

Company number 9771036

LLOYD REEVES LIMITED
(the "Company")

SCHEDULE

to the written special resolutions of the Company circulated on 31/08/2016

Rights attaching to the Preferred Shares

The rights attached to the Preferred Shares are as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Schedule, the following words shall have the following meanings (unless the context otherwise requires):

"Act"	Companies Act 2006;
"Articles"	the articles of association of the Company for the time being;
"Available Profits"	profits available for distribution within the meaning of part 23 of the Act;
"Directors"	the directors of the Company for the time being;
"Disposal"	other than pursuant to an intra-group reorganisation, the sale or other disposal (whether by one transaction or a series of related transactions) of the whole or substantially the whole of the assets or undertaking of the Group (where substantially shall mean assets or undertakings accounting for at least 50% of the Group's turnover);
"Exit"	the earlier to occur of: (a) a Sale; or (b) a Disposal; or (c) a Listing; or (d) a Liquidation;
"Group"	the Company and any subsidiary (as that term is defined in section 1159 of the Act together with any company whose shares are registered in the name of another person (or its nominee), by way of security or in connection with the taking of security) of the Company from time to time;
"Group Company"	each and any body corporate in the Group;
"Investor Consent"	the prior written consent of the holder(s) for the time being of a majority in number of the issued Preferred Shares from time to time;
"Issue or Re-organisation"	any return of capital, issue of Shares or other securities of the Company by way of capitalisation of profits or reserves (other than a capitalisation issue in substitution for, or as an alternative to, a cash dividend which is made available to the holders of Preferred Shares), any consolidation, sub-division or re-classification or the cancellation of any shares following

	a repurchase or redemption of Shares (other than Preferred Shares), or any variation in the Issue Price or conversion rate applicable to any other outstanding Shares of the Company;
"Issue Price"	in respect of any Share, the subscription price paid (or agreed to be paid) in respect of that Share, including any share premium;
"Liquidation"	the making of an order or passing of a resolution for the winding up of the Company;
"Listing"	the successful application and admission of all or any of the Shares, or securities representing such Shares (including American depositary receipts, American depositary shares and/or other instruments) to the Official List of the Financial Conduct Authority or on the AIM market operated by the London Stock Exchange plc, or the Nasdaq National Stock Market of the Nasdaq Stock Market Inc., or to any recognised investment exchange (as defined in section 285 of the Financial Services and Markets Act 2000);
"Ordinary Shares"	the ordinary shares of £1 each in the capital of the Company;
"Preferred Shares"	the preferred ordinary shares of £1 each in the capital of the Company;
"Relevant Securities"	<p>any Shares or other securities convertible into, or carrying the right to subscribe for Shares, issued by the Company after the Resolution Date, other than:</p> <ul style="list-style-type: none"> (a) the grant of any options under, or issue of Shares pursuant to, an employees' share scheme (within the meaning of section 1166 of the Act); (b) any Shares or other securities issued by the Company in order for the Company to give effect to the rights attaching to the Preferred Shares set out in this Schedule; and (c) any Shares or other securities issued in consideration of the acquisition by the Company of any company or business which has been approved by the Directors;
"Resolution Date"	the date on which the resolution authorising the first allotment of Preferred Shares to which this Schedule is appended was passed by the Shareholders;
"Sale Proceeds"	the consideration payable (including any deferred and/or contingent consideration) whether in cash or otherwise to those Shareholders selling Shares in a Sale (less any fees and expenses payable by the selling Shareholders under that Sale);
"Sale"	<ul style="list-style-type: none"> (a) other than as a result of an intra-group reorganisation, the completion of an agreement for the sale (whether by one transaction or a series of related transactions) of all or substantially all of the equity share capital of the Company (or any Group Company to which all or substantially all of the business or assets of the Company have been transferred); or (b) the completion of the acquisition, or where more than one, the last such acquisition, of equity share capital of the Company (or any Group Company to which all or substantially all of the business or assets of the Company has been transferred) made pursuant to an offer as a result of which the offeror becomes entitled or bound

to acquire the remainder of such equity share capital,

and for the purposes of paragraph (b) of this definition, the date of completion of the acquisition shall be the date upon which the last acquisition is completed and reference to the offeror shall include any person with whom he is acting in concert;

“Shareholder”	a holder for the time being of any Shares (excluding any member holding Shares in treasury);
“Shares”	shares (of any class) in the capital of the Company; and
“Valuer”	a firm of chartered accountants agreed between the holders for the time being of a majority in number of the issued Preferred Shares and the Directors or, in default of agreement within 10 Business Days of the first name being proposed by either of them, as appointed by the President of the Institute of Chartered Accountants in England and Wales on the application of any holder of Preferred Shares or the Directors.

- 1.2 A reference to this **“Schedule”** is to this schedule to the resolution of the Shareholders passed on the Resolution Date and a reference to a **“paragraph”** is to a paragraph of this Schedule.
- 1.3 Sections 5, 6, 9 and 21(1) of, and schedule 1 to, the Interpretation Act 1978 (as amended) shall apply in this Schedule in the same way as they do to statutes (except to the extent that any term defined in that Act conflicts with any express definition in this Schedule).
- 1.4 A reference in this Schedule to the words **“include(s)”** or **“including”** means include(s) or including in each case without limitation.
- 1.5 Any reference to any statute or statutory provision in this Schedule shall include any subordinate legislation made under the relevant statute or statutory provision and shall be construed as a reference to such statute, statutory provision or subordinate legislation as re-enacted, amended, replaced or extended from time to time before the Resolution Date.

2. VARIATION OF THE RIGHTS ATTACHING TO THE PREFERRED SHARES

- 2.1 The rights attached to the Preferred Shares may be varied or abrogated (either whilst the Company is a going concern or during or in contemplation of a winding up) with the consent in writing of the holders of at least 75% in nominal value of the issued Preferred Shares.
- 2.2 Without prejudice to the generality of paragraph 2.1, the special rights attaching to the Preferred Shares shall be deemed to be varied by the occurrence of any of the following events:
 - 2.2.1. the amendment or repeal of any provision of, or addition of any provision to, the constitution of any Group Company;
 - 2.2.2. the alteration in any manner (including, without limitation, by an increase, reduction, sub-division, consolidation, re-classification or a change in any of the rights attached) of any of the issued share capital or other securities of any Group Company or the creation by any Group Company of any shares or other securities (save as expressly provided for in this Schedule); or
 - 2.2.3. any Group Company incurring any obligation (whether or not conditional) to do any of the foregoing.
- 2.3 The creation of a new class of Shares which has preferential rights to one or more existing classes of Shares shall not, except as provided in paragraph 2.2, constitute a variation of the rights of those existing classes of Shares.

3. VOTING

The Preferred Shares will not entitle the holders thereof to receive notice of general meetings and neither will they entitle the holders to attend or vote at any general meeting.

4. DIVIDENDS

The holders of the Preferred Shares shall be entitled to receive all cash dividends that may be declared from time to time by the Company on a like basis to that of the Ordinary Shareholders (including such basis as may be varied from time to time with respect to the Ordinary Shares by resolution of the members).

5. CAPITAL

5.1 On a return of capital on Liquidation or otherwise (except on a redemption or purchase by the Company of any Shares), the surplus assets of the Company remaining after the payment of its liabilities shall be applied in the following order of priority:

- 5.1.1. first, in paying to each holder of Preferred Shares in respect of each Preferred Share of which it is the holder, an amount equal to two times its Issue Price;
- 5.1.2. secondly (subject to the rights of the Ordinary Shareholders to vary any such entitlement at any time and provided that it does not affect the rights of the Preferred Shares set out in paragraph 5.1.1), in paying to the holders of the Ordinary Shares in respect of each Ordinary Share its Issue Price; and
- 5.1.3. the balance of such assets (if any) shall be distributed amongst the holders of the Ordinary Shares and Preferred Shares to be apportioned proportionately to the number of Ordinary Shares and Preferred Shares held by each member,

provided that nothing in this paragraph shall affect the rights of the Ordinary Shareholders to vary the priority of any distribution or alter, reduce or increase the rights of any class of Ordinary Shares to share in any distribution of assets which might affect the entitlements set out in paragraphs 5.1.2 or 5.1.3, provided only that such variation does not affect the rights of the Preferred Shareholders set out in paragraph 5.1.1.

6. REDEMPTION

6.1 The Company may, at any time on not less than one month's written notice to the holders of Preferred Shares, redeem such total number of Preferred Shares as is specified in such notice.

6.2 The Company may at any time, and from time to time, redeem any number of Preferred Shares and shall give the holders of the Preferred Shares notice in writing of such proposed redemption (a "**Company Redemption Notice**"). The Company Redemption Notice shall specify the Preferred Shares to be redeemed and the date fixed for redemption and shall be given not less than 7 days prior to the date fixed for redemption.

6.3 Upon and at any time after (i) any general meeting of the Company being convened, or (ii) any resolution being proposed or circulated for agreement (whether in accordance with Chapter 2 of Part 13 of the Act or otherwise), or (iii) or any resolution or binding decision being made (without Investor Consent) which would give rise to, be deemed to give rise to, or effect:

- 6.3.1. (including, by virtue of paragraph 2.2) a variation of the rights attaching to the Preferred Shares; or
- 6.3.2. the winding up of the Company or its dissolution,

the holders for the time being of a majority in number of the issued Preferred Shares may require the Company, by serving on it a notice (a “**Shareholder Redemption Notice**”), to redeem such amount of Preferred Shares as is specified in such notice.

- 6.4 The holders of Preferred Shares shall be entitled to withdraw a Shareholder Redemption Notice if they serve the Company with written notice to that effect before the redemption takes place.
- 6.5 Where a Shareholder Redemption Notice has been duly given, the Company shall be obliged, subject to having sufficient Available Profits with which to redeem the same, to redeem the Preferred Shares specified in the Shareholder Redemption Notice on the third Business Day following the receipt of such notice (which day shall be the date fixed for redemption).
- 6.6 If the Company is unable, because of having insufficient Available Profits, to redeem in full the relevant number of Preferred Shares on the date fixed for redemption, the Company shall redeem as many of such Preferred Shares as can lawfully and properly be redeemed.
- 6.7 The number of Shares to be redeemed shall be apportioned between those holders of the Preferred Shares then in issue pro rata according to the number of Preferred Shares held by them respectively at the date fixed for redemption.
- 6.8 On the date fixed for redemption, each of the holders of the Preferred Shares falling to be redeemed shall be bound to deliver to the Company, at the Company's registered office, the certificate(s) for such Preferred Shares (or an indemnity, in a form reasonably satisfactory to the Board, in respect of any lost certificate) in order that the same may be cancelled. Upon such delivery, the Company shall pay to the holder (or, in the case of any joint holders, to the holder whose name stands first in the Company's register of members in respect of such Shares) the amount due to it in respect of such redemption against delivery of a proper receipt for the redemption of monies and in default of such payment the Company shall immediately return the share certificates to the relevant holders of such Preferred Shares.
- 6.9 If any certificate delivered to the Company pursuant to paragraph 6.8 includes any Preferred Shares not falling to be redeemed on the date fixed for redemption, a new certificate in respect of those Shares shall be issued to the holder(s) thereof as soon as practicable thereafter (and, in any event, within 20 Business Days thereafter).
- 6.10 There shall be paid on the redemption of each Preferred Share an amount equal to:
- 6.10.1. its Issue Price; and
- 6.10.2. all accruals and/or unpaid amounts of dividend in respect thereof, calculated down to and including the date of actual payment,
- and the amount referred to in paragraph 6.10 shall become due from and immediately payable by the Company to the holders of such Preferred Shares.
- 6.11 All Shares redeemed pursuant to this paragraph 6 shall be cancelled and shall not be available for re-issue.
- 6.12 Where any date for redemption falls on a day which is not a Business Day, redemption shall take place on the next succeeding Business Day. If that next succeeding Business Day is in the month following the month in which payment would otherwise be made, payment shall take place on the next preceding Business Day.

7. EXIT

- 7.1 On a Sale, the Sale Proceeds shall be distributed in the manner and the order of priority set out in paragraph 5. The Directors shall not register any transfer of Shares if the Sale Proceeds are not distributed in that manner (save in respect of any Shares not sold in connection with that Sale) provided that, if the Sale Proceeds are not settled in their entirety upon completion of the Sale:

- 7.1.1. the Directors may register the transfer of the relevant Shares, provided that the Sale Proceeds due on the date of completion of the Sale have been distributed in the order of priority set out in paragraph 5; and
 - 7.1.2. each Shareholder shall take any reasonable action (to the extent lawful and within its control) required by the holders of a majority in number of the issued Preferred Shares to ensure that the balance of the Sale Proceeds are distributed in the order of priority set out in paragraph 5.
- 7.2 On a Disposal, the surplus assets of the Company remaining after payment of its liabilities shall be distributed (to the extent that the Company is lawfully permitted to do so) in the order of priority set out in paragraph 5, provided always that if it is not lawful for the Company to distribute its surplus assets in that manner, each Shareholder shall (to the extent lawful and within its control) take any reasonable action required by the holders of a majority in number of the issued Preferred Shares (including without limitation, putting the company into solvent liquidation).

8. CONVERSION OF PREFERRED SHARES

- 8.1 All of the Preferred Shares shall automatically convert into Ordinary Shares on the date of a Listing.
- 8.2 At least 1 Business Day before the date of the Listing, each holder of the relevant Preferred Shares converted or to be converted shall deliver the certificate(s) (or an indemnity in a form reasonably satisfactory to the Directors for any lost share certificate) for the Preferred Shares being converted (together with such other evidence (if any) as the Directors may reasonably require to prove good title to those Shares) to the Company at its registered office for the time being.
- 8.3 Conversion of the Preferred Shares shall only be effective immediately before such Listing. If such Listing does not become effective, or does not take place, such conversion shall be deemed not to have occurred.
- 8.4 On conversion pursuant to this paragraph 8 the relevant Preferred Shares shall (without any further authority) stand converted into Ordinary Shares on the basis of one Ordinary Share for each Preferred Share held (subject to adjustment to take account of any sub-division, consolidation or re-classification of either the Preferred Shares or the Ordinary Shares at any time before a conversion in accordance with this paragraph 8) and the Ordinary Shares resulting from the conversion shall rank *pari passu* in all respects with the existing issued Ordinary Shares; and
- 8.5 Forthwith following a conversion pursuant to this paragraph 8, the Company shall enter the holder(s) of the converted Preferred Shares in the register of Shareholders of the Company as the holder(s) of the appropriate number of Ordinary Shares and, subject to the relevant holder of Preferred Shares delivering the relevant share certificate(s) (or indemnity or other evidence) in respect of the Preferred Shares in accordance with paragraph **Error! Reference source not found.**, the Company shall, within 10 Business Days of conversion, forward a definitive share certificate for the appropriate number of fully paid Ordinary Shares to such holder of converted Preferred Shares, by post to his address as shown in the Company's register of Shareholders, at his own risk and free of charge.

9. ANTI-DILUTION

- 9.1 If the Company issues any Relevant Securities without consideration or for a consideration per Share less than the Issue Price of the Preferred Shares (a **"Qualifying Issue"**), the Company shall make a bonus issue of such number of Preferred Shares (**"Anti-Dilution Shares"**) to each holder for the time being of Preferred Shares (unless and to the extent that any such holder of Preferred Shares has specifically waived its rights in whole or in part under this paragraph 9 in writing or ceases to be eligible to exercise its rights under this paragraph 9 by virtue of paragraph 10.5.2) (each an **"Eligible Investor"**).

- 9.2 The number of Anti-Dilution Shares to be issued to each Eligible Investor shall be the number equal to N (rounded down to the nearest whole number), where N is calculated as follows:

$$N = [(PIP / WA) \times Z] - Z$$

Where:

N = the number of Anti-Dilution Shares to be issued to the Eligible Investor.

DRP = the Issue Price (in pounds sterling) per Relevant Security of the Qualifying Issue.

PIP = the Issue Price of each Preferred Share subscribed by the relevant Eligible Investor.

Z = the number of Preferred Shares held by the relevant Eligible Investor prior to the Qualifying Issue (but excluding any Preferred Shares acquired as a result of any previous operation of this paragraph 9).

$$WA = [(PIP \times SC) + (DRP \times NS)] / (SC + NS).$$

SC = the total number of Shares in the issued equity share capital (as defined in section 548 of the Act) of the Company (excluding any Preferred Shares acquired as a result of any previous operation of this paragraph 9) the total number of equity securities (as defined in section 560(1) of the Act) of the Company, in each case immediately prior to the Qualifying Issue.

NS = the total number of Relevant Securities comprised within the Qualifying Issue.

- 9.3 The Anti-Dilution Shares shall:

9.3.1. be paid up by the automatic capitalisation of available reserves of the Company (without any further authority required);

9.3.2. within 15 Business Days of the date of the Qualifying Issue be issued to the relevant Eligible Investors in accordance with paragraph 9.2 and credited as fully paid up in cash; and

9.3.3. shall rank pari passu in all respects with the existing Preferred Shares.

- 9.4 If and to the extent that the Company is prohibited from issuing the Anti-Dilution Shares in accordance with paragraph 9.3 (whether by virtue of the Act or otherwise), the entitlement of each Eligible Investor to such an issue of Anti-Dilution Shares shall be reduced in the same proportion that its holding of Preferred Shares bears to the total number of Preferred Shares then in issue and each Eligible Investor shall be entitled, at any time, to subscribe at par for the balance of that number of Anti-Dilution Shares to which he would otherwise be entitled to receive pursuant to paragraph 9.2 and, following such a subscription, paragraph 9.3.3 shall apply.

- 9.5 In the case of an issue of Relevant Securities for a consideration in whole or in part other than in cash, the Issue Price of each Relevant Security for the purposes of paragraph 9.1 and paragraph 9.2 shall be a price certified by the Valuer (acting as experts and not as arbitrators) as being, in their opinion, the current cash value of the non-cash consideration for the allotment of the Relevant Securities.

- 9.6 In the event of any Issue or Re-organisation, the Issue Price of each Preferred Share shall be adjusted to take account of such Issue or Re-organisation on such basis as may be agreed between the Directors and the holders for the time being of the Preferred Shares or, failing such agreement within 15 Business Days after (and excluding) the date of such Issue or Re-organisation, as determined by the Valuer (at the Company's cost).

- 9.7 If there is a dispute between the Company and any holder for the time being of Preferred Shares as to the operation of this paragraph 9, the matter shall be referred (at the cost of the Company) to the Valuer who shall determine the number of Anti-Dilution Shares to be issued.
- 9.8 The Valuer's determination of any matter under this paragraph 9 shall, in the absence of manifest error, be final and binding on the Company and each of its Shareholders.

10. PRE-EMPTION RIGHTS ON THE ISSUE OF FURTHER SHARES

- 10.1 Other than as may be determined by special resolution of the Company (and with Investor Consent), any unissued Relevant Securities from time to time shall, before they are issued, be offered to all the Shareholders (including the holders of the Preferred Shares and the Ordinary Shares) in proportion to the amounts (excluding any premium paid on subscription) paid up on the Shares held by them respectively (and such offer shall be at the same price and on the same terms to each such Shareholder). Such offer shall be made by notice specifying the number of Relevant Securities offered, the proportionate entitlement of the relevant Shareholder, the price per Share and limiting a period (being not less than 20 Business Days) within which the offer, if not accepted, will be deemed to be declined. After the expiration of such period the Directors shall offer the Relevant Securities so declined to the Shareholders who have, within the said period, accepted all the Relevant Securities offered to them in the same manner as the original offer and limited by a period of not less than 10 Business Days. If any Relevant Securities comprised in such further offer are declined or deemed to be declined such further offer shall be withdrawn in respect of such Relevant Securities. At the expiration of the time limited by the notice(s) the Directors shall allot the Shares so offered to or amongst the Shareholders who have notified their willingness to take all or any of such Shares in accordance with the terms of the offer. No Shareholder shall be obliged to take more than the maximum number of Relevant Securities he has indicated his willingness to take.
- 10.2 In respect of any Relevant Securities not accepted pursuant to paragraph 10.1 above or not capable of being so offered except by way of fractions or in respect of any Relevant Securities released from the provisions of paragraph 10.1 by special resolution as therein specified, shall be at the disposal of the Company and the Directors may allot, grant options over or otherwise dispose of them to such persons at such times and generally on such terms and conditions as they think proper, provided that no Shares shall be issued at a discount and provided further that, in the case of Shares not accepted as aforesaid, such Shares shall not be disposed of on terms which are more favourable to the subscribers thereof than the terms on which they were offered to the Shareholders, or at a discount. No Share shall be issued more than 3 months after the end of the period for the acceptance of the last offer made under paragraph 10.1 unless the procedure in paragraph 10.1 and this paragraph 10.2 is repeated in relation to that Share.
- 10.3 The discretion of the Directors contained in this paragraph as to the allotment and disposal of and the granting of any option over the Shares shall in any event be subject to the provisions of any agreement relating thereto binding on the Company from time to time and any directions contained in any resolution creating such Shares.
- 10.4 Any Shares allotted hereunder to any holder of Preferred Shares or Ordinary Shares shall upon such allotment become Preferred Shares or Ordinary Shares respectively (as the case may be) to rank *pari passu* with the existing Preferred Shares or Ordinary Shares.
- 10.5 If an offer is made to the holders for the time being of the Preferred Shares pursuant to paragraph 10.1 and, collectively, the holders for the time being of the Preferred Shares do not accept at least 6% of the Relevant Securities making up their proportionate entitlement pursuant to such offer, then:
- 10.5.1. the holders of the Preferred Shares shall cease to be entitled to participate in any future offer of Relevant Securities made pursuant to paragraph 10.1, all references in that paragraph to "Preferred Shares" shall be deemed to be deleted and all references to Shareholders shall be deemed to be amended to become "Ordinary Shareholders";

10.5.2. paragraph 9 shall cease to apply.