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Application will be made to the London Stock Exchange for the Ordinary Shares to be admitted to trading on AIM. It is expected that admission of the Ordinary Shares will become effective and dealings in the Ordinary Shares will commence on AIM on or around 11 May 2017.

The Company and the Directors, whose names and functions appear on page 3 of this document, accept responsibility, individually and collectively, for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (having taken all reasonable care to ensure that such is the case) the information contained in this document, for which they are responsible, is in accordance with the facts and does not omit anything likely to affect the import of such information.

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 risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

Each AIM company is required pursuant to the AIM Rules 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.



LAKEHOUSE PLC

(Incorporated and registered in England and Wales with registered number 9411297)

Appendix to the Schedule One Announcement

Further Information relating to Lakehouse plc in connection with its proposed Admission to trading on AIM



STOCKDALE SECURITIES LIMITED

Financial Adviser, Nominated Adviser and Corporate Broker

This document has been prepared in accordance with the requirements of Schedule One (including the supplement for quoted applicants) of the AIM Rules that for a quoted applicant all information that is equivalent to that required for an admission document which is not currently public shall be made public. Information which is public includes, without limitation, all regulatory announcements made by the Company to the London Stock Exchange (available at www.londonstockexchange.com), all information available in respect of the Company on the FCA's National Storage Mechanism (available at www.morningstar.co.uk/uk/NSM) including the information contained in the Company's prospectus dated 18 March 2015, all information available on the Company's website (www.lakehouse.co.uk) (including, without limitation, its annual report and accounts for the financial year ended 30 September 2016), all information available from a search of the public register in respect of the Company at Companies House (<https://www.gov.uk/government/organisations/companies-house>) and the contents of this document (together comprising the "**Company's Public Record**").

The distribution of this document in or into jurisdictions other than the United Kingdom may be restricted by law. Therefore, persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, such restrictions. Any failure to comply with the applicable restrictions may

constitute a violation of the securities laws of any such jurisdiction. Subject to certain exceptions, this document is not for release publication or distribution, directly or indirectly, in or into the United States, Australia, Canada, the Republic of South Africa, Japan or any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

Stockdale Securities Ltd ("**Stockdale**"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company in connection with the Proposals and will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of this document or any matter, transaction or arrangement referred to herein. Stockdale makes no representation or warranty, express or implied, as to the contents of this document and Stockdale does not accept any liability whatsoever for the accuracy of or opinions contained in (or for the omission of any material information) this document and shall not be responsible for the contents of this document.

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as of any subsequent time.

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Directors

Robert (Bob) Holt OBE (*Executive Chairman*)
Michael McMahon (*Chief Operating Officer*)
Jeremy John Cobbett Simpson (*Chief Financial Officer*)
Robert William Lindsay Legget (*Senior Independent
Non-executive Director*)
Andrew Nigel Harrison (*Non-executive Director*)

Company Secretary

Simon Howell

Address of registered office and business address

1 King George Close
Romford
Essex
RM7 7LS

Financial Adviser, Corporate Broker and Nominated Adviser

Stockdale Securities Limited
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London
EC3A 7BB

Legal advisers to the Company

Eversheds Sutherland (International) LLP
One Wood Street
London
EC2V 7WS

Auditors

Deloitte LLP
Deloitte House
Station Place
Cambridge
CB1 2FP

Registrars

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

INFORMATION RELATING TO LAKEHOUSE PLC

1. Responsibility

- 1.1 The Company and the Directors, whose names and functions appear on page 3 of this document, accept responsibility, individually and collectively, for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (having taken all reasonable care to ensure that such is the case), the information contained in this document, for which they are responsible, is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Share Capital of the Company

- 2.1 The Company does not have an authorised share capital and does not place any limit on the number of shares which the Company may issue.
- 2.2 The issued share capital of the Company: (i) as at the date of this document; and (ii) as it is expected to be immediately following Admission is as set out below:

	<i>Number of Ordinary Shares</i>	<i>Amount</i>
At the date of this document	157,527,103	£15,752,710.30
On Admission	157,527,103	£15,752,710.30

- 2.3 The Company's issued share capital as at 1 October 2015 comprised 157,527,103 Ordinary Shares and as at 30 September 2016 comprised 157,527,103 Ordinary Shares.
- 2.4 All issued Ordinary Shares are fully paid.
- 2.5 There are no shares in the Company which are held by, or on behalf of, the Company and the Company's subsidiaries do not hold any shares in the Company.
- 2.6 Save as disclosed in the Company's Public Record, no person has any rights to purchase the unissued share capital of the Company.
- 2.7 The Company has not used more than 10 per cent. of the Company's issued share capital for the purchase of assets other than cash during the period 1 October 2014 to 30 September 2016.
- 2.8 As at 7 April 2017, there were outstanding options and/or awards over a total of 12,852,055 Ordinary Shares representing approximately 8.16 per cent. of the issued share capital of the Company as at such date. Details of the Company's employee share option schemes, are included in the Company's Public Record.
- 2.9 The following alterations to the Company's share capital have taken place since incorporation:
- 2.9.1 On incorporation of the Company on 28 January 2015, 158 ordinary shares of £317.25 each were allotted and issued, fully paid, as subscriber shares to Alan Cox (the "**Subscriber Shares**").
- 2.9.2 Pursuant to share-for-share exchanges on 13 February 2015 and 17 March 2015: 15,620 ordinary shares of £317.45 each (the "**Old Ordinary Shares**"); 1,369 A ordinary shares of £317.45 each (the "**A Ordinary Shares**"); 3,180 B ordinary shares of £317.25 each (the "**B Ordinary Shares**"); 100 C ordinary shares of £164.25 each (the "**C Ordinary Shares**"); 5,380,000 D1 ordinary shares of £0.45 each (the "**D1 Ordinary Shares**"); 1,498,863 D2 ordinary shares of £0.45 each (the "**D2 Ordinary Shares**"); and 2,000 E ordinary shares of £0.015 each (the "**E Ordinary Shares**") were allotted and issued.

- 2.9.3 On 13 February 2015, the Subscriber Shares were redesignated as B Ordinary Shares.
- 2.9.4 On 17 March 2015:
- 2.9.4.1 the Old Ordinary Shares were converted, sub-divided and/or consolidated into 7,272,706 intermediate ordinary shares of £0.90 each (the "**Intermediate Shares**") and 7,672 deferred shares of £0.05 each (the "**Deferred Shares**");
- 2.9.4.2 the A Ordinary Shares were converted, sub-divided and/or consolidated into 1,917,103 Intermediate Shares and 5,310 Deferred Shares;
- 2.9.4.3 the B Ordinary Shares were converted, sub-divided and/or consolidated into 1,120,940 Intermediate Shares and 180 Deferred Shares;
- 2.9.4.4 the C Ordinary Shares were converted, sub-divided and/or consolidated into 7,510 Intermediate Shares and 193,320 Deferred Shares;
- 2.9.4.5 the D1 Ordinary Shares were converted, sub-divided and/or consolidated into 2,690,000 Intermediate Shares;
- 2.9.4.6 the D2 Ordinary Shares were converted, sub-divided and/or consolidated into 749,434 Intermediate Shares;
- 2.9.4.7 the E Ordinary Shares were converted, sub-divided and/or consolidated into 600 Deferred Shares;
- 2.9.4.8 the 13,757,693 Intermediate Shares were then sub-divided into 123,819,237 Ordinary Shares; and
- 2.9.4.9 the Deferred Shares were cancelled.
- 2.9.5 On 23 March 2015, 33,707,866 Ordinary Shares were allotted and issued pursuant to a cash placing in connection with the Company's initial public offering.
- 2.9.6 As at 30 September 2015, the Company therefore had a total of 157,527,103 Ordinary Shares in issue.

2.10 The Company's major shareholders, as disclosed in the Schedule One announcement to which this document is appended, do not have different voting rights.

3. **Information on the Directors**

3.1 As at the date of this document and immediately following Admission, the interests (including related financial products as defined in the AIM Rules) of the Directors (and former directors) (including persons connected with the Directors (and former directors) within the meaning of section 252 of the Act and any member of the Director's (or former director's) family (as defined in the AIM Rules)) in the issued share capital of the Company are as follows:

<i>Name of Director</i>	<i>Beneficial/Non-beneficial</i>	<i>Number of Ordinary Shares held at the date of this document</i>	<i>Percentage of issued Ordinary Share capital at the date of this document</i>	<i>Number of Ordinary Shares to be held immediately following Admission</i>	<i>Percentage of issued Ordinary Share capital immediately following Admission</i>
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Michael McMahon	Beneficial	5,463,890	3.47%	5,463,890	3.47%
Jeremy Simpson	Beneficial	342,606	0.22%	342,606	0.22%
Steve Rawlings*	Beneficial	24,409,196	15.50%	24,409,196	15.50%
Stuart Black*	Beneficial	5,535,114	3.51%	5,535,114	3.51%
Sean Birrane*	Beneficial	4,806,114	3.05%	4,806,114	3.05%
Chris Geoghegan*	Beneficial	56,179	0.04%	56,179	0.04%
Johnathan Ford*	Beneficial	83,707	0.05%	83,707	0.05%
Total		43,196,806	27.42%	43,196,806	27.42%

* Steve Rawlings, Stuart Black, Sean Birrane, Chris Geoghegan and Johnathan Ford ceased to be directors of the Company on 23 July 2016, 21 April 2016, 14 March 2016, 18 April 2016 and 20 June 2016, respectively. Andrew Harrison, a Non-executive Director of the Company, is an executor and trustee of the estate of Steve Rawlings.

3.2 As at the date of this document and immediately following Admission, the following Directors held the following options and/or awards over Ordinary Shares:

<i>Name of Director</i>	<i>Scheme</i>	<i>Number of Ordinary Shares over which options and/or awards held at the date of this document</i>	<i>Date from which exercisable</i>	<i>Expiry date</i>
Bob Holt OBE	SIAP ⁽¹⁾	2,307,692	(Note 1)	(Note 1)
Michael McMahon	PSP ⁽²⁾ PSP ⁽²⁾ SIP ⁽³⁾	224,719 220,580 216	23 March 2018 31 December 2018	23 March 2025 31 December 2026
Jeremy Simpson	PSP ⁽²⁾ PSP ⁽²⁾ SIP ⁽³⁾	292,134 286,754 216	23 March 2018 31 December 2018	23 March 2025 31 December 2026
Total		3,332,311		

(1) In relation to the SIAP award granted to Bob Holt, no consideration is payable in order to exercise the award as set out above. The award will normally become capable of exercise on the day after the first to occur of (i) 31 January 2019; or (ii) the date that the audited financial results for the financial year ended 30 September 2018 are published (the "Vesting Date") and will cease to be capable of exercise (and lapse) on the day immediately before the second anniversary of such Vesting Date. If the maximum performance is achieved under the SIAP award, Bob Holt will be entitled to acquire 4,615,384 Ordinary Shares.

(2) In relation to the PSP awards granted to Jeremy Simpson, no consideration is payable in order to exercise the awards set out above. In relation to the awards granted to Michael McMahon, an exercise price of 10 pence per Ordinary Share (being the nominal value of an Ordinary Share) is payable in order to exercise such awards. In normal circumstances, such awards will not be capable of being exercised prior to the vesting date relating to such award.

(3) On 2 April 2015, each of Michael McMahon and Jeremy Simpson were granted an award over 199 Ordinary Shares under the terms of the SIP. In each case, the award was made as an award of free shares by Yorkshire Building Society in its capacity as the trustee of the SIP. In accordance

with the rules of the SIP, no consideration was payable for the award of free shares granted to them. In the year to 30 September 2016, an additional award of 17 Ordinary Shares each was made under the SIP to Jeremy Simpson and Michael McMahon following the reinvestment of the Company's 2015 final dividend and 2016 interim dividend.

3.3 Save as stated above or as otherwise disclosed in the Company's Public Record:

- 3.3.1 none of the Directors (nor any person connected with any of them within the meaning of section 252 of the Act) has any interest, whether beneficial or non-beneficial, in the share or loan capital in the Group or in any related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares;
- 3.3.2 there are no outstanding loans granted or guarantees provided by any member of the Group to or for the benefit of the Directors or provided by any Director to any member of the Group;
- 3.3.3 none of the Directors has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased to, any member of the Group;
- 3.3.4 none of the Directors has any option or warrant to subscribe for any shares in the Company; and
- 3.3.5 none of the Directors has any interest, direct or indirect, in any contract or arrangement which is or was unusual in its nature or conditions or significant to the business of the Group taken as a whole, which were effected by any member of the Group and which remains in any respect outstanding or unperformed.

3.4 In addition to their directorships of companies within the Group, the Directors hold, or have during the five years preceding the date of this document held, the following directorships or partnerships:

<i>Director (age)</i>	<i>Current Directorships/Partnerships</i>	<i>Past Directorships/Partnerships</i>
Bob Holt OBE (62)	Business Strategy LLP	Electra-Net Holdings Limited
	Coal Hole Limited	Green Compliance Limited
	DX (Group) PLC	Inspired Energy PLC
	Ensco 996 Limited	Precision Midstream Limited
	Ensco 997 Limited	
	Inprova Group Ltd	
	Mears Group PLC	
	Seneca Partners Limited	
	Senone LLP	
	The Mears Foundation	
	Totally PLC	
Michael McMahon (41)	-	MMCM Midlands Ltd
Jeremy Simpson (45)	Gingerbread, The Charity for Single Parent Families	3SE (Barnsley, Doncaster & Rotherham) Holdings Limited

Atlas Clensol Limited

3SE (Barnsley, Doncaster & Rotherham) Limited

Caird Evered Limited

Caird Evered Holdings Limited

Caird Peckfield Limited

Elwa Holdings Limited

Elwa Limited

Energen Biogas Limited

Estech Europe Limited

Geohess (U.K.) Limited

Lime Newco Limited

Lothian Limited

Resource Recovery Solutions (Derbyshire) Holdings Limited

Resource Recovery Solutions (Derbyshire) Limited

Safewaste Limited

Shanks Argyll & Bute Holdings Limited

Shanks Argyll & Bute Limited

Shanks Chemical Services Limited

Shanks Chemical Services (Scotland) Limited

Shanks Cumbria Holdings Limited

Shanks Cumbria Limited

Shanks Dumfries and Galloway Holdings Limited

Shanks Dumfries and Galloway Limited

Shanks Environmental Engineering Limited

Shanks PFI Investments Limited

Shanks RRS Limited

		Shanks SRF Trading Limited
		Shanks Waste Management Limited
		Shanks Waste Operations Limited
		Tass Environmental Technology Limited
		Wakefield Waste PFI Holdings Limited
		Wakefield Waste PFI Limited
		Wastecom Limited
Robert Legget (66)	Progressive AIM Realisation Limited	Devonshire House Management Club
	Progressive Asset Management Limited	Merchiston Castle School
	Progressive Value Management Limited	
	The Robert Legget Consultancy Limited	
Andrew Harrison (55)	Islandbridge Capital Limited	A.E. Spink Limited
	Tallar LLP	Chorus Law Group Limited
	Tallar Partners Limited	David Bucknall Holdings Limited
	Victoria P.L.C.	Deal Counsel 002 Limited
		Leslie Mann (Bricks & Blocks) Limited
		Morpheus Ventures Limited
		Newgate Partners Limited
		Newgate Property Design LLP
		Premium (Stone Manor) Limited
		Summit Property Consultants Limited

3.5 None of the Directors has:

- 3.5.1 any unspent convictions relating to indictable offences;
- 3.5.2 had a bankruptcy order made against him or entered into any individual voluntary arrangements;
- 3.5.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or entered into a

company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company at the time of, or within the twelve months preceding, such events;

- 3.5.4 been a partner of a firm which has been placed in compulsory liquidation or administration or which has entered into a partnership voluntary arrangement whilst he was a partner of that firm at the time of, or within twelve months preceding, such events;
 - 3.5.5 had any asset belonging to him placed in receivership or been a partner of a partnership any of whose assets have been placed in receivership whilst he was a partner at the time of, or within twelve months preceding, such receivership; or
 - 3.5.6 been publicly criticised by any statutory or regulatory authority (including any recognised professional body) or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- 3.6 The Company is not aware of any person or persons who, directly or indirectly, jointly or severally, exercise(s) or could exercise control of the Company or any arrangements the operation of which may, at a subsequent date, result in a change in the control of the Company.
- 3.7 There is no arrangement under which any Director has agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.

4. **Directors' service agreements and letters of appointment**

Executive Chairman, Chief Operating Officer and Chief Financial Officer

- 4.1 Bob Holt entered into a service agreement with the Company dated 21 July 2016, pursuant to which he is engaged by the Company to act as Executive Chairman. He is employed three days per week and receives an annual salary of £75,000 (gross). Mr Holt is not entitled to receive any pension or other benefits under his service agreement and is not eligible for any annual incentive award. In addition to his service agreement, Mr Holt also provides consultancy services to the Company through a consultancy company of which he is a shareholder that entered into a consultancy agreement with the Company dated 21 July 2016. The daily fee payable for such consultancy services is £1,595 plus VAT. Such consultancy services are provided for two days per week over 47 weeks per year at a total cost of £150,000 per annum. In addition, Mr Holt's service and consultancy arrangements have the following key terms:
- 4.1.1 Mr Holt's service agreement may be terminated by either party giving to the other six months' notice. His service agreement may be terminated immediately if he commits any material or continued breach or gross misconduct.
 - 4.1.2 The Company may, at its discretion, terminate Mr Holt's service agreement by paying him six months' salary in lieu of notice ("PILON"). The payment may, at the Company's discretion, be paid in equal monthly instalments. Where it elects to pay in instalments, the Company may reduce any instalment by the amount that Mr Holt has earned or is expected to earn in the six month period following termination. Any replacement income Mr Holt earns from his employment with the Company may be offset against PILON instalments and not income he would have received in any other event.
 - 4.1.3 The consultancy agreement under which Mr Holt's consultancy services are provided may be terminated by either party giving the other six months' notice. The Company may terminate the consultancy agreement immediately in the event of a serious or continuing breach.

- 4.1.4 The Company may, at its discretion, terminate the consultancy agreement under which Mr Holt's consultancy services are provided by paying his consultancy company an amount equal to the maximum daily fees that would be received by the consultancy company during the notice period. The payments may, at the Company's discretion, be paid in equal monthly instalments and may be reduced by other replacement fees earned by the consultancy company during the six months following termination.
- 4.1.5 Both the service agreement and the consultancy agreement allow the Company to exclude Mr Holt from providing services during any notice period. Under his service agreement, Mr Holt is restricted from soliciting or dealing with certain customers of the Company or soliciting certain employees of the Company for a period of 12 months following termination.
- 4.2 Michael McMahon entered into a service agreement with the Company dated 18 March 2015, pursuant to which he has been employed by the Company since 13 February 2017 as its Chief Operating Officer. His service agreement is subject to termination upon 12 months' notice by the Company or six months' notice from Michael McMahon. His annual salary for the role of Chief Operating Officer is £260,000.
- 4.3 Jeremy Simpson entered into a service agreement with the Company dated 18 March 2015, pursuant to which he is employed by the Company to act as Chief Financial Officer, subject to termination upon 12 months' notice by the Company or six months' notice from Jeremy Simpson. His annual salary is £260,000.
- 4.4 Benefits paid to Michael McMahon and Jeremy Simpson include a car allowance, life assurance, membership of a private medical scheme for the Executive Director and his partner and all dependent children up to 25 and pension contributions equivalent to 15 per cent. of his basic salary. The Company permits Executive Directors to elect to receive an additional salary supplement in lieu of pension contributions. Executive Directors are entitled to 30 days' holiday per annum in addition to normal public holidays.
- 4.5 In addition to the PSP, the CSOP, the DSBP, the SIP and the SAYE Scheme, Michael McMahon and Jeremy Simpson are eligible to participate in the Company's discretionary bonus scheme. Any bonus is discretionary, non-pensionable and conditional on the Board being satisfied with the relevant Executive Director's performance and no notice of termination having been served by either party. There are clawback provisions if the bonus is paid based on incorrect financial results or any prior gross misconduct becomes known to the Company.
- 4.6 Any remuneration payment to Bob Holt, Michael McMahon or Jeremy Simpson is subject to the approval of the Company's remuneration policy by shareholder resolution to the extent that such requirement applies to the Company under the Companies Act.
- 4.7 Each of Michael McMahon and Jeremy Simpson is entitled to be covered by a policy of directors' and officers' insurance.
- 4.8 The Company can elect to terminate the service agreements of Michael McMahon and Jeremy Simpson by making a payment in lieu of notice (or remaining notice) ("**PILON**"), comprising (i) basic salary; (ii) employer pension contributions; (iii) car allowance; (iv) the cost to the Company of providing private medical insurance and life assurance; and (v) any other benefits in kind applicable immediately before termination, excluding any long or short term incentive plans. The Company may elect to pay in two instalments, in which case 50 per cent. of the PILON is paid within 28 days of termination and the balance is paid six months after the termination date and is subject to mitigation. Alternatively, the Company may put the relevant Director on garden leave during their notice period. The service agreements are terminable with immediate effect without notice in certain circumstances, including where the relevant Director commits any material or continued breach of the service agreement, commits any act of gross misconduct or serious incompetence, acts in a manner which prejudices the interests or reputation of the Company, is charged with any criminal offence or is declared bankrupt, is prohibited by law from acting as a director or resigns as a director, is guilty of a breach of the rules of the FCA or any other applicable regulatory authority, commits any offence under the Bribery

Act 2010, becomes incapacitated from performing duties for 26 weeks, or ceases to hold any necessary qualification or approval.

- 4.9 Each of the Michael McMahon's and Jeremy Simpson's service agreements contains post-termination restrictions, including a restriction on joining a competitor of the Company for 12 months or a supplier for 12 months, as well as a restriction on soliciting or dealing with customers for 12 months. There is also a confidentiality clause and intellectual property restrictions without limit in time.

Non-executive Directors

- 4.10 The Non-executive Directors are appointed for an initial period of three years and are required to stand for re-election at each annual general meeting of the Company. Thereafter, the Board may invite them to serve an additional period of three years again subject to re-election at each Annual General Meeting.

- 4.11 Each Non-executive Director has an appointment letter under which his appointment is terminable by the relevant Director or the Company upon one month's written notice or immediately by the Company in certain circumstances. Continuation of appointment is subject to satisfactory performance and each Non-executive Director is expected to devote sufficient time to discharge their responsibilities effectively. Reasonable expenses incurred in the proper performance of their duties will be reimbursed. Non-executive Directors are subject to confidentiality provisions without limit in time.

- 4.12 The specific details for each Non-executive Director are as follows:

4.12.1 The services of Robert Legget as senior independent Non-executive Director of the Company and chairman of the Audit and Nomination Committees are provided under the terms of a letter of appointment dated 10 August 2016 (as amended pursuant to a variation letter also dated 10 August 2016). Mr Legget receives a fee of £40,000 per annum as a Non-executive Director, an additional fee of £5,000 per annum for his services as senior independent Non-executive Director and an additional fee of £5,000 per annum for his services as chairman of the Audit Committee. His appointment is subject to the provisions of the articles of association of the Company dealing with the appointment and retirement by rotation.

4.12.2 The services of Andrew Harrison as a Non-executive Director of the Company and chairman of the Remuneration Committee are provided under the terms of a letter of appointment dated 5 August 2016. Mr Harrison receives a fee of £40,000 per annum as a Non-executive Director and an additional fee of £5,000 per annum for his services as chairman of the Remuneration Committee. His appointment is subject to the provisions of the articles of association of the Company dealing with the appointment and retirement by rotation.

5. Material contracts

Save as set out in the Company's Public Record, the following are all of the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the Group in the two years prior to the date of this document and are, or may be, material to the Group or have been entered into by any member of the Group at any time and contain obligations or entitlements which are, or may be, material to the Group, in each case as at the date of this document:

5.1 Stockdale engagement letter

Pursuant to an engagement letter dated 10 February 2017, the Company has appointed Stockdale as its corporate broker and financial adviser, to advise it in connection with the Cancellation and Admission and as its Nominated Adviser with effect from Admission. The Company will pay Stockdale a corporate finance fee of £100,000 in the event that Admission occurs. For Stockdale's role as nominated adviser and broker, the Company has agreed to pay a retainer fee of £75,000 (exclusive of VAT) per annum, increasing in line with the

Retail Price Index on an annual basis after the first 12 months of the engagement. The retainer is payable quarterly in advance. Stockdale is also entitled to be reimbursed for its properly incurred out-of-pocket expenses. Further fees in relation to Stockdale's services in relation to specific transactions are to be agreed at the time. For two years from the date of the engagement letter, the Company is obliged to offer Stockdale the right to act for the Company in relation to any public or private offering or placement of securities or any acquisition or disposal. The engagement is terminable by either party upon 30 days' written notice. Stockdale has the right to terminate the engagement forthwith on written notice in the event that the Company is in material breach of the terms of the engagement letter. The Company has agreed to indemnify Stockdale, its affiliated companies and their respective directors, officers, employees and agents, against any liabilities, costs, expenses, damages and loss which arise out of the performance by Stockdale, or such persons, of their services under the engagement, subject to certain exceptions.

5.2 **Revolving Credit Facility**

On 8 December 2014, a four-year secured revolving credit facility (as amended and or restated from time to time) (the "**RCF**") was entered into between, *inter alios*, (1) Lakehouse plc (the "**Company**"); (2) The Royal Bank of Scotland plc; and (3) National Westminster Bank plc, pursuant to which the lenders agree to make available to the borrowers up to £45 million on a revolving basis. The borrowers may have up to eight individual loans outstanding at any time and have the ability to draw up to £5 million of the RCF limit in various ancillary forms. In addition, the RCF recognises the existence of certain other bilateral ancillary facilities, including a £5 million overdraft facility, which sit outside of the RCF itself.

The lenders may at their discretion agree to a request by the Company for an extension of the RCF by a further year. The purpose of the RCF is to refinance existing facilities and to provide funding for the general working capital requirements of the Group and other general corporate items, including permitted acquisitions and deferred consideration relating thereto.

The guarantors have provided a standard guarantee and indemnity within the RCF and various members of the Group have granted fixed and floating security (including security over certain real estate, assignments of contractual rights, including under various Group insurance policies, and share pledges) in favour of the security trustee on behalf of the lenders.

The RCF is based on the Loan Market Association standard form and contains customary representations, warranties and covenants for a facility of this nature.

On 17 January 2017, a variation to the RCF was agreed, reducing the amount available under the facility from £45 million to £40 million, with a further reduction to £35 million taking effect on 3 April 2017. Financial covenants were also agreed and set on two bases: minimum headroom of £3 million (being sums drawn, compared to maximum drawings available under the RCF and overdraft) and certain minimum EBITDA targets (which were determined against and set at 80 per cent. of the Group's financial forecasts), each to be tested quarterly.

As at 7 April 2017, being the latest practicable date prior to the date of this document, the amount drawn under the RCF was approximately £25 million.

5.3 **Acquisition of Provider**

On 5 May 2015, Lakehouse Holdings Limited ("**Lakehouse Holdings**") entered into a share purchase agreement (the "**Provider SPA**") with Philip Wharrier, Amanda Wharrier and John Hall (together, the "**Provider Sellers**"), pursuant to which it acquired the entire issued share capital of Provider Limited ("**Provider**").

The Provider SPA contained certain warranties and undertakings given by the Provider Sellers for the benefit of Lakehouse Holdings. The liability of each of the Provider Sellers in respect of any breach of warranties and undertakings was limited as to time and amount. Claims under the general warranties and indemnities could be made by Lakehouse Holdings

during the period expiring on 5 May 2017 and 5 May 2018 respectively and, in the case of a claim under the tax warranties or tax covenant, during the period expiring on the date which was seven years from the end of the accounting period of Providor in which completion occurred, being 30 September 2022. The aggregate liability of the Providor Sellers was capped at the amount of consideration paid by Lakehouse Holdings to the Providor Sellers at the date of settlement.

The consideration payable by Lakehouse Holdings to the Providor Sellers under the Providor SPA was £4.75 million plus an amount of deferred consideration (the "**Providor Deferred Consideration**"). The consideration was satisfied by an initial payment of £4.75 million in cash on completion. The Providor Deferred Consideration was calculated on the basis of the amount by which the relevant profits before interest and tax of Providor for each of the financial years ending 31 May 2015 and 31 May 2016 exceeded specific targets. The maximum amount of the Providor Deferred Consideration was capped at £2.0 million. The Providor Deferred Consideration was not required to be paid pursuant to the terms of the Providor SPA.

5.4 **Acquisition of Orchard Energy**

On 10 July 2015, Lakehouse Holdings entered into share purchase agreements (the "**Orchard SPA**") with Gareth Henderson and Rachel Henderson (together, the "**Orchard Sellers**"), pursuant to which it acquired the entire issued share capital of Orchard (Holdings) UK Limited ("**Orchard**").

The Orchard SPA contained certain warranties and undertakings given by the Orchard Sellers for the benefit of Lakehouse Holdings. The liability of each of the Orchard Sellers in respect of any breach of warranties and undertakings was limited as to time and amount. Claims under the general warranties could be made by Lakehouse Holdings during the period expiring on 10 July 2017 and, in the case of a claim under the tax warranties or tax covenant, during the period expiring on the date which was seven years from the end of the accounting period of Orchard in which completion occurred, being 30 September 2022. The aggregate liability of the Orchard Sellers was capped at the amount of consideration paid by Lakehouse Holdings to the Orchard Sellers at the date of settlement.

The consideration payable by Lakehouse Holdings to the Orchard Sellers under the Orchard SPA was £7.0 million plus an amount of deferred consideration (the "**Orchard Deferred Consideration**"). The consideration was satisfied by an initial payment of £7.0 million in cash on completion. The Orchard Deferred Consideration was to be calculated following the end of the financial year ending 30 September 2017 on the basis of a multiple of the amount by which the EBITDA of Orchard for each of the financial years ending 30 September 2015, 30 September 2016 and 30 September 2017 exceeded specific targets. The maximum amount of the Orchard Deferred Consideration was capped at £3.0 million. Pursuant to a settlement agreement dated 31 October 2016, the Orchard Deferred Consideration was settled early in an aggregate amount of £1.83 million, paid in three tranches (£0.4 million on each of 30 November and 31 December 2016 and £1.03 million on 28 February 2017).

5.5 **Acquisition of Sure Maintenance**

On 11 September 2015, Lakehouse Contracts Limited ("**Lakehouse Contracts**") entered into a share purchase agreement (the "**Sure SPA**") with Graphite Capital Partners and certain management shareholders (together, the "**Sure Sellers**"), pursuant to which it acquired the entire issued share capital of Sure Maintenance Group Limited ("**Sure**").

The Sure SPA contained certain warranties and undertakings given by the Sure Sellers for the benefit of Lakehouse Contracts (with the majority of the warranties being given by the management sellers and Graphite Capital's warranties limited to title to its shares and capacity to enter into the Sure SPA). The liability of each of the Sure Sellers in respect of any breach of warranties and undertakings was limited as to time and amount. Claims under the general warranties can be made by Lakehouse Contracts during the period expiring on 11 September 2017 and, in the case of a claim under the tax warranties or tax covenant, during the period expiring on the date which was seven years from the end of the accounting period of Sure in which completion occurred, being 30 September 2022. The

aggregate liability of the Sure Sellers was capped at the amount of consideration paid by Lakehouse Contracts to the Sure Sellers at the date of settlement.

The consideration payable by Lakehouse Contracts to the Sure Sellers under the Sure SPA was approximately £6.5 million (including the repayment of acquired debt) plus an amount of deferred consideration (the "**Sure Deferred Consideration**"). The consideration was satisfied by an initial payment of approximately £4.1 million in cash on completion (with approximately £0.4 million paid into an escrow account to cover potential warranty and tax indemnity claims, which sum was released from escrow in December 2016) with approximately £2 million being used to repay debt. The Sure Deferred Consideration was to be calculated following the end of the financial year ended 31 December 2016 on the basis of a multiple of the amount by which the EBITA of Sure for the relevant periods exceeded specific targets. The maximum amount of the Sure Deferred Consideration was capped at approximately £2.54 million. Pursuant to the terms of the Sure SPA, no Sure Deferred Consideration became payable.

5.6 **Acquisition of Aaron Heating Services**

On 2 November 2015, Lakehouse Compliance Services Limited ("**Lakehouse Compliance Services**") entered into a share purchase agreement (the "**Aaron SPA**") with Dawn Wright, Allan Wright, David Lummis, Nicola Lummis and Jon Posey (together, the "**Aaron Sellers**"), pursuant to which it acquired the entire issued share capital of Aaron Heating Services Limited ("**Aaron**").

The Aaron SPA contained certain warranties and undertakings given by the Aaron Sellers for the benefit of Lakehouse Compliance Services. The liability of each of the Aaron Sellers in respect of any breach of warranties and undertakings was limited as to time and amount. Claims under the general warranties can be made by Lakehouse Contracts during the period expiring on 2 November 2017 and, in the case of a claim under the tax warranties or tax covenant, during the period expiring on the date which was seven years from the end of the accounting period of Aaron in which completion occurred, being 30 September 2023. The aggregate liability of the Aaron Sellers was capped at the amount of consideration paid by Lakehouse Contracts to the Aaron Sellers at the date of settlement.

The consideration payable by Lakehouse Compliance Services to the Aaron Sellers under the Aaron SPA was approximately £6.7 million plus an amount of deferred consideration (the "**Aaron Deferred Consideration**"). The consideration was satisfied by an initial payment of £6.7 million (less a retention sum of £350,000) in cash on completion. £1.2 million of the Aaron Deferred Consideration was payable after the finalisation of the external audit in respect of the relevant accounts for the financial year ending 31 March 2016 and a sum of approximately £1.4 million was paid in July 2016 pursuant to the terms of the Aaron SPA. £900,000 of the Aaron Deferred Consideration was payable after the finalisation of the external audit in respect of the relevant accounts for the financial year ending 30 September 2017. The final amount of Aaron Deferred Consideration is to be calculated following the end of the financial year ending 30 September 2017 on the basis of a multiple of the amount by which the relevant profits before tax and amortisation of Aaron for the relevant periods exceed specific targets. The maximum amount of the Aaron Deferred Consideration is capped at £3.3 million.

5.7 **Acquisition of Precision Lift Services**

On 8 December 2015, Lakehouse Compliance Services entered into a share purchase agreement (the "**Precision SPA**") with Graham More and G&D Limited (together, the "**Precision Sellers**"), pursuant to which it acquired the entire issued share capital of PLS holdings Limited ("**Precision**").

The Precision SPA contained certain warranties and undertakings given by the Precision Sellers for the benefit of Lakehouse Compliance Services. The liability of each of the Precision Sellers in respect of any breach of warranties and undertakings was limited as to time and amount. Claims under the general warranties could be made by Lakehouse Compliance Services during the period expiring on 8 December 2017, claims under certain specific indemnities during the period expiring on 8 December 2016, 8 June 2017 or 8 December 2020 (depending on the claim) and, in the case of a claim under the tax

warranties or tax covenant, during the period expiring on the date which was seven years from completion, being 8 December 2022. The aggregate liability of the Precision Sellers was capped at the amount of consideration paid by Lakehouse Compliance Services to the Precision Sellers at the date of settlement.

The consideration payable by Lakehouse Compliance Services to the Precision Sellers under the Precision SPA was £5.5 million plus an amount of deferred consideration (the "**Precision Deferred Consideration**"). The consideration was satisfied by an initial payment of £5.5 million in cash on completion. The Precision Deferred Consideration is to be calculated following the end of the financial year ending 30 September 2018 on the basis of a multiple of the amount by which the relevant profits before tax of Precision for the relevant period exceed specific targets. The maximum amount of the Precision Deferred Consideration is capped at £3.0 million.

6. **Dividend policy**

The Company intends (subject to the availability of distributable reserves) to continue to pursue a progressive dividend policy which will seek to maximise Shareholder value and reflect its earnings potential and cash flow characteristics, while allowing it to retain sufficient capital to fund on-going operating requirements and to invest in the Company's long term growth.

7. **Litigation and arbitration**

Save as set out in this paragraph 7, neither the Company nor any member of the Group is, nor has it been at any time during the 12 months immediately preceding the date of this document, involved in any governmental, legal or arbitration proceedings, which may have, or have had in the recent past, a significant effect on the Company's and/or the Group's financial position or profitability and there are no such proceedings of which the Company is aware which are pending or threatened.

7.1 **Haberdashers Aske**

Lakehouse Contracts is the subject of threatened litigation with an estimated value of approximately £7.0 million. Haberdashers Aske has threatened to make a collateral warranty claim for negligence and breach of duty against Lakehouse Contracts in respect of losses associated with the complete destruction of a school in a fire and Lakehouse Contracts' alleged failure to implement measures to prevent the fire.

Bluefin Group, Lakehouse Contracts' insurance broker in the period in which the incident occurred and which continues to act on behalf of Lakehouse Contracts in connection with this matter, has provided e-mail correspondence to Lakehouse Contracts, which confirms that its insurance provider (QBE Underwriting Limited) is 'willing to fund the defence of the claim' and to 'provide an indemnity to Lakehouse Contracts in respect of the loss'. Sedgewick law has been engaged in on-going pre-action exchanges. Lakehouse Contracts is also pursuing a back-to-back indemnity claim in respect of the full value in dispute against Cambridge Polymer Roofing Limited, who were Lakehouse Contracts' subcontractors on the project.

7.2 **Remediation of Defective Client Works and Associated Issues**

The Company is aware of alleged frauds relating to two specific contracts for a particular client having been carried out in 2013 and 2014 by certain employees of the Company and certain sub-contractors to the Company, working in collusion with a consultant engaged by that client to oversee specific works carried out under those contracts. Having been informed by the Company, the client commenced an investigation into the alleged frauds. As far as the Company is aware, the alleged frauds related to the "over-payment" by the client for works undertaken by certain sub-contractors, the non-performance of contracted works or the performance of works to a standard below the requisite contract requirement by the sub-contractors and the subsequent processing of invoices representing works not completed and outside the scope of the relevant contracts. Since becoming aware of these issues, the Company has co-operated fully with the client's investigations and those of the police into the alleged fraudulent activities of the individuals concerned, including the

employees of the Company. The Company has terminated its contract with the relevant sub-contractors and dismissed the three employees involved in the alleged frauds. The Directors of the Company, having taken legal advice, believe the prospect of any prosecution of the Company in relation to these matters to be low. Whilst no charges have currently been brought against any of the individuals involved, the Company is aware that investigations by both the client and the police of the actions of these individuals are ongoing and it has co-operated, and continues to co-operate, with such investigations and to support any action taken against such individuals. In light of these events, the Company instructed its external legal advisers to conduct a review of documentation in connection with the alleged frauds and to review the Group's internal compliance controls, policies and procedures to ensure that these are sufficiently robust. Having considered the conclusions of this review and implemented its recommendations, the Company is confident that it has taken appropriate action in order to mitigate its position in relation to the alleged fraudulent activities and that its controls, policies and procedures are robust, fit for purpose and capable of preventing and/or identifying any future risks.

7.3 **General matters**

As we disclosed in the annual report for the year ending 30 September 2016, we continue to manage a number of potential risks and uncertainties, including claims and disputes, which are common to other similar businesses, which could have a material impact on short and longer term performance. These include a claim from Harvil Roofing for £6.9m (plus VAT) for termination on a legacy externals contract, which is due in court in the Autumn; the Board considers this claim to be unsubstantiated and without merit, a position that is unchanged since the Group was audited at year end.

8. **The Takeover Code and the Companies Act**

8.1 **Mandatory takeover bids**

8.1.1 The Takeover Code applies to all takeover and merger transactions in relation to the Company and operates principally to ensure that shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment. The Takeover Code provides an orderly framework within which takeovers are conducted and the Panel has now been placed on a statutory footing.

8.1.2 The Takeover Code is based upon a number of General Principles which are essentially statements of standards of commercial behaviour. General Principle One states that all holders of securities of an offeree company of the same class must be afforded equivalent treatment and if a person acquires control of a company, the other holders of securities must be protected. This is reinforced by Rule 9 of the Takeover Code which requires a person, together with persons acting in concert with him, who acquires shares carrying voting rights which amount to 30 per cent. or more of the voting rights to make a general offer. "Voting rights" for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting. A general offer will also be required where a person who, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights, acquires additional shares which increase his percentage of the voting rights. Unless the Panel consents, the offer must be made to all other shareholders, be in cash (or have a cash alternative) and cannot be conditional on anything other than the securing of acceptances which will result in the offeror and persons acting in concert with him holding shares carrying more than 50 per cent. of the voting rights.

8.1.3 There are not in existence any current mandatory takeover bids in relation to the Company.

8.2 **Squeeze out**

Section 979 of the Act provides that if, within certain time limits, an offer is made for the share capital of the Company, the offeror is entitled to acquire compulsorily any remaining

shares if it has, by virtue of acceptances of the offer, acquired or unconditionally contracted to acquire not less than 90 per cent. in value of the shares to which the offer relates and in a case where the shares to which the offer relates are voting shares, not less than 90 per cent. of the voting rights carried by those shares. The offeror would effect the compulsory acquisition by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their shares and then, six weeks from the date of the notice, pay the consideration for the shares to the Company to hold on trust for the outstanding shareholders. The consideration offered to shareholders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration available under the takeover offer.

8.3 **Sell out**

Section 983 of the Act permits a minority shareholder to require an offeror to acquire its shares if the offeror has acquired or contracted to acquire shares in the Company which amount to not less than 90 per cent. in value of all the voting shares in the Company and carry not less than 90 per cent. of the voting rights. Certain time limits apply to this entitlement. If a shareholder exercises its rights under these provisions the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

9. **Taxation**

The following summary is intended as a general guide only for UK tax resident Shareholders as to their tax position under current UK tax legislation and HMRC practice as at the date of this document. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time.

The Company is at the date of this document resident for tax purposes in the United Kingdom and the following is based on that status.

This summary is not a complete and exhaustive analysis of all the potential UK tax consequences for holders of Ordinary Shares. It addresses certain limited aspects of the UK taxation position applicable to Shareholders resident and domiciled for tax purposes in the United Kingdom (except in so far as express reference is made to the treatment of non-UK residents) and who are absolute beneficial owners of their Ordinary Shares and who hold their Ordinary Shares as an investment. This summary does not address the position of certain classes of Shareholders who (together with associates) have a 10 per cent. or greater interest in the Company, or, such as dealers in securities, market makers, brokers, intermediaries, collective investment schemes, pension funds, charities or UK insurance companies or whose shares are held under a self-invested personal pension or an individual savings account or are "employment related securities" as defined in section 421B of the Income Tax (Earnings and Pensions) Act 2003.

Any person who is in any doubt as to his tax position or who is subject to taxation in a jurisdiction other than the United Kingdom should consult his or her professional advisers immediately as to the taxation consequences of his or her ownership and disposition of Ordinary Shares.

This summary is based on current United Kingdom tax legislation. Shareholders should be aware that future legislative, administrative and judicial changes could affect the taxation consequences described below.

9.1 **Taxation of Dividends**

Under current UK taxation legislation, there is no UK withholding tax on dividends, including cases where dividends are paid to a Shareholder who is not resident (for tax purposes) in the United Kingdom.

Individual Shareholders

Shareholders who are individuals currently receive a tax free dividend allowance of £5,000 per tax year on the amount of any cash dividends received. In the Spring 2017 Budget, it was announced that this will reduce to an allowance of £2,000 per tax year from April 2018. 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).

Trustees of discretionary trusts receiving dividends from shares are liable to account for income tax at the dividend trust rate, currently 38.1 per cent. Trustees do not qualify for the £5,000 dividend allowance available to individuals. This is a complex area and trustees of such trusts should consult their own tax advisers.

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

Corporate Shareholders

A corporate Shareholder resident in the United Kingdom for tax purposes will generally not be subject to corporation tax on dividend payments received from the Company.

Non-resident

In general, the right of a Shareholder who is not resident (for tax purposes) in the United Kingdom to claim relief in respect of a dividend received from the Company will depend upon the existence and the terms of an applicable double taxation treaty between the country in which the Shareholder is resident and the United Kingdom. Shareholders may also be liable to tax on the dividend income under the tax law of their jurisdiction of residence.

Non-UK resident Shareholders should consult their own tax advisers in respect of the application of such provisions, their liabilities on dividend payments and/or what relief or credit may be claimed in the jurisdiction in which they are resident.

9.2 **Taxation of Chargeable Gains**

Individual Shareholders

If a UK resident individual Shareholder disposes of all or some of his Ordinary Shares a liability to tax on chargeable gains may, depending on their circumstances, arise. The Shareholder's annual exemption (£11,300 from 6 April 2017) and any capital losses they have may reduce the chargeable gain. UK resident individuals are generally subject to capital gains tax at a current flat rate of 20 per cent., (reduced to 10 per cent. where a gain falls within an individual's unused basic rate income tax band). Trustees and personal representatives are generally subject to capital gains tax at 20 per cent.

A Shareholder who is not resident in the United Kingdom for tax purposes, but who carries on a trade, profession or vocation in the United Kingdom through a permanent establishment (where the Shareholder is a company) or through a branch or agency (where the Shareholder is not a company) and has used, held or acquired the Ordinary Shares for the purposes of such trade, profession or vocation or such permanent establishment, branch or agency (as appropriate) may be subject to UK tax on capital gains on the disposal of Ordinary Shares.

In addition, any holders of Ordinary Shares who are individuals and who dispose of Ordinary Shares while they are temporarily non-resident may be treated as disposing of them in the tax year in which they again become resident in the United Kingdom.

For UK resident trusts or personal representatives, capital gains are chargeable at a flat rate of 20 per cent. subject to certain reliefs and exemptions.

Corporate Shareholders

For disposals by corporate Shareholders, capital gains are chargeable currently at the rate of 19 per cent. from 1 April 2017 subject to the availability of an exemption (e.g. the substantial shareholding exemption) or relief indexation allowance may apply to reduce any

such gain, although indexation cannot create or increase a capital loss (indexation is no longer available to individuals and trustees).

9.3 **Inheritance Tax**

Individual and trustee Shareholders domiciled or deemed to be domiciled in any part of the United Kingdom may be liable on occasions to inheritance tax ("**IHT**") on the value of any Ordinary Shares held by them. Under current law, the primary occasions on which IHT is charged are on the death of the Shareholder, on any gifts made during the seven years prior to the death of the Shareholder (which will also be brought into account when calculating the IHT on the death of the Shareholder), and on certain lifetime transfers, including transfers to trusts or appointments out of trusts to beneficiaries, save in very limited and exceptional circumstances.

However, a relief from IHT known as business property relief ("**BPR**") may apply to ordinary shares in trading companies once these have been held for two years by the Shareholder. This relief may apply notwithstanding that a company's shares will be admitted to trading on AIM (although it does not apply to companies whose shares are listed on the Official List). BPR operates by reducing the value of shares by 100 per cent. for IHT purposes which means that there will be no IHT to pay.

Shareholders should consult an appropriate professional adviser if they intend to make a gift of any kind or intend to hold any Ordinary Shares through trust arrangements. They should also seek professional advice in a situation where there is a potential for a double charge to UK IHT and an equivalent tax in another country.

9.4 **Stamp Duty and Stamp Duty Reserve Tax ("**SDRT**")**

Neither UK stamp duty nor SDRT should arise on transfers of Ordinary Shares on AIM (including instruments transferring Ordinary Shares and agreements to transfer Ordinary Shares) based on the following assumptions:

- 9.4.1 the Ordinary Shares are admitted to trading on AIM, but are not listed on any market (with the term "listed" being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and
- 9.4.2 AIM continues to be accepted as a "recognised growth market" (as construed in accordance with section 99A of the Finance Act 1986). In the event that either of the above assumptions does not apply, stamp duty or SDRT may apply to transfers of Ordinary Shares in certain circumstances, at the rate of 0.5 per cent. of the amount or value of the consideration (rounded up in the case of stamp duty to the nearest £5).

9.5 **AIM**

Companies whose shares trade on AIM are deemed unlisted for the purposes of certain areas of UK taxation. Following Admission, Ordinary Shares held by individuals for at least two years from Admission may qualify for more generous exemptions from inheritance tax on death or in relation to lifetime transfers of those Ordinary Shares. Shareholders should consult their own professional advisers on whether an investment in an AIM security is suitable for them, or whether the tax benefit referred to above may be available to them.

The comments set out above are intended only as a general guide to the current tax position in the United Kingdom at the date of this document. The rates and basis of taxation can change and will be dependent on a Shareholder's personal circumstances.

Neither the Company nor its advisers warrant in any way the tax position outlined above which, in any event, is subject to changes in the relevant legislation and its interpretation and application.

Any person who is in any doubt as to his tax position or who may be subject to tax in any other jurisdiction should consult his professional adviser.

10. Risk factors

10.1 *In addition to the risk factors relating to the Company and its industry set out in the Company's annual report and accounts for the period ended 30 September 2016 and in the prospectus published by the Company on 18 March 2015, the following specific risk factors relating to the Ordinary Shares should be considered carefully in evaluating whether to make an investment in the Company. An investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment. If you are in any doubt as to the action you should take, you should consult a professional adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities. This summary of risk factors is not intended to be exhaustive.*

10.1.1 *Investment in AIM securities*

An investment in companies whose shares are traded on AIM is perceived to involve a higher degree of risk and be less liquid than an investment in companies whose shares are listed on the Official List. AIM is a market designed primarily for emerging or smaller companies. An investment in the Ordinary Shares may be difficult to realise. Existing and prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may realise less than their investment. Further, a quotation on AIM will afford Shareholders a lower level of regulatory protection than that afforded to shareholders in a company with its shares listed on the premium segment of the Official List.

10.1.2 *Share price volatility and liquidity*

The share price of quoted companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some of which are specific to the Company and its operations and some of which may affect quoted companies generally. These factors could include the performance of the Company, large purchases or sales of Ordinary Shares, legislative changes and general economic, political or regulatory conditions.

10.1.3 *Additional capital requirements and dilution*

The Company may require additional capital in the future for expansion, future acquisitions and/or business development. If the Company does not generate sufficient cash through its operations, it may need to raise additional capital from equity or debt sources. If additional funds are raised through the issuance of new shares or equity-linked securities of the Company, other than on a pro rata basis to existing Shareholders, the percentage of Ordinary Shares held by the existing Shareholders may be reduced. Shareholders may experience subsequent dilution and/or such securities may have preferred rights which are senior to those attached to the Ordinary Shares. Further, there can be no guarantee that further capital raisings will be successful.

11. General

11.1 It is estimated that the total costs and expenses payable by the Company in connection with or incidental to the Cancellation and Admission including London Stock Exchange fees, printing, advertising and distribution costs, legal, accounting and corporate finance fees are estimated to amount to approximately £250,000 (excluding any VAT payable thereon).

- 11.2 Stockdale Securities Ltd has given and not withdrawn its written consent to inclusion in this document of references to its name in the form and context in which it appears.
- 11.3 Deloitte LLP of Deloitte House, Station Place, Cambridge CB1 2FP, which is a member of the Institute of Chartered Accountants in England and Wales, audited the Company's accounts for the periods since its incorporation to 30 September 2016.
- 11.4 The address of the Company's website which discloses the information required by Rule 26 of the AIM Rules is www.lakehouse.co.uk.
- 11.5 Save as disclosed in this document or in the Company's Public Record, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has within the twelve months preceding the date of this document received directly or indirectly from the Company, or has entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission:
- 11.5.1 fees totalling £10,000 or more; or
 - 11.5.2 securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or
 - 11.5.3 any other benefit with a value of £10,000 or more at the date of Admission.
- 11.6 No public takeover bids have been made by third parties in respect of the Company's issued share capital during the financial year ended 30 September 2016 or during the current financial year up to the date of this document.
- 11.7 Save as disclosed in the Company's Public Record, the Directors are not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year.

10 April 2017

DEFINITIONS

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

“Admission”	the admission of the entire issued ordinary share capital of the Company to trading on AIM in accordance with the AIM Rules for Companies
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies and the AIM Rules for Nominated Advisers
“AIM Rules for Companies”	the rules which set out the obligations and responsibilities in relation to companies whose shares are admitted to trading on AIM, as published by the London Stock Exchange from time to time
“AIM Rules for Nominated Advisers”	the rules which set out the eligibility, obligations and certain disciplinary matters in relation to nominated advisers as published by the London Stock Exchange from time to time
“Cancellation” or “Delisting”	the proposed cancellation of the listing of the Ordinary Shares on the Official List and from trading on the Main Market
“Capita Asset Services”	a trading name of Capita Registrars Limited
“Company” or “Lakehouse”	Lakehouse plc, a company registered in England and Wales with registered number 9411297
“CREST”	the relevant system, as defined in the CREST Regulations, and the holding of shares in uncertificated form in respect of which Euroclear is the operator (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended
“CSOP”	the Lakehouse plc Company Share Option Plan
“DSBP”	the Lakehouse plc Deferred Share Bonus Plan
“Directors” or “Board”	the directors of the Company, whose names are set out on page 3 of this document
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“FCA”	the Financial Conduct Authority
“FSMA”	the Financial Services and Markets Act 2000, as amended from time to time
“Group”	the Company and its subsidiaries
“London Stock Exchange”	London Stock Exchange plc
“Main Market”	the London Stock Exchange’s main market for listed securities
“Nominated Adviser”	a nominated adviser, as required by the AIM Rules

"Official List"	the list maintained by the UKLA in accordance with section 74(1) of FSMA for the purposes of Part VI of FSMA
"Ordinary Shares"	ordinary shares of 10 pence each in the capital of the Company
"PSP"	the Lakehouse plc Performance Share Plan
"Stockdale"	Stockdale Securities Ltd, the Company's financial adviser and corporate broker and the proposed Nominated Adviser and corporate broker to the Company from Admission
"Proposals"	the Move to AIM
"Prospectus Rules"	the rules made for the purposes of Part VI of FSMA in relation to offers of securities to the public and admission of securities to trading on a regulated market
"Registrar"	Capita Asset Services
"SAYE Scheme"	the Lakehouse plc Sharesave Scheme
"Shareholder"	a holder of Ordinary Shares from time to time
"SIAP"	the Lakehouse plc Special Incentive Award Plan
"SIP"	the Lakehouse plc Share Incentive Plan
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"UKLA"	the FCA, acting in its capacity as the competent authority for the purposes of Part VI of FSMA