that none of the Company, the Selling Shareholders, Numis nor any of their respective officers, partners or directors will have any liability for any such other document, information, representation or statement, and irrevocably and unconditionally waives any rights it may have in respect of any such other information or representation. This paragraph 3(b) of this Part V will not exclude any liability for fraudulent misrepresentation;
 - (c) none of the Company, its directors, Numis nor any of their respective advisers or agents are making any recommendations to Investors or advising any of them regarding the suitability or merits of any transaction they may enter into in connection with the Placing. Each Investor acknowledges that participation in the Placing is on the basis that it is not and will not be a client of Numis and that Numis are acting for the Company and the Selling Shareholders and no one else, and they will not be responsible to anyone else for the protections afforded to their respective clients, and that Numis will not be responsible to anyone other than the Company for providing advice in relation to the Placing, the contents of this document or any transaction, arrangements or other matters referred to herein and Numis will not be responsible to anyone other than the relevant party to the Placing Agreement in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement or for the exercise or performance of Numis' rights and obligations thereunder, including any right to waive or vary any condition or exercise any termination right contained therein;
 - (d) the Investor has the funds available to pay the Placing Price in respect of the Placing Shares for which it has given a commitment under the Placing and that it will pay the total Placing Price in respect of its participation in the Placing;
 - (e) the subscription by the Investor for Placing Shares and the Investor's payment in respect thereof will comply with, and not violate, its constitutional documents or any agreement to which it is bound or which relates to any of its assets, is duly authorised and constitutes its valid and legally binding agreement;
 - (f) as far as the Investor is aware, it is not acting in concert (within the meaning given in the Takeover Code) with any other person in relation to the Company and it is not a related party of the Company for the purposes of the AIM Rules for Companies;
 - (g) if the laws of any place outside the United Kingdom are applicable to the Investor's agreement to purchase Placing Shares, such Investor has complied with all such laws and none of the Company, the Selling Shareholders or Numis will infringe any laws outside the United Kingdom as a result of such Investor's agreement to purchase Placing Shares or any actions arising from such Investor's rights and obligations under the Investor's agreement to purchase Placing Shares and under the Company's articles of association (and, in making this representation and warranty, the Investor confirms that it is aware of the selling and transfer restrictions set out in paragraph 3(k) of this Part V);
 - (h) the Investor has not done, and will not do, anything in relation to the Placing that has resulted or could result in any person being required to publish a prospectus in relation to the Company or to any Placing Shares in accordance with FSMA or the Prospectus Rules or in accordance with any other laws applicable in any part of the European Union or the European Economic Area;
 - (i) the Investor understands that no action has been or will be taken in any jurisdiction other than the United Kingdom by the Company or any other person that would permit a public offering of the Ordinary Shares, or possession or distribution of this document, in any country or jurisdiction where
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- action for that purpose is required, and represents and warrants that it is a person to whom the Placing Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- (j) if the Investor is in any EEA State which has implemented the Prospectus Directive it is:
- (i) a legal entity which is a Qualified Investor; or
 - (ii) otherwise permitted by law to be offered and sold the Placing Shares in circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive or other applicable laws;
- (k) the Investor is not a national, resident or citizen of a Prohibited Territory or a corporation, partnership or other entity organised under the laws of a Prohibited Territory, the Investor will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Placing Shares in a Prohibited Territory or to any national, resident or citizen of a Prohibited Territory and the Investor acknowledges that the Ordinary Shareholders have not been and will not be registered under the applicable securities laws of a Prohibited Territory and that the same are not being offered for subscription or sale, and may not, directly or indirectly, be offered, sold, transferred or delivered, in the Prohibited Territories;
- (l) the Investor is participating in the Placing in compliance with the selling and transfer restrictions set out in paragraph 3(g) of this Part V, including the representations and acknowledgements contained therein. The Investor acknowledges that the Placing Shares have not been and will not be registered under the Securities Act, or qualified for sale under the laws of any state or other jurisdiction of the United States, and may not be offered, sold, resold or transferred in, into or within the United States. The Investor represents and warrants that it is, and at the time the Placing Shares are acquired will be, outside the United States and acquiring the Placing Shares in an "offshore transaction" as defined in, and in accordance with, Regulation S;
- (m) the Investor has not applied to acquire Placing Shares on behalf of a national, resident or citizen of a Prohibited Territory or a corporation, partnership or other entity organised under the laws of a Prohibited Territory;
- (n) the Investor is liable for any capital duty, stamp duty, stamp duty reserve tax and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable inside or outside the United Kingdom by it or any other person on the acquisition by it of any Placing Shares or the agreement by it to acquire any Placing Shares;
- (o) in the case of a person who confirms to Numis, on behalf of an Investor, an agreement to purchase Placing Shares and/or who authorises Numis to notify the Investor's name to the Registrars, that person represents and warrants that he, she or it has authority to do so on behalf of the Investor;
- (p) the Investor has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2007 (the "**Regulations**") and, if it is making payment on behalf of a third party, it has obtained and recorded satisfactory evidence to verify the identity of the third party as required by the Regulations;
- (q) that due to anti-money laundering and the countering of terrorist financing requirements, Numis, the Company and/or the Selling Shareholders may require proof of identity of the Investor and related parties and verification of the source of the payment before the placing commitment can be processed and that, in the event of delay or failure by the Investor to produce any information required for verification purposes, Numis, the Company and/or the Selling Shareholders may refuse to accept the placing commitment and the subscription moneys relating thereto. It shall hold harmless and will indemnify Numis, the Company and/or the Selling Shareholders against any liability, loss or cost ensuing due to the failure to process the Placing commitment, if such information as has been required and has not been provided by it or has not been provided in a timely manner;
- (r) the Investor is not, and is not applying as nominee or agent for, a person which is, or may be, mentioned in any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depository receipts and clearance services);
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- (s) if the Investor is in the United Kingdom, it is: (a) a person having professional experience in matters relating to investments who falls within the definition of “investment professionals” in Article 19(5) of the Order; or (b) a high net worth body corporate, unincorporated association or partnership or trustee of a high value trust as described in Article 49(2) of the Order, or is otherwise a person to whom an invitation or inducement to engage in investment activity may be communicated without contravening section 21 of FSMA;
 - (t) if the Investor is acquiring Placing Shares as a fiduciary or agent for one or more investor accounts, (i) it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and (ii) its clients, whether or not identified to Numis or any of its affiliates or agents, will remain the Investor’s clients and will not become clients of Numis or any of its affiliates or agents for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
 - (u) the Investor has not offered or sold and will not offer or sell any Placing Shares to persons in the European Economic Area prior to Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted in and which will not result in an offer to the public in any member state of the European Economic Area within the meaning of the Prospectus Directive (including any relevant implementing measure in any member state);
 - (v) the Investor and each person or body (including without limitation, any local authority or the managers of any pension fund) on whose behalf it accepts Placing Shares or to whom it allocates such Placing Shares have the capacity and authority to enter into and to perform their obligations as an Investor and will honour those obligations;
 - (w) each Investor in a relevant member state of the European Economic Area who acquires any Placing Shares under the Placing contemplated hereby will be deemed to have represented, warranted and agreed with each of Numis and the Company that: (i) it is a Qualified Investor; and (ii) in the case of any Placing Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive: (x) the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant member state other than Qualified Investors, or in other circumstances falling within Article 3(2) of the Prospectus Directive and the prior consent of Numis has not been given to the offer or resale; or (y) where Placing Shares have been acquired by it on behalf of persons in any relevant member state other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Directive as having been made to such persons. For the purposes of this provision, the expression an “offer” in relation to any of the Placing Shares in any relevant member states means the communication in any form and by any means of sufficient information on the terms of the offer and any Placing Shares to be offered so as to enable an Investor to decide to purchase the Placing Shares, as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state; and
 - (x) in the case of a person who confirms to Numis, on behalf of an Investor which is an entity other than a natural person, an agreement to purchase Placing Shares and/or who authorises the notification of such Investor’s name to the Registrars, that person warrants that he, she or it has authority to do so on behalf of the Investor.

The Company, the Selling Shareholders and Numis will rely upon the truth and accuracy of the foregoing representations, warranties and undertakings. If an Investor believes that any of the representations, undertakings or warranties made in connection with or deemed to have been made by its application for Placing Shares are not or cease to be accurate, it shall promptly notify Numis and the Company.

4. Supply and Disclosure of Information

If the Company, the Selling Shareholders or Numis or any of their agents request any information about an Investor’s agreement to purchase Placing Shares, such Investor must promptly disclose it to them and ensure that such information is complete and accurate in all respects.

5. Further Authority

In applying to be issued and/or transferred Placing Shares pursuant to the Placing, the Investor irrevocably appoints any Director and any director of Numis to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its acquisition and registration of all or any of the Placing Shares for which it has given a commitment under the Placing, in the event of its own failure to do so.

6. Miscellaneous

- 6.1. The rights and remedies of the Company, the Selling Shareholders and Numis under these terms and conditions are in addition to any rights and remedies which would otherwise be available to them, and the exercise or partial exercise of one will not prevent the exercise of others.
- 6.2. On application, each Investor may be asked to disclose, in writing or orally, to Numis:
 - 6.2.1. if he or she is an individual, his or her nationality; or
 - 6.2.2. if he, she or it is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.
- 6.3. All documents will be sent at the Investor's risk. They may be sent by post to such Investor at an address notified to Numis.
- 6.4. Each Investor agrees to be bound by the Company's articles of association (as amended from time to time) once the Placing Shares which such purchaser has agreed to purchase have been issued or transferred to such Investor.
- 6.5. The Company, the Selling Shareholders and Numis expressly reserve the right to modify the Placing (including without limitation, its timetable and settlement) at any time before the Placing Price and allocation are determined.
- 6.6. The contract to purchase Placing Shares and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, English law. For the exclusive benefit of the Company, the Selling Shareholders and Numis, each Investor irrevocably submits to the exclusive jurisdiction of the English courts in respect of these matters. This does not prevent an action being taken against an Investor in any other jurisdiction.
- 6.7. In the case of a joint agreement to purchase Placing Shares, references to a purchaser in these terms and conditions are to each of such Investors and any Investor's liability is joint and several.

PART VI

ADDITIONAL INFORMATION

1. The Company

- 1.1. The Company is domiciled in England and Wales and was incorporated on 24 November 2005 with the name of Notsallow 240 Limited as a limited liability company.
- 1.2. The Company's name was changed to Garbol Limited on 30 January 2006.
- 1.3. Effective on 22 April 2016, the Company re-registered as a public limited company, with the name "Garbol plc".
- 1.4. The Company changed its name to Nexus Infrastructure plc on 21 June 2016.
- 1.5. The liability of the members of the Company is limited.
- 1.6. The Company is and its securities are governed by the Act.
- 1.7. The Company's registered office is at 1 Tamdown Way, Braintree, Essex, CM7 2QL and this is also its principal place of business. The telephone number of its registered office is +44(0)1376 320856.
- 1.8. The principal activities of the Company are to act as the holding company for the Group whose principal activities are to carry on business as a general commercial company with Tamdown providing specialised infrastructure services and TriConnex designing, installing and connecting utilities to properties on new residential and commercial developments.
- 1.9. The Company has no administrative, management or supervisory bodies other than its Board, the Remuneration Committee, the Audit Committee and the Nomination Committee, such committees having no members other than Directors of the Company.

2. Subsidiaries

The Company is the holding company of the Group. The following table contains details of the Company and the Company's subsidiaries.

Company Name	Principal activity	Country of incorporation	Percentage ownership (%)
Nexus Infrastructure plc	Holding Company	England and Wales	–
Tamdown Group Limited	Construction services Holding company for Tamdown Services Limited, Tamdown Regeneration Limited and Tamdown Plant Hire Limited	England and Wales	100
TriConnex Limited	Utilities contractor	England and Wales	100
Tamdown Services Limited	Supply of labour to the construction industry	England and Wales	100
Tamdown Regeneration Limited	Dormant	England and Wales	100
Tamdown Plant Hire Limited	Engineering plant hire	England and Wales	100
Garbol 2016 Limited	Dormant	England and Wales	100

3. Share Capital

- 3.1. The Company was incorporated with a share capital comprised of 100 ordinary shares with a nominal value of £1 per share. 1 ordinary share with a nominal value of £1 was allotted on incorporation (the same amount being paid up on the share). The currency of the Company's share capital is GBP Sterling.

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- 3.2. The following changes to the Company's share capital have taken place since incorporation:
- 3.2.1. On 11 April 2006:
- 3.2.1.1. The issued share capital comprising 1 ordinary share with a nominal value of £1 (the same amount being paid up on the shares) was re-designated as an A ordinary share of £1.
- 3.2.1.2. The authorised share capital was increased from £100 to £5,489,283 by the creation of:
- 3.2.1.2.1. 4,734,027 preference shares with a nominal value of £1 per share;
- 3.2.1.2.2. 47,289 non-voting ordinary shares with a nominal value of £1 per share;
- 3.2.1.2.3. 386,714 A ordinary shares with a nominal value of £1 per share;
- 3.2.1.2.4. 257,807 B ordinary shares with a nominal value of £1 per share; and
- 3.2.1.2.5. 63,346 C ordinary shares with a nominal value of £1 per share.
- 3.2.1.3. The following share allotments were made:
- 3.2.1.3.1. 4,734,027 preference shares with a nominal value of £1 per share (the same amount being paid up on the shares);
- 3.2.1.3.2. 47,289 non-voting ordinary shares with a nominal value of £1 per share (the same amount being paid up on the shares);
- 3.2.1.3.3. 386,714 A ordinary shares with a nominal value of £1 per share (the same amount being paid up on the shares);
- 3.2.1.3.4. 257,807 B ordinary shares with a nominal value of £1 per share (the same amount being paid up on the shares); and
- 3.2.1.3.5. 63,346 C ordinary shares with a nominal value of £1 per share (the same amount being paid up on the shares).
- 3.2.1.3.6. The total statement of issued capital was: 5,489,184 shares with a total aggregate nominal value of £5,489,184.
- 3.2.2. On 31 January 2014:
- 3.2.2.1. 2,367,014 preference shares with a nominal value of £1 per share (the same amount being paid up on the shares) were redeemed.
- 3.2.2.2. The total statement of issued capital was: 3,122,170 shares with a total aggregate nominal value of £3,122,170.
- 3.2.3. On 2 October 2014:
- 3.2.3.1. 2,367,013 preference shares with a nominal value of £1 per share (the same amount being paid up on the shares) were redeemed.
- 3.2.3.2. The total statement of issued capital was: 755,157 shares with a total aggregate nominal value of £755,157.
- 3.3. On 1 December 2015, the Company passed a resolution to reduce the share capital reserve of the Company from £5,489,184, divided into 386,715 A ordinary shares of £1 each, 257,807 B ordinary shares of £1 each, 63,346 C ordinary shares of £1 each, 47,289 Non-Voting shares of £1 each and a capital reserve account of £4,734,027, to £755,157 divided into 386,715 A ordinary shares of £1 each, 257,807 B ordinary shares of £1 each, 63,346 C ordinary shares of £1 each and 47,289 Non-Voting shares of £1 each and that such reduction of share capital be effected by cancelling and extinguishing the Company's capital redemption reserve account of £4,734,027 and the amount by which the share capital is so reduced be credited to a reserve.
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- 3.4. On 19 April 2016, the Company passed resolutions, conditional on the directors of the Company having resolved that the conditions for re-registration as a public company specified in sections 91 and 92 of the Act had been met, to:
- 3.4.1. re-register the Company as a public company under the Act and to change the name of the Company with effect from such re-registration to “Garbol plc”; and
 - 3.4.2. adopt new articles of association in substitution for and to the exclusion of the then existing articles of association.
- 3.5. On 5 July 2017, the Company passed resolutions to:
- 3.5.1. issue 1,700 non-voting shares of £1.00 each in the capital of the Company to the Trustee;
 - 3.5.2. issue 5,500 non-voting shares of £1.00 each in the capital of the Company to Garbol Warehousing Limited to be held as nominee for certain members of the Group’s management team (as further described in paragraph 3.14).
- 3.6. On 5 July 2017, the Company passed resolutions conditional on Admission and to take effect immediately prior to Admission to:
- 3.6.1. restructure its capital as follows:
 - 3.6.1.1. the 386,715 ordinary A shares of £1.00 each in the capital of the Company be subdivided and re-designated as 19,335,750 ordinary shares of £0.02 each, having the rights set out in the articles of association of the Company to be adopted pursuant to resolution 2 below (the “Ordinary Shares”);
 - 3.6.1.2. the 257,807 ordinary B shares of £1.00 each in the capital of the Company be subdivided and re-designated as 12,890,350 Ordinary Shares;
 - 3.6.1.3. the 63,346 ordinary C shares of £1.00 each in the capital of the Company be subdivided and re-designated as 3,167,300 Ordinary Shares;
 - 3.6.1.4. the 54,489 non-voting shares of £1.00 each in the capital of the Company be subdivided and re-designated as 2,724,450 Ordinary Shares;
 - 3.6.2. adopt the New Articles with effect from Admission in substitution for and to the exclusion of the then existing articles of association;
 - 3.6.3. authorise its directors generally and unconditionally in accordance with section 551 of the Act to exercise all powers of the Company to allot Ordinary Shares in the Company and to grant rights to subscribe for, or to convert any security into, Ordinary Shares in the Company (“Rights”) up to the following nominal amounts:
 - 3.6.3.1. up to an aggregate nominal amount of £22,870.71 in connection with the issue of warrants at the time of Admission;
 - 3.6.3.2. up to an aggregate nominal value of £254,119.00 or, if less, the nominal value of one third of the issued share capital of the Company immediately following Admission; and
 - 3.6.3.3. up to an aggregate nominal value of £508,238.00 or, if less, the nominal value of two thirds of the issued share capital of the Company immediately following Admission (such amount to be reduced by the nominal amount of any Rights allotted or granted under paragraph 3.6.3.2 above) in connection with an offer by way of a rights issue or other pre-emptive offer to:
 - 3.6.3.3.1. the holders of Ordinary Shares in proportion (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them; and
 - 3.6.3.3.2. holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

and so that, in each case, the directors of the Company may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter.

The authorities referred to in paragraphs 3.6.3.1 to 3.6.3.3 (inclusive) expire on the earlier of the next Annual General Meeting of the Company held after the date on which the resolution became unconditional and the date 15 months after the passing of the resolution, save that the Company may at any time before such expiry make any offer(s) or enter into any agreement(s) which would or might require shares to be allotted or Rights to be granted after such expiry and the directors may allot shares or grant Rights in pursuance of any such offer(s) or agreement(s) as if the authority conferred hereby had not expired. The resolution had the effect of revoking and replacing all unexercised authorities previously granted to the directors to allot shares or grant Rights but without prejudice to any allotment of shares or grant of Rights already made, offered or agreed to be made pursuant to such authorities.

- 3.6.4. conditional on the passing of the resolutions referred to in paragraph 3.6.3 above, authorise the Directors in accordance with section 570 of the Act to allot equity securities (as defined in section 560 of the Act) of the Company for cash as if section 561(1) of the Act did not apply to any such allotment, save that the authority granted is limited to:

3.6.4.1. up to an aggregate nominal amount of £22,870.71 in connection with the issue of warrants at the time of Admission;

3.6.4.2. the allotment of equity securities in connection with an offer by way of a rights issue or other pre-emptive offer to:

3.6.4.2.1. the holders of Ordinary Shares in proportion (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them; and

3.6.4.2.2. holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

and so that, in each case, the directors of the Company may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter;

3.6.4.3. the allotment of equity securities (otherwise than pursuant to paragraphs 3.6.4.1 or 3.6.4.2 above)

3.6.4.3.1. up to a maximum aggregate nominal value of £38,117.85 (or, if less, the nominal value of 5 per cent of the issued share capital of the Company immediately following Admission); and

3.6.4.3.2. up to a further maximum aggregate nominal value of £38,117.85 (or, if less, the nominal value of 5 per cent of the issued share capital of the Company immediately following Admission) provided that it is used only in connection with an acquisition or a specified capital investment,

The authorities referred to in paragraphs 3.6.4.1 to 3.6.4.3 (inclusive) expire on the earlier of the next Annual General Meeting of the Company held after the date on which the resolution became unconditional and the date 15 months after the passing of the resolution, save that the Company may at any time before such expiry make any offer(s) or enter into any agreement(s) which would or might require shares to be allotted or Rights to be granted after such expiry and the directors may allot shares

or grant Rights in pursuance of any such offer(s) or agreement(s) as if the authority conferred hereby had not expired. The resolution had the effect of revoking and replacing all unexercised authorities previously granted to the directors to allot shares or grant Rights but without prejudice to any allotment of shares or grant of Rights already made, offered or agreed to be made pursuant to such authorities.

3.6.5. authorise the directors to make market purchases of up to a maximum aggregate number of 3,811,785 Ordinary Shares, or, if less, the nominal value of 10 per cent of the issued share capital of the Company immediately following Admission, provided that:

3.6.5.1. the minimum price (excluding expenses) per Ordinary Share is not less than £0.02 per Ordinary Share, being the nominal value of an Ordinary Share;

3.6.5.2. the maximum price (excluding expenses) per Ordinary Share is the higher of:

3.6.5.2.1. an amount equal to 105 per cent of the average of the middle market quotations for the Ordinary Shares as taken from the AIM Appendix of the London Stock Exchange Daily Official List for the five business days preceding the date of purchase; and

3.6.5.2.2. the higher of the price quoted for the last independent trade of and the highest current independent bid for any number of Ordinary Shares on the London Stock Exchange;

such authorities to expire on the earlier of the conclusion of the next Annual General Meeting of the Company held after the date on which this resolution becomes unconditional and the date 15 months after the passing of this resolution, except in relation to the purchase of any Ordinary Shares the contract for which was concluded before the date of expiry of the authority and which would or might be completed wholly or partly after such date.

3.7. The issued share capital at the date of this document and on Admission will be:

	Class of share	Number of shares	Aggregate Nominal value (£)	Issued and fully paid number of shares
Existing	A Ordinary	386,715	386,715	386,715
	B Ordinary	257,807	257,807	257,807
	C Ordinary	63,346	63,346	63,346
	Non-voting ordinary	54,489	54,489	54,489
At Admission	Ordinary	38,117,850	£762,357	38,117,850

3.8. The Company has no issued Ordinary Shares that are not fully paid up.

3.9. The Ordinary Shares may be held in certificated form or under the CREST system, which is a paperless settlement procedure enabling securities to be evidenced and transferred otherwise than by a written instrument in accordance with the CREST Regulations. The Company's registrars, Capital Asset Services, are responsible for keeping the Company's register of members.

3.10. Save as disclosed in this document and as at the date of this document:

3.10.1. no share or loan capital of the Company has been issued or is proposed to be issued;

3.10.2. there are no outstanding convertible securities, exchangeable securities or securities with warrants issued by the Company;

3.10.3. there are no Ordinary Shares in the Company not representing capital;

3.10.4. there are no Ordinary Shares in the Company held by the Company itself or by its subsidiaries;

3.10.5. there are no acquisition rights and/or obligations over authorised but unissued share capital of the Company or undertakings to increase the share capital of the Company;

3.10.6. no person has any preferential subscription rights for any share capital of the Company;

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- 3.10.7. no commissions, discounts, brokerages or other special items have been granted by the Company since its incorporation in connection with the issue or sale of any Ordinary Shares or loan capital of the Company; and
- 3.10.8. no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option and no commissions, discounts, brokerages or other special terms have been granted by the Company since its incorporation in connection with the issue or sale of any share or loan capital of the Company.
- 3.11. The Ordinary Shares have no redemption or conversion provisions.
- 3.12. The Ordinary Shares all rank *pari passu* with one another, having equal right to participate in any dividend, distribution or return of capital and having equal voting rights.
- 3.13. No person has made a public takeover bid for the Company's issued share capital since the Company's incorporation on 24 November 2005.
- 3.14. Garbol Warehousing Limited

Michael Morris, Keith Breen and the David Holliday Trust are the shareholders of Garbol Warehousing Limited which, as at the date of this document, has a 2.30 per cent shareholding in the Company. Garbol Warehousing Limited was established to hold shares in the capital of the Company for the purpose of providing equity incentives to key executives.

With the exception of the LTIP established in August 2016, the Company has not previously operated any share incentive plan for the management team. Awards previously granted pursuant to the LTIP will not vest until after Admission, subject to the satisfaction of performance conditions. Accordingly, the Remuneration Committee determined that it was critical that key members of the management team were properly incentivised to achieve Admission such that their equity interests are aligned with other executive shareholders.

Prior to Admission, certain members of the Group's management team will be granted options to acquire the shares held by Garbol Warehousing Limited and over an additional 5,500 non-voting shares of £1.00 each in the capital of the Company which will be satisfied by newly issued shares. These options will be exercisable prior to Admission. Where options are satisfied using newly issued shares, those shares will be held by Garbol Warehousing Limited as nominee for the relevant employee. Recipients of these options are able to elect to either: (i) sell 50 per cent of the Ordinary Shares they will acquire on exercise of their options as part of the Placing; or (ii) to retain all of the Ordinary Shares they will acquire on exercise of their options. The recipients have also provided an undertaking to the Company that, should they sell Ordinary Shares as part of the Placing, part of the proceeds of the sale of such Ordinary Shares will be used by the relevant individuals to pay the income tax and employee national insurance charges which will arise on the exercise of their options. If they elect to retain all of the Ordinary Shares they receive, they have provided an indemnity to the Company to separately account to the Company for the income tax and employee national insurance charges which will arise on the exercise of their options.

Following the exercise of these options, the delivery of certain of these shares to exercising option holders and the sale of these shares as part of the Placing, Garbol Warehousing Limited will cease to hold any shares in the capital of the Company. Where Garbol Warehousing Limited is acting as nominee, it will transfer legal title to the shares to the relevant employees following Admission.

4. Significant Shareholders

- 4.1. Save for the persons set out below, the Directors are not aware of any beneficial holding of Ordinary Shares representing three per cent or more of the Company's issued share capital nor, so far as the Directors are aware, are there any persons who, directly or indirectly, jointly or severally, exercise control over the Company:

Shareholder	As at the date of this document		Immediately following Admission	
	Number of Ordinary Shares	Percentage shareholding (%)	Number of Ordinary Shares	Percentage shareholding (%)
Michael Morris ⁽¹⁾	394,389 ⁽²⁾	51.7	9,859,725 ⁽⁴⁾⁽⁶⁾	25.9
Keith Breen ⁽¹⁾	262,922 ⁽³⁾	34.5	6,573,050 ⁽⁵⁾⁽⁶⁾	17.2
BlackRock Investment Management (UK) Ltd	-	-	5,050,000	13.2
Ruffer LLP	-	-	3,250,000	8.5
Hargreave Hale Ltd	-	-	3,100,000	8.1
City Financial Investment Company Limited	-	-	2,200,000	5.8
The David Holliday Trust ⁽¹⁾	63,346	8.3	1,583,650	4.2

(1) As noted in paragraph 3.14 above, Michael Morris, Keith Breen and The David Holliday Trust are the shareholders of Garbol Warehousing Limited which, as at the date of this document, has a 2.30 per cent shareholding in the Company. Prior to Admission, the Ordinary Shares held by Garbol Warehousing Limited will be received by certain members of the management team and therefore the interests of Michael Morris, Keith Breen and The David Holliday Trust in the share capital of the Company through Garbol Warehousing Limited have not been included in the table above.

(2) Including 19,336 Ordinary Shares held by Michelle Morris.

(3) Including 12,890 Ordinary Shares held by Mary Breen.

(4) Including 483,400 Ordinary Shares held by Michelle Morris.

(5) Including 322,250 Ordinary Shares held by Mary Breen.

(6) As referred to in paragraph 8.7.4.6 of Part VI of this document, it is intended that a one-off award of 100 Free Shares will be made shortly following Admission to each employee who is employed by the Group on Admission and who remains employed by the Group on the date of the award. As Michael Morris and Keith Breen are both employees of the Group, they would each receive this award of Free Shares. The shareholdings set out above do not include these Free Shares and therefore, following such award, the shareholding of each of Michael Morris and Keith Breen will increase by 100 Ordinary Shares.

4.2 As at the date of this document, options over non-voting ordinary shares are held by Michael Morris and Keith Breen as set out below:

Shareholder	Number of shares under Option	Percentage of Ordinary Share Capital (%)	Exercise price (in pence per share)	Exercise Period
Michael Morris	3,857	0.5	£1.00	15 June 2020-15 June 2027
Keith Breen	1,535	0.2	£1.00	15 June 2020-15 June 2027

4.3. Immediately following Admission, and the restructuring of the Company's capital as described in paragraph 3.6 above, options over the Ordinary Shares will be held by Michael Morris and Keith Breen as set out below:

Shareholder	Number of Ordinary Shares under Option	Percentage of Ordinary Share Capital (%)	Exercise price (in pence per Ordinary Share)	Exercise Period
Michael Morris	192,850	0.5	£0.02	15 June 2020-15 June 2027
Keith Breen	76,750	0.2	£0.02	15 June 2020-15 June 2027

4.4. There are no arrangements of which the Directors are aware which may result in a change of control of the Company.

4.5. The Ordinary Shares held by the Shareholders set out in paragraph 4.1 above rank *pari passu* with all other Ordinary Shares and, in particular, have no different voting rights than other Shareholders. Following Admission and the Placing, no Shareholder will have different voting rights to any other Shareholder.

5. Directors' Interests

- 5.1. The beneficial interests of the Directors and connected persons (within the meaning of sections 252 and 253 of the Act) in the current issued share capital of the Company, excluding shares held under option, immediately following Admission are expected to be as follows:

Name	As at the date of this document		Immediately following Admission	
	Number of Shares	Percentage shareholding (%)	Number of Shares	Percentage shareholding (%)
Michael Morris ⁽¹⁾	394,389 ⁽²⁾	51.7	9,859,725 ⁽³⁾⁽⁴⁾	25.9
Alan Martin	—	—	75,000 ⁽⁴⁾	0.2

(1) As noted in paragraph 3.14 above, Michael Morris, Keith Breen and the David Holliday Trust are the shareholders of Garbol Warehousing Limited which, as at the date of this document, has a 2.30 per cent shareholding in the Company. Prior to Admission, the Ordinary Shares held by Garbol Warehousing Limited will be received by certain members of the management team and therefore the interest of Michael Morris in the share capital of the Company through Garbol Warehousing Limited has not been included in the table above.

(2) Including 19,336 Existing Ordinary Shares held by Michelle Morris.

(3) Including 483,400 Ordinary Shares held by Michelle Morris.

(4) As referred to in paragraph 8.7.4.6 of Part VI of this document, it is intended that a one-off award of 100 Free Shares will be made shortly following Admission to each employee who is employed by the Group on Admission and who remains employed by the Group on the date of the award. As Michael Morris and Alan Martin are both employees of the Group, they would each receive this award of Free Shares. The shareholdings set out above do not include these Free Shares and therefore, following such award, the shareholding of each of Michael Morris and Alan Martin will increase by 100 Ordinary Shares.

- 5.2 As at the date of this document, options over non-voting ordinary shares are held by Michael Morris and Alan Martin as set out below:

Shareholder	Number of shares under Option	Percentage of Ordinary Share Capital (%)	Exercise price (in pence per share)	Exercise Period
Michael Morris	3,857	0.5	£1.00	15 June 2020-15 June 2027
Alan Martin	5,100	0.7	£1.00	16 August 2019-16 August 2026 ⁽¹⁾ 15 June 2020-15 June 2027 ⁽²⁾

(1) With respect to options over 2,488 shares.

(2) With respect to options over 2,612 shares.

- 5.3. Immediately following Admission, and the restructuring of the Company's capital as described in paragraph 3.6 above, options over the Ordinary Shares will be held by Michael Morris and Alan Martin as set out below:

Shareholder	Number of Ordinary Shares under Option	Percentage of Ordinary Share Capital (%)	Exercise price (in pence per Ordinary Share)	Exercise Period
Michael Morris	192,850	0.5	£0.02	15 June 2020-15 June 2027
Alan Martin	255,000	0.7	£0.02	16 August 2019-16 August 2026 ⁽¹⁾ 15 June 2020-15 June 2027 ⁽²⁾

(1) With respect to options over 124,400 Ordinary Shares.

(2) With respect to options over 130,600 Ordinary Shares.

- 5.4. None of the Directors (nor any member of their families) has a related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares.

- 5.5. The voting rights of the Directors set out in paragraph 5.1 above do not differ from the voting rights held by other Shareholders.

6. Directors' Service Agreements and Letters of Appointment

6.1. Set out below are details of the terms and conditions governing the engagement by the Company of the Directors:

- 6.1.1. Michael Morris was appointed a director of the Company on 14 February 2006. The Company entered into a new **service agreement** with Michael Morris on 27 May 2016. This sets out the terms of his appointment as Chief Executive Officer of the Group. Michael Morris is entitled to a salary of £325,579 per annum, together with a bonus which is payable at the discretion of the Remuneration Committee. Michael Morris may terminate the agreement on six months' notice and the Company may terminate the agreement on 12 months' notice. There are also provisions which, in the event of termination, restrict Michael Morris from engaging in or having an interest in a competitor and which restrict him from soliciting or dealing with the Group's customers (and prospective customers); interfering with the Group's suppliers; and poaching key employees of the Group. Each of these restrictions apply for a period of nine months following the termination of employment in relation to the non-compete provisions and a period of 12 months following the termination of employment in relation to the non-solicitation provisions. The agreement contains provisions protecting the Group's confidential information and intellectual property. Michael Morris is not entitled to any benefits on termination of employment above those which would apply during his notice period (although if a payment in lieu of notice is made this will exclude any bonus that might otherwise have been paid during what would have been the notice period).
- 6.1.2. Alan Martin was appointed a director of the Company on 1 September 2015. The Company entered into a new **service agreement** with Alan Martin on 27 May 2016. This sets out the terms of his appointment as Chief Financial Officer of the Group. Alan Martin is entitled to a salary of £220,500 per annum, together with a bonus which is payable at the discretion of the Remuneration Committee. Alan Martin may terminate the agreement on six months' notice and the Company may terminate the agreement on 12 months' notice. There are also provisions which, in the event of termination, restrict Alan Martin from engaging in or having an interest in a competitor and which restrict him from soliciting or dealing with the Group's customers (and prospective customers); interfering with the Group's suppliers; and poaching key employees of the Group. Each of these restrictions apply for a period of nine months following the termination of employment in relation to the non-compete provisions and a period of 12 months for the non-solicitation provisions. The agreement contains provisions protecting the Group's confidential information and intellectual property. Alan Martin is not entitled to any benefits on termination of employment above those which would apply during his notice period (although if a payment in lieu of notice is made this will exclude any bonus that might otherwise have been paid during what would have been the notice period),
- 6.1.3. Geoffrey French was appointed as a director and Non-Executive Chairman of the Board of Directors of the Company on 1 January 2016. The Company entered into a **letter of appointment** with Geoffrey French on 4 December 2015. This letter sets out the terms of Geoffrey French's appointment as the Company's Non-Executive Chairman for a fixed term of three years commencing on 1 January 2016, save that either party may terminate the appointment on three months' notice. Geoffrey French is entitled to an annual fee of £60,000 and reimbursement of reasonable expenses but no other remuneration. The letter includes additional provisions which are relevant to Geoffrey French's appointment, including restrictions in relation to the disclosure of the Group's confidential information. On termination of the appointment, Geoffrey French is not entitled to anything more than accrued fees as at the date of termination plus reimbursement of expenses properly incurred to that date.
- 6.1.4. Richard Kilner was appointed to the Board of Directors of the Company on 1 January 2016. The Company entered into a **letter of appointment** with Richard Kilner on 3 February 2016. This letter sets out the terms of Richard Kilner's appointment as Senior Independent Director for a fixed term of three years commencing on 1 January 2016, save that either party may terminate the appointment on three months' notice. Richard Kilner is entitled to an annual fee of £36,000 and reimbursement of reasonable expenses but no other remuneration. The letter

includes additional provisions which are relevant to Richard Kilner's appointment, including restrictions in relation to the disclosure of the Group's confidential information. On termination of the appointment, Richard Kilner is not entitled to anything more than accrued fees as at the date of termination plus reimbursement of expenses properly incurred to that date.

- 6.1.5. Alexander Wiseman was appointed to the Board of Directors of the Company on 24 June 2016. The Company entered into a **letter of appointment** with Alexander Wiseman on 9 June 2016. This letter sets out the terms of Alexander Wiseman's appointment as an independent director of the Company for a fixed term of three years commencing on 24 June 2016, save that either party may terminate the appointment on three months' notice. Alexander Wiseman is entitled to an annual fee of £33,000 and reimbursement of reasonable expenses but no other remuneration. The letter includes additional provisions which are relevant to Alexander Wiseman's appointment, including restrictions in relation to the disclosure of the Group's confidential information. On termination of the appointment, Alexander Wiseman is not entitled to anything more than accrued fees as at the date of termination plus reimbursement of expenses properly incurred to that date.
- 6.2. The aggregate remuneration paid by any company in the Group (including benefits in kind) to the Directors during the year ended 30 September 2016 was £577,000. The aggregate estimated remuneration to be paid to the Directors by all companies in the Group for the current financial year ending 30 September 2017 under the arrangements in force is expected to amount to in the region of £800,000.
- 6.3. Save as disclosed in this Part VI, there are no service contracts, existing or proposed, between any Director and the Company and no service contract has been entered into or amended by the Company in the six months prior to the date of this document.
- 6.4. There are no outstanding loans or guarantees provided by the Company for the benefit of any of the Directors.
- 6.5. As at the date of this document, the Group had a total workforce of 828 employees as well as 219 agency staff. As at 30 September 2016 (being the last whole financial period prior to publication of this document), the Group had 802 employees as well as 165 agency staff, as follows:

	Tamdown	TriConnex	Central	Group total
Management	32	27	6	65
Office	44	63	1	108
On site workforce	568	55	0	623
Part time	6	0	0	6
Agency	165	0	0	165
Total	815	145	7	967

7. Additional Information on the Board

- 7.1. The Directors hold or have held the following directorships in companies (other than the Company) incorporated in the United Kingdom and overseas (as the case may be) within the five years prior to the date of this document:

Full Name	Current directorships	Past directorships
Geoffrey Howard French	Redr UK (03929653) (appointed 25/11/2014) HR Wallingford Group Limited (01622174) (appointed 1/1/2017)	Scott Wilson Piesold Ltd (02894693) (resigned 11/02/2013) Scott Wilson Railways (Scotland) Limited (SC164577) (company dissolved on 29/6/2012) Thomas Telford Limited (02556636) (resigned 22/10/2013)

Full Name	Current directorships	Past directorships
Richard Anthony Kilner	Tamdown Group Limited (01268060) (appointed 1/2/2015) TriConnex Ltd (07466247) (appointed 1/10/2014) Glebe Meadows Developments Limited (09069047) (appointed 3/6/2014) Deltex Consulting Limited (07189319) (appointed 15/3/2010)	University Hospitals of Leicester NHS Trust (resigned on 30/09/2014) SHS Integrated Services Limited (03518462) (resigned 30/05/2017) (company put into administration 21/03/2017)
Alan Christopher Martin	Garbol 2016 Limited (09974487) (appointed 28/1/2016) Tamdown Regeneration Limited (03965041) (appointed 26/11/2015) Tamdown Services Limited (03849193) (appointed 1/9/2015) Tamdown Plant Hire Limited (03965045) (appointed 1/9/2015) TriConnex Ltd (07466247) (appointed 1/9/2015) Tamdown Group Limited (01268060) (appointed 1/9/2015)	Colroy Limited (882558) (resigned on 31/07/2015) Genesis Estates (Manchester) Limited (4187305) (resigned on 31/07/2015) Gleeson Capital Solutions Limited (5276021) (resigned on 31/7/2015) Gleeson Classic Homes Limited (1952198) (resigned on 31/7/2015) Gleeson Construction Services Limited (783607) (resigned on 31/7/2015) Gleeson Developments (North East) Ltd (3867699) (resigned on 31/7/2015) Gleeson Developments Limited (848808) (resigned on 31/7/2015) Gleeson Homes (Holdings) Limited (5742750) (resigned on 31/7/2015) Gleeson Homes Southern Limited (1530449) (resigned on 31/7/2015) Gleeson Housing Developments Limited (1460800) (resigned on 31/7/2015) Gleeson PFI Investments Limited (5337924) (resigned on 31/7/2015) Gleeson Properties (Kingley) Limited (5281899) (resigned on 31/7/2015) Gleeson Properties (Petersfield) Limited (5075336) (resigned on 31/7/2015) Gleeson Properties Limited (805039) (resigned on 31/7/2015) Gleeson Regeneration Limited (3920096) (resigned on 31/7/2015) Gleeson Services Limited (885340) (resigned on 31/7/2015) Gleeson Strategic Land Limited (5181745) (resigned on 31/7/2015) Haredon Developments Limited (759754) (resigned on 31/7/2015) Homes Exchange Limited (1006679) (company dissolved on 2/10/2012) KW Cannock Properties Ltd (5899918) (resigned on 31/7/2015) Leeds Independent Living Accommodation Company Holdings Limited (6450217) (resigned on 22/2/2013) Leeds Independent Living Accommodation Company Limited (6450378) (resigned on 22/2/2013) M J Gleeson (International) Limited (955626) (resigned on 31/7/2015) M J Gleeson Group Limited (479529) (resigned on 31/7/2015)

Full Name	Current directorships	Past directorships
Alan Christopher Martin <i>continued</i>		M.J.G (Management) Limited (941012) (resigned on 31/7/2015) MJ Gleeson plc (9268016) (resigned on 31/7/2015) Oakmill Properties Limited (206658) (resigned on 31/7/2015) Sindale Properties Limited (4201608) (resigned on 31/7/2015) Colroy Investments Limited (381120) (company dissolved on 23/10/2012) Marlborough Gleeson (Peterborough) Limited (4021557) (company dissolved on 3/7/2012) Gleeson Classic Homes (London) Limited (4146713) (company dissolved on 3/7/2012) Marlborough Gleeson (Wolverton 2) Limited (4053190) (company dissolved on 3/7/2012) Aire Regeneration Limited (3734459) (company dissolved on 3/7/2012) Oakmill Residential Limited (7045832) (company dissolved on 7/4/2015)
Michael Thomas Morris	Garbol Warehousing Limited (05730308) (appointed 11/4/2006) Tamdown Regeneration Limited (03965041) (appointed 28/4/2000) Tamdown Plant Hire Limited (03965045) (appointed 28/4/2000) Tamdown Services Limited (03849193) (appointed 19/10/1999) Tamdown Group Limited (01268060) (appointed 1/1/1997)	VI Liquidation Realisation Limited (621477) (company dissolved on 20/06/2014) Herts Property Investments Limited (5531791) (resigned on 11/03/2016)
Alexander Wiseman	Alex Wiseman Associates Limited (07009954) (appointed 04/09/2009) Northern Ireland Authority for Utility Regulation (appointed on 1/11/2015) Bristol Energy & Technology Services (Supply) Limited (09135084) (appointed 15/7/2016)	Central Manchester University Hospitals NHS Foundation Trust (resigned on 01/02/2013) Open4energy Limited (04411434) (resigned on 10/04/2014)

- 7.2. None of the Directors are, nor have been within the five years prior to the publication of this document, partners in any partnerships.
- 7.3. Save as disclosed below, no Director has:
- 7.3.1. any unspent convictions in relation to indictable offences;
- 7.3.2. had a bankruptcy order made against him or entered into an individual voluntary arrangement;
- 7.3.3. been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration or company voluntary arrangement or which entered into any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceases to be a director of that company;
- 7.3.4. been a partner in any partnership placed into compulsory liquidation, administration or partnership voluntary arrangement where such director was a partner at the time of or within the 12 months preceding such event;
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- 7.3.5. been subject to the receivership of any asset of such director or of a partnership of which the director was a partner at the time of or within 12 months preceding such event; or
 - 7.3.6. received public criticisms by statutory or regulatory authorities (including designated professional bodies) and no director has been disqualified from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
 - 7.4. Richard Kilner was appointed a director of SHS Integrated Services Limited on 26 September 2012 and was a director when it was placed into administration on 21 March 2017.
 - 7.5. Save as disclosed in this document, no Director has been interested in any transaction with the Company which was unusual in its nature or conditions or significant to the business of the Company during the current financial year which remains outstanding or unperformed.

8. Employee and Executive Share Incentives

8.1. Overview

- 8.1.1. Following Admission, the plans detailed below will be used to provide equity based incentive awards to executive directors and employees of the Group:
 - 8.1.1.1. an executive long term incentive plan (the “LTIP”) – a performance and service related plan pursuant to which conditional share awards or nominal cost options can be granted; and
 - 8.1.1.2. a Share Incentive Plan (the “SIP”) for the purposes of providing all employees with an opportunity to acquire shares in the Company tax-free,(together the “Plans”).
- 8.1.2. As well as providing all employees with an opportunity to purchase shares in the Company, all employees will receive a one off award of free ordinary shares under the SIP shortly following Admission.

8.2. Settlement and dilution limits

- 8.2.1. Awards granted under the Plans may be satisfied by the allotment of new Ordinary Shares, the issue of Ordinary Shares from treasury or the transfer of existing Ordinary Shares.
- 8.2.2. At any time, the total number of Ordinary Shares which have been issued or remain issuable pursuant to all awards granted under the Plans and under any other employees’ share scheme established by the Company in the preceding 10 years or, if shorter, in the period following Admission may not exceed 15 per cent of the Ordinary Shares in issue at that time.
- 8.2.3. For the purposes of the above limit:
 - 8.2.3.1. Ordinary Shares which are the subject of any awards granted prior to Admission shall be excluded;
 - 8.2.3.2. Ordinary Shares which are the subject of the free SIP shares awarded shortly following Admission shall be excluded;
 - 8.2.3.3. Ordinary Shares which are the subject of lapsed awards shall be excluded;
 - 8.2.3.4. Ordinary Shares which have been issued into any employee benefit trust during the previous 10 years shall only be brought into account to the extent that they are not at the relevant time allocated to subsisting awards which have already been brought into account; and
 - 8.2.3.5. treasury shares will be treated as issued shares (unless guidance published by relevant institutional investor bodies recommends otherwise).
- 8.2.4. In anticipation of the award of Free Shares to employees pursuant to the SIP shortly following Admission, 85,000 Ordinary Shares will be issued to the Trustee prior to Admission to be used to satisfy those awards of Free Shares.

8.3. *Administration and amendments*

- 8.3.1. The Plans will be administered by the Board provided that the incentive policy and awards in relation to executive directors will be approved by the Remuneration Committee.
- 8.3.2. The Plans may be amended in any respect by the Remuneration Committee provided that (except as specified below) the prior approval of the Company in general meeting is required for amendments made to the material benefit of participants to any provisions relating to:
 - 8.3.2.1. the persons to whom awards may be granted;
 - 8.3.2.2. the overall and individual limits on the number of Ordinary Shares in respect of which awards may be granted;
 - 8.3.2.3. the basis for determining participants' entitlements to, and the material terms of, Awards;
 - 8.3.2.4. the adjustment of awards in the event of a variation of share capital; and
 - 8.3.2.5. the rules relating to amendments to the Plans.
- 8.3.3. No amendment may be made to the rules of the Plans if it would adversely affect the rights of participants without the approval of participants holding awards over at least 75 per cent of the Ordinary Shares subject to the awards so affected.
- 8.3.4. However, minor amendments to the benefit of the administration of the Plans, or other amendments to take account of changes in legislation, to obtain or maintain favourable tax, exchange control, or regulatory treatment or to take account of a corporate transaction, may be made without the need for either of the approvals set out above where such amendments do not alter the basic principles of the Plans.

8.4. *Termination*

- 8.4.1. The Plans shall terminate on the tenth anniversary of their adoption date (or earlier by resolution of the Remuneration Committee).

8.5. *Employee benefit trusts*

- 8.5.1. The Company may operate the LTIP in conjunction with an employee benefit trust which the Company reserves the right to establish for the purposes of operating the LTIP or other equity-based employee incentivisation arrangements operated by the Company.
- 8.5.2. A special purpose trust, as required by the legislation, will be established to administer the SIP. Ordinary Shares acquired by employees participating in the SIP will be held in the trust.

8.6. *The Long Term Incentive Plan (LTIP)*

8.6.1. *Overview*

- 8.6.1.1. The LTIP was adopted by the Company in August 2016 and has been used to provide equity incentives over Ordinary Shares to executive directors and employees of the Group. Following Admission, the LTIP will continue to be used to provide equity incentives over Ordinary Shares to executive directors and employees of the Group.
- 8.6.1.2. The LTIP provides for the following types of award:
 - 8.6.1.2.1. nominal cost options ("**LTIP Options**"); and
 - 8.6.1.2.2. conditional share awards, being awards delivering free shares granted as conditional awards or nominal cost options ("**LTIP Conditional Share Awards**"),(together, the "**LTIP Awards**").

8.6.2. *Eligibility*

- 8.6.2.1. Employees (including executive directors) of the Group will be eligible, but not entitled, to participate in, and be granted, LTIP Awards. Participation will be at the Board's and, in the case of directors, the Remuneration Committee's discretion.
- 8.6.2.2. LTIP Options were granted to 16 participants in August 2016 and LTIP Options were granted to 22 participants in June 2017. Following Admission, it is intended that approximately 20 participants will receive awards on an annual basis following the announcement of the Company's annual results. As at the date of this document, LTIP Awards granted in August 2016 are outstanding over an aggregate of 0.034 per cent of the Ordinary Shares as at the date of this document and LTIP Awards granted in June 2017 are outstanding over an aggregate of 0.058 per cent of the Ordinary Shares as at the date of this document.

8.6.3. *Grant*

- 8.6.3.1. Eligible employees may be granted LTIP Awards:
 - 8.6.3.1.1. on or immediately following Admission;
 - 8.6.3.1.2. during the period of 42 days following an announcement by the Company of its interim or final results for any period; or
 - 8.6.3.1.3. at any time that the Board determines that exceptional circumstances have arisen.

8.6.4. *Individual Limit*

- 8.6.4.1. The Remuneration Committee will determine the appropriate aggregate market value of the Ordinary Shares subject to LTIP Awards granted to an eligible employee in the same financial year shall not exceed 100 per cent of a participant's salary. In exceptional circumstances this may be increased to 200 per cent (including but not limited to, the recruitment or retention of a key individual).

8.6.5. *Vesting of LTIP Awards*

- 8.6.5.1. LTIP Awards shall in the normal course vest following the third anniversary of the date of grant (or following such longer period as the Remuneration Committee may determine prior to grant) subject to the participant having remained in service with the Group and on a proportional basis depending on the extent to which relevant and challenging performance conditions determined by the Remuneration Committee have been satisfied.
- 8.6.5.2. On Vesting:
 - 8.6.5.2.1. an LTIP Option will become exercisable for a period ending on the tenth anniversary of the date of grant and will lapse on the tenth anniversary to the extent not exercised; and
 - 8.6.5.2.2. a participant will become absolutely beneficially entitled to the Ordinary Shares subject to his LTIP Conditional Share Award.

8.6.6. *Performance conditions*

- 8.6.6.1. The Remuneration Committee will determine the performance conditions relating to LTIP Awards granted to directors and senior managers and which may relate to a combination of financial and strategic requirements. The calibration methodology of the performance conditions will be approved by the Remuneration Committee.
- 8.6.6.2. To the extent performance conditions have not been achieved over the relevant performance period, LTIP Awards shall lapse on the date on which the Remuneration Committee determines that the performance condition has not been met.

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- 8.6.6.3. For LTIP Awards granted prior to Admission, the performance conditions relate to growth in earnings per shares (“EPS”) over the performance period. If the growth in EPS exceeds the relevant thresholds up to 100 per cent of the shares subject to an LTIP Award shall vest as follows:
- 8.6.6.3.1. nil vesting for average annual compound EPS growth of less than 5 per cent;
 - 8.6.6.3.2. 25 per cent vesting for average annual compound EPS growth of 5 per cent;
 - 8.6.6.3.3. full 100 per cent vesting for average annual compound EPS growth of 15 per cent or more, with vesting on a straight-line basis between the minimum (5 per cent) and upper (15 per cent) target thresholds.
- 8.6.6.4. For the first LTIP Awards to be granted following Admission, it is intended that the performance conditions will relate to growth in EPS and total shareholder return (“TSR”) over the performance period as summarised below. However, the Remuneration Committee reserves the right to determine, prior to the grant of such LTIP Awards, that alternative performance conditions shall apply. It is intended that the EPS and TSR performance conditions will apply as follows:
- 8.6.6.4.1. For each LTIP Award, 70 per cent of the shares will be subject to achieving an absolute EPS growth target and the remaining 30 per cent of the shares will be subject to a relative TSR target against a comparator group, both of which are measured separately.
 - 8.6.6.4.2. If the annual compound growth in EPS exceeds the relevant thresholds, up to 70 per cent of the shares subject to an LTIP Award shall vest as follows:
 - 8.6.6.4.2.1. nil vesting for average annual compound EPS growth of less than 5 per cent;
 - 8.6.6.4.2.2. 17.5 per cent vesting (ie 25 per cent of the EPS element) for average annual compound EPS growth of 5 per cent;
 - 8.6.6.4.2.3. the full 70 per cent vesting for average annual compound EPS growth of 15 per cent or more, with vesting on a straight-line basis between the minimum (5 per cent) and upper (15 per cent) target thresholds.
 - 8.6.6.4.3. If the Company’s TSR against the comparator group exceeds the relevant thresholds, up to 30 per cent of the shares subject to an LTIP Award shall vest as follows:
 - 8.6.6.4.3.1. nil vesting for TSR below median;
 - 8.6.6.4.3.2. 7.5 per cent vesting (ie 25 per cent of the TSR element) for TSR at the median;
 - 8.6.6.4.3.3. the full 30 per cent vesting for TSR at or above the upper quartile, with vesting on a straight-line basis between the minimum (median) and upper (upper quartile) target thresholds.
 - 8.6.6.4.4. For the purposes of the TSR target:
 - 8.6.6.4.4.1. when calculating the Company’s TSR, the Company’s TSR will be calculated using the average middle market closing price of an Ordinary Share over the three months ending on 30 September 2020 (or if that is not a dealing day, the immediately preceding dealing day);
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- 8.6.6.4.2. the comparator group will be the 50 AIM companies ranked above and 50 AIM companies ranked below the Company by market capitalisation (excluding investment trusts) as at the date of grant.
- 8.6.6.4.5. The performance period for the EPS target and the TSR target will be the period commencing on 1 October 2017 and ending on 30 September 2020. However, LTIP Awards will not vest until the third anniversary of the date of grant.
- 8.6.6.5. Where events occur or circumstances arise which cause the Remuneration Committee to consider that any established performance condition has ceased to be appropriate, the Remuneration Committee may waive, vary or replace such condition provided that any new or varied performance condition is in the Remuneration Committee's opinion fair, reasonable and is not materially more difficult or easier to satisfy than the original performance condition was at the date of grant.
- 8.6.7. *Dividend equivalents*
- 8.6.7.1. The number of Ordinary Shares subject to an LTIP Award may be increased to reflect any dividends declared by the Company from the date of grant until the date the LTIP Award vests or first becomes exercisable (as the case may be).
- 8.6.8. *Cessation of employment*
- 8.6.8.1. If a participant ceases to be employed by the Group by reason of his death, injury, ill-health, disability, retirement, as a result of the sale out of the Group of the business or subsidiary by which the participant is employed or for any other reason which the Board in its absolute discretion permits, LTIP Awards shall become exercisable or vest (as the case may be) in the normal course following the third anniversary of grant or, at the absolute discretion of the Board, as soon as reasonably practicable following such cessation.
- 8.6.8.2. The number of shares subject to a good leaver's LTIP Awards shall be subject to assessment of the relevant performance condition and pro-rated down to reflect the reduced service period.
- 8.6.8.3. All discretions in relation of any directors who cease employment shall be exercised by the Remuneration Committee.
- 8.6.8.4. If a participant ceases employment for any other reason prior to his LTIP Award vesting or becoming exercisable, any LTIP Awards will lapse immediately.
- 8.6.9. *Change of control, reconstruction or winding up*
- 8.6.9.1. In the event of a takeover, change of control or winding up of the Company (other than an internal reorganisation), LTIP Awards shall become exercisable or immediately vest (as the case may be) based on the extent to which the Remuneration Committee determines that the performance conditions have been met (taking into account, if appropriate, the foreshortened performance period) or would have been likely to be met at the end of the performance period and provided that the number of shares subject to Awards shall be pro-rated to reflect the early vesting, to vest LTIP Awards to a greater extent.
- 8.6.9.2. Alternatively, LTIP Awards may, by agreement with the acquiring company, be exchanged for awards over shares in the acquiring company.
- 8.6.9.3. In the event of an internal reorganisation of the Company, the Remuneration Committee may determine that LTIP Awards will be automatically exchanged for equivalent awards subject to the terms of the LTIP over an appropriate number of new securities.
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8.6.9.4 In the event of Admission, the Remuneration Committee has discretion to determine that any LTIP Awards granted prior to Admission may become exercisable or vest to the extent it determines in its absolute discretion. The Remuneration Committee has determined that LTIP Awards granted prior to Admission shall not become exercisable or vest in connection with Admission. Accordingly, LTIP Awards granted prior to Admission shall continue and be capable of vesting or becoming exercisable in the normal course in accordance with the rules of the LTIP.

8.6.10. *Variation of share capital*

8.6.10.1. In the event of any variation of share capital of the Company or any capitalisation of profits or reserves by way of consolidation, sub-division, bonus issue or reduction of the Company's share capital or in respect of any discount element in any rights issue or in the event that a special dividend is paid, the number of Ordinary Shares subject to an LTIP Award may be varied in such manner as the Board considers to be appropriate.

8.6.11. *Voting, dividend and other rights*

8.6.11.1. A participant will have no voting rights or dividend rights in respect of an Ordinary Share subject to an LTIP Award until the participant's name is entered onto the register of members in respect of such Ordinary Share following exercise of vesting.

8.6.11.2. All LTIP Awards are non-transferrable and non-pensionable.

8.6.12. Details of the total number of non-voting ordinary shares under option, and the terms of the options, as at the latest practicable date prior to Admission are set out below. All options are held by employees of the Group.

Grant Date	Number of shares under option	Performance conditions	Exercise price	Earliest exercise date	Expiry date
16 August 2016	13,095	EPS as set out in paragraph 8.6.6.3	£1.00	16 August 2019	16 August 2026
15 June 2017	20,981	EPS as set out in paragraph 8.6.6.3	£1.00	15 June 2020	15 June 2027
19 June 2017	948	EPS as set out in paragraph 8.6.6.3	£1.00	19 June 2020	19 June 2027
Total granted	35,024				

Immediately following Admission, and the restructuring of the Company's capital as described in paragraph 3.6 above, the total number of Ordinary Shares under option, and the terms of the options, will be as set out below. All options will be held by employees of the Group.

Grant Date	Number of Ordinary Shares under option	Performance conditions	Exercise price	Earliest exercise date	Expiry date
16 August 2016	654,750	EPS as set out in paragraph 8.6.6.3	£0.02	16 August 2019	16 August 2026
15 June 2017	1,049,050	EPS as set out in paragraph 8.6.6.3	£0.02	15 June 2020	15 June 2027
19 June 2017	47,400	EPS as set out in paragraph 8.6.6.3	£0.02	19 June 2020	19 June 2027
Total granted	1,751,200				

8.7. ***The Share Incentive Plan (SIP)***

8.7.1. *Overview*

8.7.1.1. The SIP is a tax-advantaged all-employee share plan operated under Schedule 2 of the Income Tax (Earnings and Pensions) Act 2003 which allows employees to acquire Ordinary Shares in the Company which are then held in an employee benefit

trust. The SIP is administered by a trustee and administrator and will be governed by a trust deed and rules.

- 8.7.1.2. Benefits under the SIP will not be pensionable emoluments.

8.7.2. *Eligibility*

- 8.7.2.1. Participation in the SIP must be offered to all UK-resident employees (including executive directors) of the group who have completed such minimum period of service, not exceeding 18 months, as the Board may determine.

8.7.3. *Awards*

- 8.7.3.1. The SIP provides for the acquisition of Ordinary Shares in the form of one or more of the following awards:
- 8.7.3.1.1. free shares – awarded by the Company to the participant on a one-off or annual basis (“**Free Shares**”);
 - 8.7.3.1.2. partnership shares – entitling the participant to purchase shares using pre-tax salary (“**Partnership Shares**”);
 - 8.7.3.1.3. matching shares – awarded by the Company to the participant to match Partnership Shares the participant has purchased (“**Matching Shares**”); and
 - 8.7.3.1.4. dividend shares – allowing the participant to reinvest dividends payable on SIP shares into additional shares in the SIP (“**Dividend Shares**”).
- 8.7.3.2. The Board shall determine in any year whether the SIP will be operated and, if so, on what basis. Further details of the awards and the basis on which the Board intends to offer participation in the SIP are set out below.

8.7.4. *Free Shares*

- 8.7.4.1. The maximum value of Free Shares which can be given to an employee in any tax year is currently £3,600.
- 8.7.4.2. The value of Free Shares allocated to employees may be made conditional on performance targets, determined by the Board, being met.
- 8.7.4.3. Each participant in the SIP must contract with the Company or a subsidiary company to allow the Free Shares to be held by the trustee of the SIP (the “**Trustee**”) for five years or such shorter period, being no less than three years, as the Board determine.
- 8.7.4.4. If a participant ceases to be an employee within three years of the allocation of Free Shares other than as a good leaver, the Free Shares will be forfeited.
- 8.7.4.5. A participant ceases as a good leaver if he ceases to be an employee by reason of death, injury, disability, redundancy, retirement, or by reason of the fact that his/her employing company or the part of the business in which he/she is employed is transferred out of the Group or where the Free Shares have been held for over three years.
- 8.7.4.6. As a reward for contributing to the Admission, it is intended that a one-off award of 100 Free Shares will be made shortly following Admission to each employee who is employed by the Group on Admission and who remains employed by the Group on the date of the award. Those Free Shares will be subject to a holding period of three years. In anticipation of the grant of such awards of Free Shares, 85,000 Ordinary Shares will be issued to the Trustee prior to Admission to be used to satisfy those awards.
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8.7.5. *Partnership Shares*

- 8.7.5.1. Employees may be invited to buy Partnership Shares from time to time. The Board will determine the terms for the acquisition of Partnership Shares on either of the following bases:
 - 8.7.5.1.1. Participants in the SIP will agree with the Company to buy Partnership Shares by deductions from salary, which will be deducted each month and/or as a lump sum once per tax year and transferred directly to the Trustee. Within 30 days of the pay deduction the Trustee will acquire Partnership Shares and then hold them on each participants behalf; or
 - 8.7.5.1.2. Participants will agree with the Company to buy Partnership Shares by deductions from salary, which will be accumulated each month and held in an account until the end of an accumulation period not exceeding 12 months. At the end of the accumulation period the salary saved will be transferred to the Trustee, who will acquire Partnership Shares and then hold them on behalf of each participant.
- 8.7.5.2. The maximum amount which an employee can have deducted from salary for the purpose of buying Partnership Shares is currently the lower of 10 per cent of salary and £1,800 per tax year (£150 per month). Initially, the Company intends to operate monthly deductions without accumulation.
- 8.7.5.3. The participant may ask the Trustee to transfer his/her Partnership Shares to him/her at any time, subject to the payment of income tax and National Insurance contributions where they are removed before the fifth anniversary of allocation (the taxable value being dependent on how long they have been held by the trust prior to removal).
- 8.7.5.4. If a participant ceases to be an employee at any time and for any reason, Partnership Shares will be transferred to him/her, subject to the payment of any income tax and national insurance contributions (which may be payable depending on how long the Partnership Shares have been held and the reason for leaving).

8.7.6. *Matching Shares*

- 8.7.6.1. The Company will offer Matching Shares to participants who elect to buy Partnership Shares on a free share basis. Allocations of Matching Shares will be made on the same day as Partnership Shares are acquired on behalf of participants by the Trustee. Allocations of Matching Shares will be made to all participants on the same basis.
 - 8.7.6.2. The Board will decide the basis on which Matching Shares are allocated up to a maximum of two Matching Shares for every Partnership Share. It is intended that initially, the Matching Shares will be allocated on the basis of one Matching Share for every three Partnership Shares.
 - 8.7.6.3. If a participant ceases to be an employee within three years of the allocation of Matching Shares or withdraws their Partnership Shares within three years of their acquisition, other than in good leaver circumstances, he/she will forfeit the related Matching Shares.
 - 8.7.6.4. A participant ceases to be an employee as a good leaver if he ceases by reason of death, injury, disability, redundancy, retirement, or by reason of the fact that his/her employing company or the part of the business in which he/she is employed is transferred out of the Group, or where the Matching Shares have been held for over three years.
 - 8.7.6.5. Matching Shares will be satisfied using newly issued shares, which will count towards the dilution limits in paragraph 8.2 above, unless the Board determines that they shall be satisfied using existing shares.
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8.7.7. *Dividend Shares*

- 8.7.7.1. Participants will be entitled to dividends paid on their Free Shares, Partnership Shares and Matching Shares while they are held in trust. The Directors shall determine whether the Trustee transfers the dividends directly to participants or applies the dividends in the acquisition of further shares (“**Dividend Shares**”) on behalf of the participants.
- 8.7.7.2. Dividend Shares must be held in trust for at least three years.
- 8.7.7.3. If a participant ceases to be an employee at any time and for any reason, Dividend Shares will be transferred to him/her, subject to the payment of any income tax and national insurance contributions (which may be payable depending on how long the Dividend Shares have been held and the reason for leaving).

8.7.8. *Takeover, Change of Control and Winding-Up*

- 8.7.8.1. In the event of a takeover; change of control or winding up of the Company, participants may instruct the Trustee to receive any form of consideration in respect of any Ordinary Shares held under the SIP. Any shares which are received as consideration will be held in trust on the same terms as the existing Free Shares, Partnership Shares, Matching Shares or Dividend Shares to which they relate. Any cash consideration will be paid out to participants relative to their shareholdings.

8.7.9. *Participation*

- 8.7.9.1. Participants in the SIP will not request transfers of Ordinary Shares from the SIP, or change the basis of their participation during any period when they are also restricted from dealing in Ordinary Shares under the Company’s share dealing code.

9. **New Articles**

The New Articles, which were adopted on 5 July 2017 to take effect on Admission, contain, amongst other things, provisions to the following effect.

9.1. ***Objects***

Pursuant to section 31 of the Act, the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by law.

9.2. ***Voting rights***

Subject to any special terms as to voting upon which any shares may, for the time being, be held, at any general meeting on a show of hands every member who (being an individual) is present in person or by proxy or who (being a corporation) is present by a duly authorised representative shall have one vote and on a poll every member present in person or by proxy or by a representative 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.

9.3. ***Variation of rights***

If at any time the capital of the Company is divided into different classes of shares or any other rights or privileges attached to any class of shares in the Company and subject to the provisions of the Act and of the New Articles, the special rights attached to any class of share in the Company may be varied or abrogated either with the consent in writing of the holders of not less than three quarters in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated whilst the Company is a going concern or while the Company is or is about to be in liquidation. At every such separate general meeting (except an adjourned meeting) the quorum shall be at least two persons holding or representing by proxy at least one-third of the nominal amount paid up on the issued shares of the relevant class.

9.4. *Changes in share capital*

The Company may alter its share capital as follows:

- a. it 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 which have not been taken or agreed to be taken by any person;
- b. subject to the provisions of the Act and to any rights for the time being attached to any shares, it may by special resolution reduce or cancel its share capital, any capital redemption reserve, any share premium account or other undistributable reserve in any manner; and
- c. subject to the provisions of the Act and to any rights for the time being attached to any shares, it 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.

9.5. *Transfer of shares*

A member may transfer all or any of his shares, save for those shares held in uncertificated form title to which may be transferred by means of a relevant system such as CREST without a written instrument, by an instrument of transfer in writing in any usual form or in any other form approved by the Board. The instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, except in the case of fully paid shares, by or on behalf of the transferee. The Board may, in its absolute discretion, refuse to register a transfer of any share held in certificated form unless it is:

- a. in respect of a share which is not fully paid up;
- b. in respect of a share on which the Company has no lien;
- c. in respect of only one class of share;
- d. in favour of a single transferee or not more than four joint transferees;
- e. duly stamped (if required); and
- f. lodged at the registered office together with the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer, provided that the Board does not exercise such discretion to prevent dealings in the shares from taking place on an open and proper basis.

The Board may also refuse to register a transfer of shares (whether fully paid or not) which is in favour of more than four persons jointly.

If the Board refuses to register a transfer it must, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee along with its reasons for refusal.

9.6. *Uncertificated shares*

The Company may issue shares and other securities which do not have certificates and permit existing shares and other securities to be held without certificates.

A member may transfer all or any of his uncertificated shares by means of a relevant system, as defined in the CREST Regulations, which includes CREST. The Directors may refuse to register any transfer of an uncertificated share where permitted by the Uncertificated Securities Regulations. If the Directors refuse to register a transfer of an uncertificated share they shall, within two months of the date on which the transfer instruction relating to such a transfer was received by the Company, send to the transferee notice of the refusal.

9.7. ***Dividends***

Subject to the provisions of the Act and of the New Articles and to any special rights attaching to any shares, the Company may by ordinary resolution in a 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 Board. The Board may from time to time pay such interim dividends as appear to the Board to be justified by the profits available for distribution and the position of the Company.

Except as otherwise provided by the New Articles, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. Generally, all dividends shall be apportioned and paid proportionately to the amounts paid up 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. Unless otherwise provided by the rights attached to any share, no dividends in respect of a share shall bear interest.

The Board may, with the prior authority of an ordinary resolution of the Company, offer the holders of Ordinary Shares the right to elect to receive Ordinary Shares credited as fully paid instead of cash in respect of all or part of any dividend. The Board may, at its 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.

Any dividend unclaimed for a period of 12 years after the payment date for such dividend shall (if the Board so resolves) be forfeited and cease to remain owing by the Company and shall thereafter revert to the Company absolutely.

9.8. ***Return of Capital***

On a winding-up or other return of capital of the Company, the members will be entitled to share in any surplus assets. 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 to be set at such value and in such manner as shall be deemed fair by the liquidator. 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.

9.9. ***Pre-emption rights***

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

In the majority of circumstances (unless dis-applied by special resolution), the Shareholders will have statutory pre-emption rights under the Act in respect of the allotment of new equity securities in the Company. These statutory pre-emption rights require the Company to offer new equity securities for allotment to 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 equity securities would be offered to the Shareholders.

9.10. ***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 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. 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, at least 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 New 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.

9.11. *Untraceable shareholders*

The Company is entitled to sell, at the best price reasonably obtainable, any share, of a member who is untraceable, provided that:

- a. all cheques or warrants for any sums payable in cash to the holder of such shares have remained uncashed and each attempt to make a payment in respect of the shares by means of bank transfer or other method for the payment of dividends has failed for a period of 12 years;
- b. during the 12 year period, at least three dividends (whether interim or final) in respect of the shares in question have become payable and no dividend during that period has been claimed by the member;
- c. the Company has not during that time or before the expiry of the three-month period referred to in paragraph (d) below received any communication in respect of such share from such member or person entitled; and
- d. upon expiry of the 12 year period, the Company has caused an advertisement to be published in newspapers in the manner stipulated by the Articles, giving notice of its intention to sell these shares, and a period of three months has elapsed since such advertisement and the London Stock Exchange has been notified of such intention.

The net proceeds of any such sale shall belong to the Company and when the Company receive these net proceeds the Company shall become indebted to the former member for an amount equal to such net proceeds and the Company shall enter the name of such former or other person in the books of the Company as a creditor for such amount.

9.12. *Directors*

Directors may be appointed by the Company by an ordinary resolution of the Board, either to fill a vacancy or as an addition to the existing Board. If appointed by the Board, that Director holds office until the next annual general meeting, at which he shall be eligible for re-election but shall not be taken into account in determining the number of Directors who are to retire by rotation at the meeting.

At every annual general meeting one third of the Directors shall retire from office, or if their number is not three or a multiple of three, the number nearest to but not exceeding one third shall retire from office by rotation.

At the meeting at which a Director retires under any provision of the New Articles, the retiring Director shall be deemed to have been re-appointed except where:

- a. that Director has given notice to the Company that he is unwilling to be elected; or
- b. at such meeting it is expressly resolved not to fill such vacated office or a resolution for the re-appointment of such Director shall have been put to the meeting and not passed.

No Director shall vacate his office or be ineligible for appointment or re-appointment as a Director by reason only of his having attained any particular age, nor will special notice be required of any resolution appointing or approving the appointment of such a Director or any notice be required to state the age of the person to whom such resolution relates.

As is usual for quoted companies, the New Articles contain a cap on the aggregate fees which the Directors shall be entitled to receive for their services in the office of director (other than remuneration for executive directors). The New Articles state that these fees shall not exceed £400,000 per annum (exclusive of VAT if applicable), or such other sum as may from time to time be determined by an ordinary resolution of the Company. The actual fees paid (unless otherwise

directed by any resolution of the Company by which a limit is approved) shall be determined by the Directors and shall be paid in such proportions and in such manner as the Board may determine.

All the Directors (including alternate directors) are entitled to be repaid out of the funds of the Company all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors, including their expenses of travelling to and from meetings of the Directors, committee meetings or general meetings.

If by arrangement with the Board any Director performs any special duties or services outside his ordinary duties as a Director and not in his capacity as a holder of employment or executive office, he may be paid such reasonable additional remuneration which may be by a lump sum or by way of salary, commission, participation in profits or otherwise as the Board may determine.

A Director may act by himself or his firm in a professional capacity (other than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

The remuneration and other terms and conditions of appointment of a Director appointed as managing director or to chief executive office of the Company shall from time to time (without prejudice to the provisions of any agreement between him and the Company) be fixed by the Board on such terms as the Board thinks fit.

Any statutory provision which, subject to the provisions of the New 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.

9.13. *Directors' interests in contracts*

Save as provided in the New Articles or by the terms of any authorisation given by the Directors, a Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or any committee of the Board in respect of any contract, arrangement, transaction or any proposal whatsoever in which he has any material interest or duty which (otherwise than by virtue of an interest in shares or debentures or other securities of or otherwise in or through the Company) 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.

If a question arises as to the right of a Director to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, the question may, before the conclusion of the meeting, be referred to the chairman (or vice chairman should the question concern an interest of the chairman) of the meeting and his ruling shall be final and conclusive, except in a case where the nature or extent of the interest has not been fairly disclosed and provided that any such question shall, for the purposes of disclosure of the interest in the accounts of the Company, be finally and conclusively decided by a majority of the Board.

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 at such meeting if his duty or interest arises only because the resolution relates to one of the following matters:

- a. the giving to him of any guarantee, security 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;
- b. the giving to a third party of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
 - i. where the Company or any of its subsidiary undertakings is offering shares or debentures or other securities in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the Director is to participate;

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- ii. relating to another company in which he or any persons 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);
 - iii. relating to 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 such arrangement relates; or
 - iv. concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including Directors.
- c. Where proposals are under consideration concerning the appointments (including fixing or varying the terms of the appointment) of two or more Directors, such proposals may be divided and a separate resolution considered in relation to each Director. In each case, each such Director (if not otherwise debarred from voting) is entitled to vote (and be counted in the quorum) in respect of each resolution except that resolution concerning his own appointment.

9.14. *Indemnity*

Subject to the provisions of any relevant legislation, the Company may indemnify any Director, alternate director and other officer of the Company (other than an auditor) against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation to those duties.

9.15. *Borrowing powers*

The Board may exercise all the powers of the Company to borrow money, to guarantee, to indemnify, to mortgage or charge its undertaking, property, assets (present or future) and uncalled capital, and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

9.16. *Disclosure of interests in shares*

Section 793 of the Act provides a public company with the statutory means to ascertain the persons who are, or have within the last three years been, interested in its relevant share capital and the nature of such interests.

Where notice is served by the Company under section 793 of the Act ("section 793 notice") on a member, or on another person appearing to be interested in shares held by that member, and that member or other person has failed to give the Company the information required within the period set out in the section 793 notice, certain sanctions may apply (as determined by the Board) including:

- a. the member shall not be entitled to be present or vote (either in person or by proxy) at a general meeting or at a separate meeting of the holders of a class of shares or on a poll in respect of the default shares; and
- b. where the default shares represent at least 0.25 per cent in nominal value of the issued shares of their class:
 - i. the member shall not be entitled to receive any dividend or other distribution, or shares in place of a dividend; and
 - ii. no transfer of the shares shall be registered except in certain specified circumstances.

Subject to certain restrictions, the above sanctions shall cease to apply with effect from the date that the Company receives notice of an excepted transfer (but only in respect of the shares

transferred) or seven days after receipt by the Company of all the information required in the section 793 notice.

The New Articles do not restrict in any way the provisions of section 794 of the Companies Act.

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/or any of its subsidiaries in the two years immediately preceding the date of this document and are, or may be, material:

10.1. *Nominated adviser and broker agreement*

A nominated adviser and broker agreement between Numis, the Directors and the Company dated 6 July 2017 pursuant to which the Company has appointed Numis to act as nominated adviser to the Company for the purposes of the AIM Rules for Companies.

The Company has agreed to pay Numis an annual retainer of £75,000 (payable quarterly in advance). The agreement contains certain undertakings and indemnities given by the Company in respect of, amongst other things, compliance with all applicable regulations. The agreement has an initial term of 12 months and will be automatically renewed, save that following the initial 12 month term, the agreement may be terminated by either the Company or Numis at any time by not less than one month's prior written notice.

10.2. *Placing Agreement*

A placing agreement dated 6 July 2017 between the Company, the Directors, the Principal Shareholders and Numis, pursuant to which Numis has been appointed as the agent of the Company for the purpose of managing the Placing and has agreed to use reasonable endeavours to procure purchasers for the Sale Shares at the Placing Price, failing which it will purchase the Sale Shares at the Placing Price.

The Placing Agreement is conditional, amongst other things, on Admission taking place no later than 11 July 2017, or such later date as the Company and Numis may agree, being no later than 25 July 2017, and the Company and the Directors complying with certain obligations under the Placing Agreement.

Under the Placing Agreement and subject to it becoming unconditional:

- a. each Principal Shareholder has agreed to pay Numis a commission of 3.5 per cent on the aggregate value of each Sale Share sold by such Principal Shareholder at the Placing Price; and
- b. on behalf of each Other Selling Shareholder, the Company has agreed to pay Numis a commission of 3.5 per cent on the aggregate value of the Sale Shares sold by such Other Selling Shareholder at the Placing Price,

together, in each case, with any applicable VAT.

The Company will pay certain other costs and expenses (including any applicable VAT) of, or incidental to, the Placing, including all fees and expenses payable in connection with Admission, expenses of the Registrars, printing and advertising expenses, postage and all other legal, accounting and professional fees and expenses, except that each Principal Shareholder will be responsible for all of its own and its advisors' costs, fees and expenses, including any Stamp Duty or SDRT arising in respect of the Sale Shares sold by it.

Pursuant to the Placing Agreement, the Company, the Directors and the Principal Shareholders have given certain warranties to Numis regarding the accuracy of the information in this document and other matters relating to the Group and its business. The Company has also provided Numis with a customary indemnity to cover Numis for liabilities it may suffer as a result of acting as placing agent pursuant to the Placing Agreement. Numis is entitled, in certain limited circumstances, to terminate the Placing Agreement prior to Admission.

Under the Placing Agreement, the Company has agreed with Numis that they will not issue any Ordinary Shares (or interest in them) following Admission for a period of 120 days from the date of Admission, except in certain limited circumstances, including with the consent of Numis.

In addition, pursuant to the terms of the Placing Agreement, each Director and each Principal Shareholder has agreed with Numis that it will not, and that it will procure that its connected persons will not, dispose of any Ordinary Shares (or interest in them) held by it following Admission, for a period of 12 months from the date of Admission, except in certain limited circumstances, including with the consent of Numis. Each Director and each Principal Shareholder has further agreed that, for a further period of 12 months, in order to preserve an orderly market in the Ordinary Shares, it will not dispose of any Ordinary Shares (or interest in them) held by him following Admission, except in certain limited circumstances, other than through Numis.

10.3. ***Warrant***

Pursuant to a warrant instrument dated 6 July 2017, the Company has granted a warrant to Numis. Under the terms of the warrant instrument, Numis has the right to subscribe for 1,143,535 Ordinary Shares being, approximately 3 per cent of the issued ordinary share capital at Admission, at the Placing Price. This right is exercisable from the date one year following Admission and is exercisable for a period of ten years thereafter.

10.4. ***Banking Facilities***

On 30 November 2015 the Company entered into a £12,000,000 facility with the Bank. The facility was entered into to refinance existing debt, provide support for dividends and other permitted payments, and for the general corporate purposes of the Company.

The facility agreement contains guarantees from each of Tamdown, TriConnex, Tamdown Plant Hire Limited, Tamdown Regeneration Limited and Tamdown Services Limited (“**Guarantors**”) in respect of the performance and repayment of the Company’s obligations under the facility.

It is a condition to the granting of the facilities under the facilities agreement that the Company and each of the Guarantors grant security in favour of the Bank over the whole of its undertaking and assets to secure the Company’s present and/or future obligations and liabilities under the finance documents.

Of particular note, the facility agreement will be repayable on demand by the Bank in the event of a change of control of the Company. Change of control for the purposes of the facility agreement is defined as being any person or group of persons acting in concert (other than certain specified individuals, being Michael Morris, Michelle Morris, Keith Breen, Rebecca Farnsworth, Christopher Dore, Dawn Hillman, Andrew Parton, Michael Lethaby and Garbol Warehousing Limited) who gain a beneficial holding of more than 30 per cent of the issued share capital of the Company or obtain the power to:

- a. cast, or control the casting of, more than 30 per cent of the maximum number of votes that might be cast at a general meeting of the Company;
- b. appoint or remove all, or the majority, of the directors or other equivalent officers of the Company; or
- c. give directions with respect to the operating and financial policies of the Company with which the directors or other equivalent officers of the Borrower are obliged to comply.

A change of control will not be triggered by the purchase of the Sale Shares pursuant to the Placing.

The facility is repayable in instalments and is anticipated to be repaid in June 2020.

10.5. ***Relationship Agreement***

The Company entered into a relationship agreement dated 6 July 2017 with Michael Morris and Keith Breen, the Principal Shareholders, to regulate the ongoing relationship between the Company and each of the Principal Shareholders and to ensure that the relationship between the Group and each of the Principal Shareholders does not affect the Group’s continuing appropriateness as a company quoted on AIM.

Pursuant to the terms of the relationship agreement, for so long as a Principal Shareholder holds (together with its concert party) the right, directly or indirectly, to exercise, or to control the exercise of, 5 per cent or more of the votes able to be cast at general meetings of the Company (a “**Relevant Interest**”), such Principal Shareholder has provided certain undertakings to the Company to ensure, amongst other things, that: (i) the Group is capable of carrying on its business independently of each of the Principal Shareholders; (ii) any transactions, agreements or arrangements with such parties are on arms-length terms and on a normal commercial basis; (iii) while a Principal Shareholder is a Director, that such Principal Shareholder abstains from all board decisions requiring approval of transactions, agreements or arrangements with a Principal Shareholder; (iv) the independence of the Board (and its committees) is maintained; and (v) no variations are made to the Company’s articles of association which would be contrary to the Company’s ability to carry on its business independently of each Principal Shareholder; and (vi) its associates comply with the undertakings above.

In addition, each Principal Shareholder has agreed not to enter into any agreement or arrangement as a result of which a Principal Shareholder may become obliged to make an offer for the Ordinary Shares under the terms of the City Code.

The relationship agreement continues to apply until 12 months after the time when the Principal Shareholders collectively (but excluding for this purpose any Principal Shareholder that does not have a Relevant Interest) ceases to hold, in aggregate, an interest in 20 per cent. or more of the Company’s Ordinary Shares.

11. Related Party Transactions

There were previously arrangements in place between Keith Breen and Tamdown for the provision of goods and services from Tamdown and its subsidiaries in relation to the construction of a property in Crantock, Cornwall. The term of the agreement was from December 2015 until the premises were complete. The works have been completed and have been invoiced and paid for in full. A total amount of £306,294.56 was invoiced in relation to the work.

12. Premises

The Group’s key sites are set out below.

Property	Tenure	Term or Lease expiry (if applicable)
1 Tamdown Way, Braintree, Essex CM7 2QL	Freehold	n/a
Land at Seybourne Park, Braintree	Freehold	n/a
4 Tamdown Way, Braintree, Essex CM7 2QL	Leasehold	5 years commencing on 1 October 2013
Unit 14, Blackwell Drive, Braintree, Essex CM7 2QL	Leasehold	5 years commencing on 15 May 2015
Land in Tamdown Way	Leasehold	30 September 2018
Suites 37, 42, 43 & 46, 130 Aztec West, Bristol, BS32 4UB	Licence agreement	From 6 March 2017 until terminated by either party on three calendar months written notice to expire on either: <ul style="list-style-type: none"> • 5 March 2018 (“Minimum Term End Date”); or • the expiry of any period of extension of the Minimum Term End Date, (an extension is a successive additional period being equal to either: (a) the initial term; or (b) a period of three months whichever is the longer and 12 months is the initial period in this case and which extension is automatic in the absence of termination).

13. Working Capital

The Directors (having made due and careful enquiry) are of the opinion that taking into account existing cash, bank and other facilities available to the Company and its Group, the working capital available to the Company and its Group will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

14. Litigation

Save as disclosed below, the Group is not involved nor has been involved in any legal or arbitration proceedings in the previous 12 months which have or may have had in the recent past, a significant effect on the Group's financial position or profitability nor, so far as the Directors are aware are any such proceedings pending or threatened against any member of the Group.

There is currently an outstanding claim in relation to a residential development site for Countryside Properties Annington (Mill Hill) Limited ("**Countryside**") where Tamdown provided infrastructure foundation services in 2009. Countryside has brought a claim against a structural engineer, Horwitz Associates ("**Horwitz**"), for a total amount of £1.9 million. Countryside has not brought a claim against Tamdown but Horwitz has brought a contribution claim against Tamdown up to the total amount of £1.9 million. The Directors believe that the claim from Horwitz is without merit and having taken legal and expert geotechnical advice, the Company intends to defend this claim in full. No provision has been made for this claim other than for legal costs.

15. United Kingdom Taxation

The following paragraphs are intended as a general guide based on current UK tax legislation and HMRC practice as at the date of this document regarding the UK tax position of Shareholders who are resident in the UK for tax purposes and who beneficially hold their shares as investments (otherwise than under an individual savings account ("ISA")) and who are the absolute beneficial owners of both the Ordinary Shares and any dividends paid on them. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time.

The following paragraphs do not constitute UK tax advice. In particular, Shareholders who receive shares in connection with an employment contract with the Company or as an office holder, should seek specific advice on their tax position.

Certain categories of Shareholders are subject to special UK tax rules, such as persons who acquire (or are deemed to acquire) their Ordinary Shares in connection with their (or another person's) office or employment, traders, brokers, dealers in securities, insurance companies, banks, financial institutions, investment companies, tax-exempt organisations, persons connected with the Company, persons holding Ordinary Shares as part of hedging or conversion transactions and collective investment schemes. These special rules are not considered further in the following paragraphs.

Any Shareholder who is in doubt of their tax position, or who is subject to tax in a jurisdiction other than the UK, is strongly recommended to consult their tax advisers.

15.1. *Taxation of dividends*

The Company will not be required to withhold amounts on account of UK tax at source when paying a dividend.

Since 6 April 2016, a dividend allowance of £5,000 per annum has applied to individuals. Dividends falling within this allowance are not subject to UK income tax. If an individual receives dividends in excess of this allowance in a tax year, the excess will be taxed at 7.5 per cent (for individuals not liable to tax at a rate above the basic rate), 32.5 per cent (for individuals subject to the higher rate of income tax) and 38.1 per cent (for individuals subject to the additional rate of income tax). The rate of tax paid on dividend income by trustees of discretionary trusts is 38.1 per cent.

Subject to exceptions for certain insurance companies and companies which hold shares as trading stock, a Shareholder which is a company resident (for tax purposes) in the United Kingdom and which receives a dividend paid by the Company will not in most circumstances be liable to corporation tax or income tax on the dividend, as it is likely it will fall under an exempt class.

Whether an exempt class applies and whether the other conditions are met will depend on the circumstances of the particular UK resident company shareholder although it is expected that the dividends paid would normally be exempt when received by a UK resident company shareholder. Regardless of whether dividends fall within an exempt class, such Shareholders will not be entitled to a tax credit attaching to the dividend.

UK pension funds and charities are generally exempt from tax on dividends which they receive.

Shareholders who are resident in countries other than the UK may be entitled to repayment of all or a proportion of a notional tax credit in respect of the dividends paid to them. This will depend upon the provisions of the double tax treaty (if any) between the country in which the Shareholder is tax resident and the UK. In addition, a Shareholder resident outside the UK may also be subject to foreign taxation on dividend income under local tax law. Shareholders that are not resident in the UK should consult their own tax adviser as soon as possible concerning their tax liability on dividends received; what relief, credit or entitlement to a refund of any tax credit may be available in the jurisdiction in which they are resident for tax purposes; or other taxation consequences arising from their ownership of the Ordinary Shares.

15.2. ***Taxation on capital gains for shareholders***

To the extent that a Shareholder acquires Ordinary Shares allotted to him, the Ordinary Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the Ordinary Shares will generally constitute the base cost of a Shareholder's holding.

A disposal or deemed disposal of Ordinary Shares by a UK tax resident Shareholder may give rise to a chargeable gain (or allowable loss) for the purposes of UK capital gains tax ("CGT") (where the Shareholder is an individual or a trustee of a settlement) or UK corporation tax on chargeable gains (where the Shareholder is within the charge to UK corporation tax), depending on their circumstances and subject to any available exemption or relief.

As regards to an individual Shareholder or trustees of settlements, the principal factors that will determine the extent to which a gain will be subject to CGT are: (i) the extent to which he realises any other capital gains in the tax year of assessment in which the gain arises; (ii) the extent to which he has incurred capital losses in that or any earlier tax year or assessment; and (iii) the level of annual allowance of tax-free gains in the tax year of assessment in which the disposal takes place.

Subject to the availability of any such exemptions, reliefs and/or allowable losses, a disposal of Ordinary Shares by UK resident individuals, trustees and personal representatives will generally be subject to CGT at the rate of 20 per cent. However, individuals whose taxable income for the year in question is less than the upper limit of the basic rate income tax band are subject to CGT at the rate of 10 per cent, except to the extent that the aggregate of their total taxable income and gains (less allowable deductions) in that year exceeds the upper limit of the basic rate income tax band. Any such excess over the upper limit is subject to CGT at the rate of 20 per cent.

An individual Shareholder who has ceased to be resident in the UK for tax purposes for a period of less than five years and who disposes of the Ordinary Shares during that period may also be liable to capital gains tax on his return to the UK in relation to any capital gain realised (subject to any available exemption or relief).

Subject to the availability of any exemptions, reliefs and/or allowable losses, a disposal of Ordinary Shares by companies subject to UK corporation tax will generally be subject to UK corporation tax at the prevailing rate of up to 19 per cent. Indexation allowance may be available to reduce any chargeable gain arising on such disposal but cannot act to create or increase a chargeable loss.

15.3. ***Stamp duty and stamp duty reserve tax ("SDRT").***

Currently dealings in Ordinary Shares will normally be subject to stamp duty or SDRT. However, transactions in securities are exempt from stamp duty and SDRT where those securities are admitted to trading on any recognised growth market (such as AIM) and are not listed on any recognised stock exchange.

Where this exemption is not applicable, then the transfer on sale of Ordinary Shares will usually be liable to ad valorem stamp duty, at the rate of 0.5 per cent (rounded up, if necessary, to the next multiple of £5.00) of the amount or value of the consideration paid.

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 as mentioned above 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. Agreements to transfer shares to charities will not usually give rise to a liability to stamp duty or SDRT.

15.4. *Inheritance Tax*

The Ordinary Shares are assets situated in the UK for the purposes of UK inheritance tax. The gift of such shares by, or on the death of, an individual Shareholder may give rise to a liability of UK inheritance tax.

Generally, United Kingdom inheritance tax is not chargeable on gifts to individuals if the transfer is made more than seven complete years prior to death of the donor. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies and to trustees of settlements who hold Ordinary Shares, bringing them within the charge to inheritance tax. Holders of Ordinary Shares should consult an appropriate professional adviser if they make a gift of any kind or intend to hold any Ordinary Shares through such a company or trust arrangement, or in a situation where there is potential for a charge both to United Kingdom inheritance tax and to a similar tax in another jurisdiction, or if they are in any doubt about their United Kingdom inheritance tax position. Shareholders should consult their own tax advisers as to the inheritance tax implications of acquiring Ordinary Shares.

15.5. *2017 budget*

Following the decision to call a general election, the timetable available to fully legislate the Finance Bill 2017 was significantly curtailed. As such, the government excluded the introduction of several significant clauses and schedules in the Bill by comparison to the draft legislation.

In particular, in the Budget on 8 March 2017, it was announced that the tax-free allowance on dividends was to drop from £5,000 to £2,000 from 6 April 2018, however this was one of the provisions that was dropped when the Bill was published.

While it is possible that most, if not all, of the dropped provisions will return in a Bill now the election has taken place, the government have not yet indicated which provisions will return and therefore no further information can be provided at this stage.

16. *Other Information*

- 16.1. The accounting reference date of the Company is 30 September.
- 16.2. The fees and expenses of, and incidental to, the Admission are estimated at approximately £720,000 inclusive of VAT. These include (but are not limited to) accountancy fees, solicitors fees and the fees of the Company's nominated adviser and broker.
- 16.3. Except for the Material Contracts referred to in paragraph 10 of this Part VI, there are no contracts or agreements which are of fundamental importance to the Company's business.
- 16.4. Save as disclosed in this document, the Company is not dependent on any patents, licences, industrial or commercial or financial contracts or new manufacturing processes which have a material effect on the Company's business or profitability.
- 16.5. None of the Directors perform any principal activities outside the Company that are significant with respect to the Company.
- 16.6. Except as stated in this document, there have been no principal investments made by the Company during the last three financial years and there are no principal future investments on which firm commitments have been made.

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- 16.7. Except as otherwise stated in this document and save as set out below, no person (excluding professional advisers named in this document and trade suppliers) has received, directly or indirectly, from the Company within the 12 months preceding the Company's application to AIM, or has entered into any contractual arrangements with the Company to receive, directly or indirectly, from the Company on or after Admission fees totalling £10,000 or more, securities which have a value of £10,000 or more or any other benefit with a value of £10,000 or more at the date of Admission.
- 16.8. Grant Thornton UK LLP, as Reporting Accountants has given and not withdrawn its written consent to the inclusion in this document of its reports in Section A and Section C of Part IV and references to its reports in the form and context in which they respectively appear.
- 16.9. Grant Thornton UK LLP is registered with the Institute of Chartered Accountants in England and Wales to carry out audit work.
- 16.10. Numis, as nominated adviser and broker to the Company, has given and not withdrawn its written consent to the issue of this document with the inclusion in it of references to its name in the form and context in which it appears.
- 16.11. There has been no significant change in the financial or trading position of the Group since 31 March 2017.
- 16.12. Save as disclosed in this document there are no environmental issues that the Directors have determined may affect the Company's utilisation of tangible fixed assets and the Directors have not identified any events that have occurred since the end of the last financial year and which are considered to be likely to have a material effect on the Company's prospects for the current financial year.
- 16.13. The financial information relating to the Company contained in this document does not comprise statutory accounts for the purposes of section 431 of the Act.
- 16.14. The Placing Price of 185 pence represents a premium of approximately 9,150 per cent to the 2 pence nominal value of an Ordinary Share.

17. Documents Available for Inspection

Copies of the following documents will be available for inspection at the offices of Mills & Reeve LLP at Botanic House, 100 Hills Road, Cambridge, CB2 1PH during normal business hours on any weekdays (Saturdays and Public Holidays excepted) for 30 days from the date of Admission:

- 17.1. Memorandum and articles of association of the Company;
- 17.2. the Accountants' Report set out in Section A of Part IV and the Review Report set out in Section C of Part IV of this document;
- 17.3. the service agreements referred to in paragraph 6 of this Part VI;
- 17.4. the Plans referred to in paragraph 8 of this Part VI; and
- 17.5. the consent letters from the Company's advisers.

18. Availability of this document

Copies of this document will be available free of charge to the public on any weekday (Saturdays, Sundays and public holidays excepted) for a period of one month from the date of Admission at the Company's offices and the offices of Mills & Reeve LLP, the Company's legal advisers, the addresses of which are disclosed on page 4 of this document.

