

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, if you are in the United Kingdom, or if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Palletforce Shares, please send this document together with the accompanying documents but not the personalised Forms of Proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction. If you have sold or otherwise transferred only part of your holding of Palletforce Shares, you should retain those documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The release, publication or distribution of this document and/or the accompanying Forms of Proxy (in whole or in part) in or into jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

RECOMMENDED CASH ACQUISITION

(to be effected by means of a scheme of arrangement under Part 26 of the Companies Act 2006)

of

PALLETFORCE PLC

by

FORCEFIELD BIDCO LIMITED

(a newly incorporated company indirectly and wholly owned by EmergeVest Fund B LP, a fund which is ultimately managed by EmergeVest GP B Limited and advised by EmergeVest Limited)

This document (including any document incorporated into it by reference) and the accompanying Forms of Proxy should be read as a whole. Your attention is drawn to the letter from the Chairman of Palletforce in Part I of this document, which contains the unanimous recommendation of the Independent Palletforce Directors that you vote in favour of the Resolutions. A letter from Cattaneo LLP explaining the Scheme appears in Part II (Explanatory Statement) of this document and constitutes an explanatory statement in compliance with section 897 of the Companies Act.

Notices of the Court Meeting, the Class Meeting and the General Meeting, each of which will be held on Monday 14 September 2015 at the Radisson Blu Hotel, East Midlands Airport, Herald Way, Pegasus Business Park, Castle Donington, Derby, DE74 2TZ, are set out in Part IX (*Notice of Court Meeting*), Part X (*Notice of Class Meeting*) and Part XI (*Notice of General Meeting*) respectively of this document. The Court Meeting will start at 10.00 a.m. on Monday 14 September 2015 and the times for the other Meetings to be held on the same day are set out on page 6. **The action to be taken by Shareholders is set out in the sections of this document headed, “Action to be taken” and “To Vote on the Acquisition” on pages 7 and 8 of this document.**

Cattaneo LLP is acting exclusively for Palletforce and nobody else in connection with the Acquisition and will not be responsible to anyone other than Palletforce for providing the protections afforded to clients of Cattaneo LLP or for providing advice in relation to the Acquisition, the content of this document or any matter referred to in this document.

KPMG LLP, which is authorised and regulated by the Financial Conduct Authority for investment business activities, is acting exclusively as financial adviser to Forcefield Bidco in relation to the Acquisition and is not acting for any other person in relation to such Acquisition. KPMG LLP will not be responsible to anyone other than Forcefield Bidco for providing the protections afforded to its clients or for providing advice in relation to the Acquisition or any other matters referred to in this document.

Holders of Ordinary Shares will find enclosed with this document Forms of Proxy of differing colours according to the Meetings at which they are entitled to vote, as set out on page 8. Holders of B Ordinary Shares have already provided their required sanctions and will not be voting at any of the Meetings.

Whether or not you plan to attend the Meetings in person, please complete and sign all applicable Forms of Proxy accompanying this document in accordance with the instructions printed on them and return them to Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA as soon as possible and, in any event, not later than 48 hours before the relevant meeting (excluding any day that is not a working day). If the Pink Form of Proxy for the Court Meeting is not lodged by the relevant time, it may be handed to Palletforce’s Receiving Agent, Neville Registrars on behalf of the Chairman at the Court Meeting before the taking of the poll. However, in the case of the Class Meeting and the General Meeting, if a Blue Form of Proxy or a White Form of Proxy (respectively) is not lodged by the relevant time, it will be invalid.

The completion and return of a Form of Proxy will not prevent you from attending the Court Meeting, the Class Meeting or the General Meeting (or any adjournment thereof) and voting in person should you so wish and are so entitled.

If you have any questions about this document, the Meetings, or are in any doubt as to how to complete the Forms of Proxy, please call Palletforce’s Receiving Agent, Neville Registrars, between 9.00 a.m. and 5.00 p.m. on Monday to Friday (except UK public holidays), on 0121 585 1131 (from within the UK) or +44 121 585 1131 (from outside the UK).

Words and phrases used in this document shall have the meanings given to them in Part VIII (*definitions*) of this document.

IMPORTANT NOTICE

OVERSEAS JURISDICTIONS

Palletforce Shareholders who are not resident in and citizens of the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions.

The release, publication or distribution of this document in or into jurisdictions other than the United Kingdom may be restricted by law and therefore persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. This document has been prepared for the purposes of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

Unless otherwise determined by Forcefield Bidco or required by the Code and permitted by applicable law and regulation, the Acquisition will not be made available directly or indirectly, into or from any jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Scheme if to do so would constitute a violation of the laws in that jurisdiction. Accordingly, unless otherwise determined by Forcefield Bidco or required by the Code and permitted by applicable law and regulation, copies of this document and formal documentation relating to the Acquisition will not be and must not be, mailed or otherwise forwarded, distributed or sent in, into or from any jurisdiction where to do so would violate the laws of that jurisdiction.

STATEMENTS MADE IN THIS DOCUMENT

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set forth in this document since such date.

Nothing contained herein shall be deemed to be a forecast, projection or estimate of the future financial performance of Palletforce, the Palletforce Group, Forcefield Bidco or the Forcefield Bidco Group, unless otherwise stated.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document (including information incorporated by reference in this document), oral statements made regarding the Acquisition and other information published by Forcefield Bidco and Palletforce contain statements that are or may be forward-looking statements. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the respective management of Forcefield Bidco and Palletforce about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Actual results may differ materially from those expressed in the forward-looking statements depending on a number of factors, including the satisfaction of the Conditions, future market conditions, the behaviour of other market participants, an adverse change in the economic climate, and the extent to which Palletforce's business is successfully integrated within Forcefield Bidco, among others. Many of these risks and uncertainties relate to factors that are beyond the relevant company's ability to control or estimate precisely, such as future market conditions and the behaviours of other market participants and, therefore, undue reliance should not be placed on such statements.

The forward-looking statements contained in this document include statements relating to the expected effects of the Acquisition on Forcefield Bidco and Palletforce, the expected timing and scope of the Acquisition and other statements other than historical facts. All statements other than statements of historical facts included in this document may be forward-looking statements. Without limitation, any statements preceded or followed by or that include the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "should", "could", "would", "may", "anticipates", "estimates", "synergy", "cost-saving", "projects", "goal", "strategy", "budget", "forecast" or "might" or, words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Forcefield Bidco's or

Palletforce's operations and potential synergies resulting from the Acquisition; and (iii) the effects of government regulation on Forcefield Bidco's or Palletforce's business.

All subsequent oral or written forward-looking statements attributable to Forcefield Bidco or Palletforce or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. The forward-looking statements contained in this document are made as of the date of this document and each of Palletforce and Forcefield Bidco assumes no obligation and does not intend publicly to update or revise these forward-looking statements, whether as a result of future events, new information or otherwise, except as required pursuant to applicable law.

DEALING DISCLOSURE REQUIREMENTS OF THE CODE

Under Rule 8.3(a) of the Code, any person who is interested in one percent or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th Business Day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in one percent or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

ELECTRONIC COMMUNICATIONS

Please be aware that addresses, electronic addresses and certain information provided by Shareholders, persons with information rights and other relevant persons for the receipt of communications from Forcefield Bidco may be provided to Forcefield Bidco during the Offer Period as requested under Section 4 of Appendix 4 of the Code to comply with Rule 2.12(c) of the Code.

PUBLICATION OF THIS DOCUMENT

A copy of this document (together with any document incorporated by reference) will be available free of charge, subject to any applicable restrictions relating to persons resident in Restricted Jurisdictions, on EmergeVest's website at www.EmergeVest.com/media and on Palletforce's website at www.offer.Palletforce.com from the time this document is published. For the avoidance of doubt, the contents of these websites are not incorporated into and do not form part of this document unless otherwise stated herein.

AVAILABILITY OF HARD COPIES

If you have received this document in electronic form, you may request a hard copy of this document and/or any information incorporated into this document by reference to another source by contacting Palletforce's Receiving Agent, Neville Registrars, between 9.00 a.m. and 5.00 p.m. on Monday to Friday (except UK public holidays), on 0121 585 1131 (if calling from the UK) and +44 121 585 1131 (if calling from outside the UK). You may also request that all future documents, announcements and information to be sent to you in relation to the Acquisition should be in hard copy form.

ROUNDING

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

This document is published on 21 August 2015.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The following indicative timetable sets out expected dates for the implementation of the Scheme

EVENT	TIME AND/OR DATE
Latest time for lodging Forms of Proxy for the:	
a) Court Meeting (Pink Form of Proxy)	10.00 a.m. on Thursday 10 September 2015 ⁽¹⁾
b) Class Meeting (Blue Form of Proxy)	10.15 a.m. on Thursday 10 September 2015 ⁽²⁾
c) General Meeting (White Form of Proxy)	10.30 a.m. on Thursday 10 September 2015 ⁽³⁾
Voting Record Time	6.00 p.m. Thursday 10 September 2015 ⁽⁴⁾
Court Meeting	10.00 a.m. on Monday 14 September 2015 ⁽⁵⁾
Class Meeting	10.15 a.m. on Monday 14 September 2015 ⁽⁵⁾
General Meeting	10.30 a.m. on Monday 14 September 2015 ⁽⁵⁾

The following dates are indicative only and are subject to change and will depend upon: (i) the date upon which the Court grants the order to sanction the Scheme; (ii) the date the Court order is stamped by HMRC; and (iii) the date the stamped order is delivered to the Registrar of Companies

Scheme Court Hearing	Thursday 24 September 2015
Scheme Record Time	6.00 p.m. on Friday 25 September 2015
Effective Date of the Scheme	On or about 5 October 2015
Despatch of cheques for cash consideration due under the Scheme	within 14 days of the Effective Date
Long Stop Date	15 January 2016 ⁽⁶⁾

Notes:

- (1) Pink Forms of Proxy for the Court Meeting must be lodged not later than 48 hours prior to the time appointed for the Court Meeting (excluding any day that is not a working day). Any Pink Forms of Proxy not so lodged may be handed to Palleforce's Receiving Agent, Neville Registrars, on behalf of the Chairman of the Court Meeting at such Court Meeting before the taking of the poll.
- (2) Blue Forms of Proxy for the Class Meeting must be lodged not later than 48 hours prior to the time appointed for the Class Meeting (excluding any day that is not a Business Day).
- (3) White Forms of Proxy for the General Meeting must be lodged not later than 48 hours prior to the time appointed for the General Meeting (excluding any day that is not a Business Day).
- (4) If any of the Meetings are adjourned, the Voting Record Time for the relevant adjourned meeting will be 6.00 p.m. on the date which is two Business Days before the date fixed for the relevant adjourned meeting.
- (5) Or as soon thereafter as the previous meeting in each case shall have concluded or been adjourned.
- (6) This is the latest date by which the Scheme may become effective unless Palleforce and Forcefield Bidco agree, and the Panel and the Court permit, a later date.

All references in this document to times are to London time unless otherwise stated.

To support the Scheme, please complete the Forms of Proxy enclosed with this document, indicating that you vote in favour of each Resolution and return them as soon as you can to the address stated on the form.

ACTION TO BE TAKEN

The Scheme will require approval at a meeting of voting Scheme Shareholders convened by order of the Court to be held at the Radisson Blu Hotel, East Midlands Airport, Herald Way, Pegasus Business Park, Castle Donington, Derby, DE74 2TZ at 10.00 a.m. on Monday 14 September 2015. Implementation of the Scheme will also require approval of the relevant Shareholders at the Class Meeting and the General Meeting to be held at the same place at 10.15 a.m. and at 10.30 a.m. respectively, on 14 September 2015 (or as soon after the Court Meeting is concluded or adjourned). Notices of the Meetings are set out in Parts IX, X and XI respectively.

The Scheme and the Acquisition are subject to the satisfaction or (if applicable) waiver of the Conditions set out in Part III (*Conditions to the implementation of the Scheme and to the Acquisition*) of this document. Implementation of the Scheme will require the passing of all the Resolutions.

Please check you have received with this document the following:

- (i) a Pink Form of Proxy for use at the Court Meeting;
- (ii) a Blue Form of Proxy for use at the Class Meeting;
- (iii) a White Form of Proxy for use at the General Meeting; and
- (iv) a pre-paid envelope for use in the UK.

Whether or not you plan to attend the Meetings in person, please complete and sign all the relevant enclosed Forms of Proxy in accordance with the instructions printed on them and return them to Palletforce's Receiving Agent, Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA by post as soon as possible and, in any event, so as to be received not later than the deadline set out on the relevant form.

If the Forms of Proxy relating to the Court Meeting are not lodged by the above time, they may be handed to Palletforce's Receiving Agent, Neville Registrars on behalf of the Chairman of the Court Meeting before the start of the Court Meeting.

The completion and return of a Form of Proxy will not preclude you from attending and voting in person at any of the Meetings, if you so wish and are so entitled.

It is important that, for the Court Meeting in particular, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of Scheme Shareholders' opinion. You are therefore strongly urged to complete and return your Forms of Proxy as soon as possible.

Notices convening the Court Meeting, the Class Meeting and the General Meeting are set out in Parts IX (*Notice of Court Meeting*), X (*Notice of Class Meeting*) and XI (*Notice of General Meeting*) of this document, respectively.

Once the necessary approvals from the Scheme Shareholders have been obtained and the other Conditions have been satisfied or (where applicable) waived, the Scheme must be approved by the Court. The Scheme will then become effective upon delivery of the Scheme Court Order to the Registrar of Companies.

Upon the Scheme becoming effective:

- it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting, the Class Meeting or the General Meeting (and if they attended whether or not they voted in favour); and
- share certificates in respect of Scheme Shares will cease to be valid.

SHAREHOLDER HELPLINE

If you have any questions about this document, the Court Meeting, the Class Meeting or the General Meeting, or are in any doubt as to how to complete the Forms of Proxy, please telephone Palletforce's Receiving Agent, Neville Registrars on 0121 585 1131 (or +44 121 585 1131 if telephoning from outside the UK) between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday, (excluding Bank holidays). Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply from mobile telephones and calls may be randomly monitored for security and training purposes. Please note that, for legal reasons, Neville Registrars' helpline will only be able to provide you with information contained in this document and will be unable to give advice on the merits of the Acquisition, or to provide legal, financial or taxation advice on the contents of this document.

TO VOTE ON THE ACQUISITION

This page should be read in conjunction with the rest of this document and, in particular, the notices of the Court Meeting, the Class Meeting and the General Meeting at the end of this document.

It is intended that the Acquisition be effected by means of a Court-sanctioned scheme of arrangement between Forcefield Bidco and the Scheme Shareholders under Part 26 of the Companies Act.

Shareholders are being asked to vote at three meetings at which the necessary resolutions will be proposed to give effect to the Acquisition. The three meetings are all being convened on Monday 14 September 2015 and will run consecutively. A summary is set out below and the individual notices setting out the resolutions are set out in Parts IX (*Notice of Court Meeting*), X (*Notice of Class Meeting*) and XI (*Notice of General Meeting*) of this document:

- (i) at 10.00 a.m. the Court Meeting is being convened to approve the Scheme. All Ordinary Scheme Shareholders, with the exception of the Management Team, will be entitled to vote at this meeting at which a resolution will be proposed to approve the terms of the Scheme. In order to pass the resolution a majority in number of the Ordinary Scheme Shareholders who are present and vote, either in person or by proxy, and who represent 75 percent or more in value of those Ordinary Scheme Shareholders must vote in favour. The Pink Form of Proxy, enclosed with this document, should be completed to vote on the resolution;
- (ii) at 10.15 a.m. (or as soon after the Court Meeting has concluded) the Class Meeting is being convened to approve a special resolution to consent to the passing of a resolution to be proposed at the General Meeting which varies the rights of the Ordinary Shares. All Ordinary Shareholders will be entitled to vote at the Class Meeting at which a special resolution will be proposed. A separate class meeting is required as there are two classes of shares. In order to pass this resolution, Shares representing 75 percent or more of the Ordinary Shares, voted either in person or by proxy, must vote in favour of the resolution. The Blue Form of Proxy, enclosed with this document, should be completed to vote on the resolution; and
- (iii) at 10.30 a.m. (or as soon after the Class Meeting has concluded) the General Meeting is being convened to approve two resolutions:
 - a. The Ordinary Resolution which is necessary under the Code to enable Independent Shareholders to vote on the Management Arrangements between Forcefield Bidco and the Management Team. All Ordinary Shareholders, with the exception of the Management Team, will be entitled to vote on this resolution. In order to pass the Ordinary Resolution a majority of 50 percent or more of the Ordinary Shares, voted either in person or by proxy on a poll, must vote in favour; and
 - b. The Special Resolution which is being proposed to authorise the Palletforce Directors to take such actions that are required to effect the Scheme and to amend the Articles of Association. All Ordinary Shareholders will be entitled to vote on the Special Resolution. In order to pass the Special Resolution, a majority of 75 percent or more of the Ordinary Shares, voted either in person or by proxy, must vote in favour. The White Form of Proxy, enclosed with this document, should be completed to vote at the General Meeting.

In order for the Scheme to be effective, all four resolutions which are to be proposed in those Meetings need to be duly passed by the requisite majority. The scheme also requires the approval of the Court.

The holders of the B Ordinary Shares have provided their required sanctions already and so do not vote on any of the Resolutions.

Whether or not you plan to attend the Meetings:

1. if you hold Ordinary Shares and are not a member of the Management Team you should complete, sign and return:
 - a. the Pink Form of Proxy for use at the Court Meeting, so as to be received by no later than the time for the meeting;
 - b. the Blue Form of Proxy for use at the Class Meeting, so as to be received by no later than 48 hours before the time for the meeting (excluding any day which is not a working day); and
 - c. the White Form of Proxy for use at the General Meeting, so as to be received by no later than 48 hours before the time for the meeting (excluding any day which is not a working day).
2. if you hold B Ordinary Shares in Palletforce you are not required to complete any Forms of Proxy in relation to those B Ordinary Shares as you have already consented to the Scheme and proposed variations to Palletforce's Articles of Association and undertaken to be bound by the Scheme.

If the Forms of Proxy for the Court Meeting, but not the Class Meeting or the General Meeting, are not returned by the above time, they may be handed to Palletforce's Receiving Agent, Neville Registrars on behalf of the Chairman of the Court Meeting before the start of such Meeting and will still be valid.

The completion and return of Forms of Proxy will not prevent you from attending and voting in person at the Court Meeting, the Class Meeting and/or the General Meeting, or any adjournments thereof, should you wish to do so and should you be so entitled.

IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF SCHEME SHAREHOLDERS' OPINION. YOU ARE THEREFORE STRONGLY URGED TO COMPLETE, SIGN AND RETURN YOUR FORMS OF PROXY AS SOON AS POSSIBLE.

SHAREHOLDER HELPLINE

If you have any questions about this document, the Meetings, or are in any doubt as to how to complete the Forms of Proxy, please telephone Palletforce's Receiving Agent, Neville Registrars on 0121 585 1131 (or +44 121 585 1131 if telephoning from outside the UK) between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (excluding Bank holidays). Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply from mobile telephones and calls may be randomly monitored for security and training purposes. Please note that, for legal reasons, Neville Registrars' helpline will only be able to provide you with information contained in this document and will not be able to give advice on the merits of the Acquisition, or to provide legal, financial or taxation advice on the contents of this document.

PART I

LETTER FROM THE CHAIRMAN OF PALLETFORCE



PALLETFORCE PLC

(Incorporated in England and Wales with registered number 04088035)

Directors:

John Brotherton (Chairman)*
Michael Conroy (Chief Executive Officer)
Neil Carpenter (Commercial and Financial Director)
John Hamill (Operations Director)
David Holland (Sales and Marketing Director)
Dean Hughes (IT Director)
Bedfords Limited (Represented by Steff Pfadenhauer))*†
Edwin C Farrall (Transport) Limited (Represented by Mike Farrall)*†
Pass J Holdings Limited (Represented by Steven O'Leary)*†
Redhead Freight Limited (Represented by Tony Suggitt)*†
WM Armstrong (Longtown) Limited (Represented by Geof Armstrong)*†

* Independent Palletforce Director

† Corporate Non Executive Director

Registered Office:

Palletforce PLC
Callister Way
Centrum West
Burton upon Trent
Staffordshire
DE14 2SY

21 August 2015

To Shareholders and, for information only, to holders of options or awards under the Palletforce Share Schemes and persons with information rights

Dear Shareholder,

Recommended Cash Acquisition of Palletforce PLC by Forcefield Bidco Limited

1. Introduction

On 13 August 2015, the Boards of Palletforce and Forcefield Bidco announced that they had reached agreement regarding the terms of a recommended cash offer to be made by Forcefield Bidco for the entire issued and to be issued share capital of Palletforce. The Acquisition is to be implemented by means of a Court sanctioned scheme of arrangement under Part 26 of the Companies Act requiring Shareholder approval at a Court meeting together with certain Management Arrangements.

The Acquisition values the entire issued and to be issued share capital of Palletforce at £30.0 million.

I am writing to you to set out the background to and terms of the Acquisition and the reasons why the Independent Palletforce Directors consider the terms of the Acquisition to be fair and reasonable both in relation to the holders of Ordinary Shares and the holders of B Shares together with our recommendation that the relevant shareholders vote in favour of the Scheme and in favour of the other Resolutions.

The Independent Palletforce Directors comprise, in addition to myself, the Corporate Directors namely Bedfords Limited, Edwin C Farrall (Transport) Limited, Pass J Holdings Limited, Redhead Freight Limited and WM Armstrong (Longtown) Limited. The Corporate Directors are acting through their representatives being Steff Pfadenhauer, Mike Farrall, Steven O'Leary, Tony Suggitt and Geof Armstrong respectively.

Details of the actions you should take in order to approve the Acquisition are set out on page 8 of this document and the recommendation of the Independent Palletforce Directors is set out in paragraph 16 of this Part I.

Forcefield Bidco has received irrevocable undertakings from the Palletforce Directors and certain other Shareholders to vote in favour of the necessary resolutions that will be put before Shareholders to implement the Acquisition and the Scheme in respect of a total of 532,125 Ordinary Shares. Of those, 27,000 Ordinary Shares held by the Management Team can only be voted at the Class Meeting and on the Special Resolution. Therefore Forcefield Bidco has received irrevocable undertakings to vote in favour of the Resolutions in

respect of Ordinary Shares representing 53.73 percent of the Ordinary Shares that confer the right to vote at the Court Meeting and on the Ordinary Resolution at the General Meeting and in respect of Ordinary Shares representing 55.02 percent of the Ordinary Shares that confer the right to vote at the Class Meeting and on the Special Resolution at the General Meeting.

It is very important that holders of Ordinary Shares either attend the Court Meeting to submit their vote in person or complete, sign and post the Pink Form of Proxy, which is enclosed with this document. An addressed postage paid envelope is provided for this purpose.

I draw your attention to the Explanatory Statement from Cattaneo LLP set out in Part II of this document, which gives details about the Acquisition, the Scheme to implement it and further information on Forcefield Bidco and its intentions following completion of the Acquisition.

2. Summary of the terms of the Acquisition

Under the terms of the Acquisition Scheme Shareholders on the register of members of Palletforce at the Scheme Record Time will be entitled to receive:

- **for each Ordinary Scheme Share: £27.393658 in cash**
- **for each B Scheme Share: £27.393658 in cash**

The same price is been offered for both the Ordinary Scheme Shares and the B Scheme Shares and any fractions of consideration due to Shareholders will be rounded down to the nearest whole penny.

The Acquisition values Palletforce at £30.0 million.

The Offer Price represents:

- (a) a premium of 94.6 percent to the average strike price of £14.08 for the matched bargain trading which took place on 30 June 2015 (being the date of the last matched bargain auction before the date of the Announcement); and
- (b) a premium of 410 percent to the net asset value per Palletforce Share as at 31 August 2014, based on the Company's audited accounts for the year ended 31 August 2014, of £5.37.

No dividends, including the interim dividend normally announced in July and paid in August, will be declared or paid by Palletforce prior to the Effective Date or (if applicable) the date on which any condition to the Scheme can no longer be satisfied or (if capable of waiver) waived.

The Acquisition is being implemented by way of a Court-sanctioned scheme of arrangement of Palletforce under Part 26 of the Companies Act. The purpose of the Scheme is to allow Forcefield Bidco to become the holder of the Scheme Shares.

Together with the Management Shares to be acquired by Forcefield Bidco pursuant to the terms of the Share Exchange Agreement, Forcefield Bidco will own the entire issued share capital of Palletforce following the Scheme becoming effective.

The Management Shares will not be subject to the Scheme. Those shares will be transferred to Forcefield Bidco pursuant to the Share Exchange Agreement in consideration for cash and the issue of loan notes in Forcefield Bidco to the Management Team. Further details of the Share Exchange Agreement are set out in paragraph 10(c) of Part VII of this document.

The Scheme and the arrangements with the Management Team require the approval of Scheme Shareholders and the Court. If the Scheme becomes effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting. The Acquisition is subject to the Conditions and further terms set out in Part III of this document, details of which are set out in the Explanatory Statement in Part II of this document.

It is expected that (subject to the satisfaction or waiver of the Conditions) the Scheme will become effective on or about 5 October 2015.

Further details of the Scheme are set out in Parts II to IV of this document.

3. Background to and reasons for the recommendation

Palletforce is a leading pallet network distribution business based in the UK and with operations across Europe in conjunction with its partner members of the ground-breaking Allnet consortium. The award-winning Company transports a wide variety of palletised goods for overnight delivery on behalf of Member's

businesses and has a customer base spread across most industrial and retail sectors, including manufacturing, construction, DIY, automotive and retailing. Palletforce maintains a world class 400,000 sq. ft. central hub in Burton upon Trent that it believes to be the best facility in the UK pallet network sector. Its in-house developed and market-leading Alliance IT System is considered to be best in class for supporting fast and complex network distribution in a multiple member environment.

In addition to having responsibility for the strategic direction, administration and control of the overall Palletforce business, the corporate centre of Palletforce provides a comprehensive range of services to Member companies. These include the maintenance and development of a comprehensive membership base, IT systems for consignment processing and tracking, central hub handling and control, inter-member billing and delivery tariff, network performance monitoring and KPI measurement systems, service product specification and design, maintenance and control of a national trunking matrix.

Palletforce commenced trading on 1 September 2001 following an enterprise start-up fund raising from the original founding shareholders and the Company's initial group of transport firm Members. Since formation, the Company has consistently grown at double-digit rates with total network revenue increasing to over £77 million in the year ended 31 August 2014 and within that hub revenues running at over £18 million. Profits have also increased strongly each year with the Company achieving profits before tax of £3.1 million in the year ended 31 August 2014. Volumes continue to grow at a fast rate and in the six months ended 28 February 2015 the Palletforce network collected and delivered nearly 1.5 million pallets, an increase of 20 percent over the corresponding period in the previous year.

Network Membership has grown to its current level of 88 Member firms and has experienced a very low annual level of churn since inception. Firms joining the network have historically been required to subscribe for Shares in the Company and become Shareholders. A waiting list of prospective new Members is maintained by Palletforce and a total of seven new Members have joined in the last twelve months.

Shareholders have benefitted from a progressive dividend policy. The Company has paid dividends every year with the exception of its first year of trading and in the last five years the dividend per Share has increased year-on-year from 67.0 pence per Share in 2010 to 94.6 pence per Share in 2013 followed by dividends, including a special dividend, in 2014 totalling 505.7 pence per Share.

Notwithstanding the strong income flow from dividends, there has been a desire on the part of certain Shareholders for the Board to provide them with an exit opportunity. Whilst in recent years the Board has received a number of approaches and has opened discussions with certain other networks in order to study consolidation opportunities that might improve efficiency and shareholder returns, none of these initiatives proved to be of sufficient interest and value or got to a sufficiently advanced stage to cause the Board to make a recommendation to Shareholders. When the Company was first approached by EmergeVest, the Directors considered its experience and intentions were of sufficient interest to pursue detailed discussions which have culminated in the agreed terms for this Acquisition.

EmergeVest wants the Management Team to run the business after it has bought it and therefore considered it essential to incentivise the Management Team to continue development of the Company. It has therefore invited the Management Team to invest alongside EmergeVest in the Forcefield Bidco Group. Further details of the Management Arrangements are set out in paragraph 8 below and in paragraph 10 of Part VII of this document. Under the Code Independent Shareholders will also have to approve the Management Arrangements at the General Meeting.

The Independent Palletforce Directors believe that Palletforce Shareholders should take into account the following factors in considering whether to vote in favour of the Acquisition:

- Including the special dividend the overall dividend return in the last five years has been £8.455 per Share and this equates to an average return of £1.691 per Share per annum over the last five years. The Offer Price of £27.393658 represents a multiple of around 16.2 times that historic average annual dividend return or, to put it another way, the equivalent of just over 16 years of dividends at that rate.
- Whilst Palletforce's shares are not listed on a recognised securities exchange, the Company has provided its Shareholders with the opportunity to buy and sell Shares on a matched bargain basis. The last Share exchange took place in June 2015 when 6,018 Shares changed hands at an average price per Share of £14.08 that valued the total issued and to be issued share capital of the Company at £15.4 million.
- The Offer Price values the Shares at a premium of 94.6 percent to the last traded price and a multiple of 12.3 times the profits after tax for the year ended 31 August 2014. The Offer Price represents a

premium of 410 percent to the net asset value per Share as at 31 August 2014, based on the Company's audited accounts for the year ended 31 August 2014 of £5.37.

- The Board believes the Acquisition represents an opportunity for Shareholders to receive a premium cash value now for their Shares whilst at the same time providing the Company with the opportunity to benefit from being owned by a party with a strong track record in the UK transportation sector. EmergeVest is committed to further developing the existing business model for the continued benefit of all network Members, with the same strong Management Team that runs Palletforce today.
- The Management Team will own approximately 25.0 percent of the voting rights and an overall interest of approximately £1.129 million in Forcefield Topco and so have a vested interest in the success of Palletforce going forward. Palletforce's success will, as ever, continue to depend upon the quality of the service provided to Members. The wellbeing of Member businesses has been paramount in discussions between the parties since the EmergeVest approach was first made.
- EmergeVest has also stated that it intends to maintain an advisory board that will initially comprise the representatives of the Corporate Directors. In addition, whilst Palletforce has been developing its network into Europe, the Acquisition provides an opportunity to use EmergeVest's experience to help the Company grow further internationally, including into China, an area of special interest for EmergeVest. We understand that some early analysis has already been performed regarding the viability of utilising the Palletforce business model on a regional basis on the Chinese mainland. The increasing influence of the Asia Pacific region on the UK and European trade should mean that this initiative is of welcome interest to our UK Members.

If you are in any doubt as to the action you should take you should contact your own independent financial adviser.

4. Current trading and prospects of Palletforce

Palletforce's audited financial statements for the year ended 31 August 2014, which were approved on 16 December 2014, showed that Palletforce's revenue was £18.36 million (2013 £14.69 million), gross profit was £10.82 million (2013 £9.44 million) and profit before taxation was £3.07 million (2013 £2.58 million). The net assets at 31 August 2014 were £5.54 million (2013 £7.99 million). The net assets included £6.48 million of cash balances (2013 £9.10 million). The reduction in net assets and cash balances are primarily the result of the Company paying equity dividends in the year of £5.05 million.

The Company's unaudited interim results for the six months ended 28 February 2015, which were approved by the Board on 19 May 2015, showed turnover of £10.45 million, gross profit of £5.55 million and profit before tax of £1.18 million. The net assets of the Company at 28 February 2015 were £5.54 million, including cash balances of £6.41 million.

Since 28 February 2015, Palletforce has continued to trade in line with the Palletforce Directors' expectations.

5. Forcefield Bidco's intentions for Palletforce and its management, employees and locations

You will find set out in paragraph 6 of Part II of this document Forcefield Bidco's intentions for Palletforce and its management, employees and locations.

Forcefield Bidco has stated that it recognises the skills and experience of the existing management and employees of Palletforce and intends to work closely with the Management Team to build on the existing strengths of the business. Forcefield Bidco has confirmed to the Independent Palletforce Directors that its current plans do not include any changes to Palletforce's Management Team or employees and the employment rights of Palletforce employees will be fully safeguarded in accordance with applicable law following completion of the Acquisition. In addition, Forcefield Bidco does not have any current intentions to change the level of employer contributions, the accrual of benefits for existing members, or the admission of new members into the Company's pension scheme.

Forcefield Bidco has also stated that it intends to support Palletforce's Management Team to continue to develop and execute their long term strategy for the Company.

Each of the non-executive directors of Palletforce, including the Chairman, have agreed to resign conditional on, and with effect from the date of, the Scheme becoming effective. Further details of the proposed arrangements between Forcefield Bidco and the Management Team are set out in paragraph 8 of this Part I and paragraph 10 of Part VII of this document.

In accordance with Rule 2.12 of the Code, Palletforce has made available to its employees a copy of the Announcement and has informed its employees of the right of employee representatives under Rule 25.9 of the Code to require that a separate opinion of the employee representatives on the effects of the Acquisition on employment be appended to this document. At the date of publication of this document, no such opinion has been provided. If, and to the extent that, Palletforce is provided with such an opinion after the date of publication of this document, Palletforce will publish that opinion in accordance with the requirements of Rule 25.9 of the Code.

Forcefield Bidco has also stated that as soon as possible following completion of the Acquisition, it intends to re-register the Company as a private company. As Forcefield Bidco will own 100 percent of Palletforce's share capital following completion of the Acquisition, it will no longer offer a facility for dealings in Palletforce Shares.

6. Information on Forcefield Bidco and EmergeVest

Forcefield Bidco is a private limited company registered in England and Wales, which was incorporated on 16 July 2015 and has been formed for the purposes of making the Acquisition at the direction of, and is indirectly but wholly owned by, EmergeVest Fund B LP, a fund managed by EmergeVest GP B Limited, as general partner, and advised by EmergeVest Limited.

There are a number of intermediate legal entities within the ownership structure, with Forcefield Bidco being wholly owned by Forcefield Midco, which is itself wholly owned by Forcefield Topco. Forcefield Topco is wholly owned by Visdominus Limited which, together with Visdette Limited, are each wholly owned direct subsidiaries of EmergeVest Fund B LP.

EmergeVest has more than US\$300 million of assets under management, of which \$30 million relates to committed capital into EmergeVest Fund B LP. In addition to managing private investment funds, EmergeVest also offers bespoke investment advisory services to select clients on an invitation-only basis. The client and investor base includes institutional investors, fund of funds, corporates and family offices.

EmergeVest pursues a flexible and opportunistic investment approach. Given the diverse nature and interests of EmergeVest's client base, it is able to pursue a wide range of investment opportunities. EmergeVest is primarily a growth-oriented investor, favouring situations where it can support businesses, entrepreneurs and managers to build value. EmergeVest prefers to finance well-established businesses or business models where expected investment returns are driven largely by management actions. EmergeVest is particularly interested in investment opportunities in the supply chain, logistics and transportation sectors, especially in the United Kingdom and China. It pursues investment opportunities that involve helping established businesses enter new markets; for example, assisting a UK-based business with entry into China.

EmergeVest has a core team of investment professionals, supported by a broad network of senior advisors and industry executives. The investment professionals have global experience from DLJ Merchant Banking, Credit Suisse and HSBC, spanning the United States, Europe and Asia. The team has significant operational experience, ranging from multinational corporations to regional small and medium-sized companies to start-ups. The team has particular insight and knowledge of business services, niche manufacturing and logistics.

EmergeVest is wholly owned and controlled by its two directors, Heath Zarin and Roger Moh, both of whom are also significant investors into EmergeVest Fund B LP.

Further information on Forcefield Bidco and EmergeVest is set out in paragraph 4 of Part II, and Parts V and VII of this document.

7. Forcefield Bidco's intentions for Members

Forcefield Bidco recognises that the success of Palletforce's network is dependent upon maintaining the efficient operations and support of its network Members. Forcefield Bidco therefore places strong value on the contribution of those Members and their key role in achieving consistent on time delivery together with their day to day support in ensuring that Palletforce occupies a leading position in the pallet network sector. Forcefield Bidco has indicated that under its ownership, Palletforce would continue to be highly focused on serving and supporting Members through ensuring the provision of an industry leading service.

Forcefield Bidco does not intend to change the style or structure of the business including the maintenance of the members service committee, regional member meetings, annual meetings and the Company's annual gala dinner, subject to regular review following completion of the Acquisition. As part of this, and in recognition of the valuable role Forcefield Bidco believes the Corporate Directors have played in its development to date, Forcefield Bidco has stated that it intends to establish an advisory panel or other organised body (without

voting or governance rights) that will continue to support the close cooperation and development between Members and the Forcefield Bidco board, enhancing coordination and communication with Members, meeting with the Forcefield Bidco board on a regular basis. Although the method by which this group is constituted will be considered after the completion of the Acquisition, Forcefield Bidco's current intention is to invite Palletforce's existing Corporate Directors to serve on the inaugural advisory panel.

Forcefield Bidco is keen to continue with the development of Palletforce's sector-leading Alliance IT System and its patent pending forklift weighing and scanning technology that support its nightly fast moving hub operation. Early stage, preliminary plans for an expansion of hub facilities to support growth have been presented to and discussed with Forcefield Bidco, which has expressed support. The Allnet Consortium is seen as an important partnership and opportunities for expansion into other European countries will be encouraged. Forcefield Bidco expects to maintain the pricing and commercial model of the business.

Further information on Forcefield Bidco's intentions is set out in paragraph 6 of Part II this document.

8. Arrangements with the Management Team

The Forcefield Bidco Group and the Management Team, comprising Michael Conroy, Neil Carpenter, John Hamill, David Holland and Dean Hughes, have entered into arrangements which document details of the Management Team's interest in the Forcefield Bidco Group and how the parties intend to work together following completion of the Acquisition (together, the "Management Arrangements").

The material terms of the Management Arrangements are set out below:

- To incentivise the Management Team in connection with future business of Palletforce under the ownership of Forcefield Bidco, the Management Team will subscribe for B ordinary shares and preference shares in the share capital of Forcefield Topco and loan notes to be issued by Forcefield Midco pursuant to a subscription and shareholders' agreement (the "Subscription and Shareholders Agreement"). The subscription will be funded by way of the proceeds due to each member of the Management Team under the Share Exchange Agreement (as defined below) in the form of loan notes to be issued by Forcefield Bidco, other than in the case of John Hamill (who does not hold any Shares or options over Shares) who will use the net proceeds of a bonus to be paid to him, upon the Scheme becoming effective, in respect of his employment to make his subscription in cash.
- The Management Team have entered into a separate management share exchange agreement (the "Share Exchange Agreement") pursuant to which the Management Team (conditional upon the Scheme becoming effective) will transfer a proportion of their Management Shares to Forcefield Bidco in exchange for loan notes in Forcefield Bidco and sell the remainder at the Offer Price.
- The Management Team have agreed with EmergeVest that they will roll over 41,207 of their Management Shares, representing a value of approximately £1.129 million at the Offer Price, into ordinary shares, preference shares and loan notes of the Forcefield Bidco Group. Therefore, approximately £1.129 million of the sale proceeds to be received by the Management Team pursuant to the Share Exchange Agreement will be represented by loan notes to be issued by Forcefield Bidco that may be exchanged for loan notes in Forcefield Midco pursuant to a put and call option deed with Forcefield Midco (the "Midco Securities Exchange").
- If the Midco Securities Exchange occurs, the Management Team may exchange £676,405 of the Midco Loan Notes issued in connection with the Midco Securities Exchange in consideration for securities in Forcefield Topco which will comprise £224,000 of B ordinary shares and £452,405 of preference shares in Forcefield Topco pursuant to a put and call option deed with Forcefield Topco (the "Topco Securities Exchange"). If the Topco Securities Exchange occurs, the Management Team will end up holding 25.4 percent by economic value of the ordinary share capital of Forcefield Topco, and a further holding of preference shares in Forcefield Topco. B ordinary shares representing two percent of the ordinary share capital of Forcefield Topco are unallocated and can only be allocated to the management team of Forcefield Bidco (either new or existing management) which could result in the Management Team holding up to 26.9 percent of the economic rights in Forcefield Topco. Regardless of economic holding, the holders of the B ordinary shares will hold 25 percent of the voting rights in Forcefield Topco.
- In relation to the remaining Management Shares in issue, under the Share Exchange Agreement, these 8,293 Management Shares will be sold for cash in line with the Offer Price.
- As the Management Team also hold, in total, 66,000 options over Palletforce Shares under the Palletforce Share Schemes, a separate proposal is being made for options in due course, as set out in

paragraph 15 of Part II of this document. This includes Michael Conroy's unapproved options, which will be amended such that they are over a new class of C Shares following amendments to the capital structure of the Company, which are to be proposed and voted on by Shareholders at the General Meeting.

- John Hamill, who does not hold any Shares or share options in Palletforce, will invest £25,000 into Forcefield Topco B ordinary shares. This investment will be funded from the net proceeds of a bonus to be paid to him by the Company upon the Scheme becoming effective.
- The Forcefield Topco preference shares and the Midco Loan Notes to be issued to the Management Team both carry a coupon of 12 percent and rank *pari passu* with the same instruments ultimately held by EmergeVest Fund B LP.
- Following completion of the Acquisition, EmergeVest Fund B LP will hold its interests in Forcefield Bidco through Visdominus holding A ordinary shares and preference shares in Forcefield Topco, and Visdette holding Midco Loan Notes.
- The Management Team will each provide restrictive covenants with a duration of 12 months from cessation of their employment with the Forcefield Bidco Group.
- The Management Team will continue in their existing roles following completion of the Acquisition and in particular, there will be no amendment of their current service agreements. Each member of the Management Team will join the board of Forcefield Topco and its subsidiaries.

As at 20 August 2015, being the last Business Day prior to the date of this document, the Management Team held, in aggregate an interest in approximately 4.81 percent of the issued share capital of Palletforce.

The Management Team is not entitled to vote at the Court Meeting by virtue of their participation in the Management Arrangements. They will also not be entitled to vote, or procure the vote, on the Ordinary Resolution.

The terms of the Management Arrangements are subject to the approval of the Independent Shareholders in accordance with Rule 16 of the Code.

Cattaneo LLP has advised the Independent Palletforce Directors that, in its opinion, the terms of the Management Arrangements are fair and reasonable so far as Independent Shareholders are concerned.

The Management Arrangements will be enacted through a number of documents which will be treated as offer related arrangements, the terms of which are set out in paragraph 10(b)(c)(d)(e) and (f) of Part VII of this document. These documents will be on public display at EmergeVest's website at www.EmergeVest.com/media and Palletforce's website at www.offer.Palletforce.com.

9. Palletforce Shareholder meetings

Shareholders are being asked to vote at three meetings at which the Resolutions will be proposed to give effect to the Acquisition. The three meetings are all being convened on Monday 14 September 2015 and will run consecutively. A summary is set out below and the individual notices setting out the resolutions are set out in Parts IX (*Notice of Court Meeting*), X (*Notice of Class Meeting*) and XI (*Notice of General Meeting*) of this document:

- (i) At 10.00 a.m. the Court Meeting is being convened to approve the Scheme. All Ordinary Scheme Shareholders, with the exception of the Management Team, will be entitled to vote at this meeting at which a resolution will be proposed to approve the terms of the Scheme. In order to pass the resolution a majority in number of the Ordinary Scheme Shareholders who are present and vote, either in person or by proxy, and who represent 75 percent or more in value of those Ordinary Scheme Shareholders must vote in favour. The Pink Form of Proxy, enclosed with this document, should be completed to vote on the resolution;
- (ii) At 10.15 a.m. (or as soon after the Court Meeting has concluded) the Class Meeting is being convened to approve a special resolution to consent to the passing of a resolution to be proposed at the General Meeting which varies the rights of the Ordinary Shares. All Ordinary Shareholders will be entitled to vote at the Class Meeting at which a special resolution will be proposed. A separate class meeting is required as there are two classes of shares. In order to pass this resolution, Shares representing 75 percent or more of the Ordinary Shares, voted either in person or by proxy, must vote in favour of the resolution. The Blue Form of Proxy, enclosed with this document, should be completed to vote on the resolution; and

- (iii) At 10.30 a.m. (or as soon after the Class Meeting has concluded) the General Meeting is being convened to approve two resolutions:
- a. The Ordinary Resolution which is necessary under the Code to enable Independent Shareholders to vote on the Management Arrangements between Forcefield Bidco and the Management Team. All Ordinary Shareholders, with the exception of the Management Team, will be entitled to vote on this resolution. In order to pass the Ordinary Resolution, a majority of 50 percent or more of the Ordinary Shares, voted either in person or by proxy on a poll, must vote in favour; and
 - b. The Special Resolution which is being proposed to authorise the Palletforce Directors to take such actions that are required to effect the Scheme and to amend the Articles of Association. All Ordinary Shareholders will be entitled to vote on the Special Resolution. In order to pass the Special Resolution, a majority of 75 percent or more of the Ordinary Shares, voted either in person or by proxy, must vote in favour.

The White Form of Proxy, enclosed with this document, should be completed to vote at the General Meeting.

Shareholders are urged to complete and return all of the Forms of Proxy for the Meetings at which they are entitled to vote, even if they intend to attend and vote at the Meetings in person. If Shareholders pass all of the resolutions at the various Meetings and sanctioned by the Court, the Scheme will be binding on all Shareholders irrespective of whether they voted or not.

All of the B Ordinary Shareholders have given irrevocable undertakings to be bound by the Scheme and so are not required to attend and vote at a Court Meeting. The B Ordinary Shareholders have also already provided other relevant sanctions and accordingly are not required to attend or vote at the other Meetings.

10. Irrevocable undertakings

Forcefield Bidco has received irrevocable undertakings from the Independent Palletforce Directors to vote in favour of the Resolutions in respect of 215,380 Ordinary Shares representing 22.91 percent of the Ordinary Shares that confer the right to vote at the Court Meeting and on the Ordinary Resolution at the General Meeting and representing 22.27 percent of the Ordinary Shares that confer the right to vote at the Class Meeting and on the Special Resolution at the General Meeting.

Forcefield Bidco has received irrevocable undertakings from the certain other shareholders to vote in favour of the Resolutions in respect of 289,745 Ordinary Shares representing 30.82 percent of the Ordinary Shares that confer the right to vote at the Court Meeting and on the Ordinary Resolution at the General Meeting and representing 29.96 percent of the Ordinary Shares that confer the right to vote at the Class Meeting and on the Special Resolution at the General Meeting.

Forcefield Bidco has received irrevocable undertakings from the Management Team to vote in favour of the Resolutions in respect of 27,000 Ordinary Shares representing 2.79 percent of the Ordinary Shares that confer the right to vote at the Class Meeting and on the Special Resolution at the General Meeting. The Management Team's shareholdings are not eligible to vote at the Court Meeting or on the Ordinary Resolution which concerns their own arrangements.

In total therefore Forcefield Bidco has received irrevocable undertakings to vote in favour of the Resolutions in respect of 505,125 Ordinary Shares representing 53.73 percent of the Ordinary Shares that confer the right to vote at the Court Meeting and on the Ordinary Resolution at the General Meeting and 532,125 Ordinary Shares representing 55.02 percent of the Ordinary Shares that confer the right to vote at the Class Meeting and on the Special Resolution at the General Meeting.

Forcefield Bidco has received irrevocable undertakings from holders of all the B Scheme Shares consenting to the Scheme. They also undertake to be bound by the Scheme in respect of such B Scheme Shares. They also confirm that they will be represented by counsel at the Scheme Court Hearing and that they will be bound by the Scheme.

Further details of these irrevocable undertakings are set out in paragraph 11 of Part VII of this document.

11. Taxation

Your attention is drawn to Part VI of this document. If you are in any doubt as to your tax position, or are subject to taxation in any jurisdiction other than the UK, you are strongly advised to consult an appropriate independent tax adviser.

12. Action to be taken

Your attention is drawn to the section of this document headed “Action to be taken” and “To vote on the Acquisition” on pages 7 to 9 of this document.

13. Further information

You should ensure that you read the remainder of this document including the Explanatory Statement contained in Part II of this document. Please note that the information in the Explanatory Statement is in summary form only and reading the Explanatory Statement is no substitute for reading the remainder of this document.

14. Independent Palletforce Directors

In considering the Acquisition the Board determined that because EmergeVest considered it necessary for the Management Team to re-invest in the business going forward, the Management Team of Michael Conroy, Neil Carpenter, John Hamill, David Holland and Dean Hughes should take no part in the Board’s consideration of the Acquisition or the recommendation it is making to Shareholders.

The Independent Palletforce Directors are, in addition to myself, the Corporate Directors, namely Bedfords Limited, Edwin C Farrall (Transport) Limited, Pass J Holdings Limited, Redhead Freight Limited and WM Armstrong (Longtown) Limited. The Corporate Directors are acting through their representatives who are Steff Pfadenhauer, Mike Farrall, Steven O’Leary, Tony Suggitt and Geof Armstrong respectively. Many of you will know that I planned to retire at the end of 2014, but I have been delighted to stay on and help to conclude the agreement with Forcefield Bidco and to make the recommendation to Shareholders.

15. Conclusion

The Independent Palletforce Directors, who have been so advised by Cattaneo LLP, consider that the terms of the Acquisition are fair and reasonable so far as the Independent Shareholders as a whole are concerned (in relation to both holders of Ordinary Shares and holders of B Shares). In providing advice to the Independent Palletforce Directors, Cattaneo LLP has taken into account the commercial assessments of the Independent Palletforce Directors. Cattaneo LLP is providing the independent financial advice for the purposes of Rule 3 of the Code.

16. Recommendation

The Independent Palletforce Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the Court Meeting, Class Meeting and General Meeting as the Independent Palletforce Directors have irrevocably undertaken to do so in respect of their own beneficial holdings of 215,380 Ordinary Shares. The Independent Palletforce Directors shareholdings represent, in aggregate, 22.91 percent of the Ordinary Shares entitled to vote at the Court Meeting and on the Ordinary Resolution at the General Meeting and 22.27 percent of the Ordinary Shares entitled to vote at the Class Meeting and on the Special Resolution at the General Meeting.

Yours sincerely,

John Brotherton
Chairman

PART II

EXPLANATORY STATEMENT

(in compliance with section 897 of the Companies Act 2006)

Cattaneo LLP

Corporate Finance Solutions

One Victoria Square
Birmingham
B1 1BD

21 August 2015

To Shareholders and, for information only, to holders of options or awards under the Palletforce Share Schemes and persons with information rights

Dear Palletforce Shareholder

**RECOMMENDED CASH ACQUISITION OF PALLETFORCE PLC
BY FORCEFIELD BIDCO LIMITED**

1. Introduction

On 13 August 2015, the boards of Palletforce and Forcefield Bidco, a company formed by EmergeVest for the purpose of acquiring Palletforce, announced that they had reached agreement regarding the terms of a recommended cash offer through which the entire issued and to be issued ordinary share capital of Palletforce will be acquired by Forcefield Bidco.

The Independent Palletforce Directors, who have been so advised by Cattaneo LLP, consider the terms of the Acquisition to be fair and reasonable so far as the Palletforce Shareholders as a whole are concerned. In providing advice to the Independent Palletforce Directors, Cattaneo LLP has taken into account the commercial assessments of the Independent Palletforce Directors. We have been authorised by the Independent Palletforce Directors to write to you to explain the terms of the Acquisition and the Scheme and to provide you with other relevant information.

Your attention is drawn to the letter from the Chairman of Palletforce set out in Part I of this document, which forms part of this Explanatory Statement. The letter contains, among other things, (a) information on the reasons for and benefits of the Acquisition and (b) the unanimous recommendation by the Independent Palletforce Directors to Palletforce Shareholders to vote in favour of each of the Resolutions.

This Explanatory Statement contains a summary of the provisions of the Scheme. The Scheme is set out in full in Part IV of this document. Your attention is also drawn to the other parts of this document, including the information in Part VII of this document.

2. Summary of the terms of the Acquisition

The Acquisition is to be effected by way of a scheme of arrangement under Part 26 of the Companies Act together with the Management Arrangements. Following the Scheme becoming effective, the entire issued share capital of Palletforce will be owned by Forcefield Bidco.

Under the terms of the Acquisition, which is subject to the Conditions and further terms set out in Part III (*Conditions to the Implementation of the Scheme and to the Acquisition*) of this document, Scheme Shareholders on the register of members of Palletforce at the Scheme Record Time will be entitled to receive:

- **for each Ordinary Scheme Share: £27.393658 in cash**
- **for each B Scheme Share: £27.393658 in cash**

The same price is been offered for both the Ordinary Scheme Shares and the B Scheme Shares and any fractions of consideration due to Shareholders will be rounded down to the nearest whole penny.

The Acquisition values the entire issued and to be issued share capital of Palletforce at £30.0 million.

The B Scheme Shareholders have irrevocably consented to the Scheme and have undertaken to be bound by the Scheme.

3. Background to and reasons for the Acquisition

EmergeVest views Palletforce as an innovative and strong market leader and values the contribution its management, employees and members have made to the success of the business. EmmergeVest believes it can assist management to continue to sustain and develop Palletforce's position as one of the leading pallet networks in the UK market.

As an existing investor in the UK logistics market (through NFT Distribution), EmmergeVest believes that this, combined with long term experience of the global logistics market from both the Management Team and the EmmergeVest Directors, means Forcefield Bidco is ideally placed to provide both operational insight and financial capital to support a strategy to create long term and sustainable value for Palletforce during the next stage of its development.

EmergeVest recognises that the Company has developed a strong network of efficient and committed Members and the mutual benefit that forms the successful business platform necessary for the business to thrive. EmmergeVest further places strong value on the contribution of the Members of the network, their key role in its operational success and their influence in progressing strategy. As such, under Forcefield Bidco's ownership, the Company would continue to be highly focused on providing high quality support services to Members and ensuring that Member businesses continue to benefit from and to share the success that flows from the provision of an industry leading service.

Forcefield Bidco expects to continue and seek to expand the interaction with the Company's Members, including the members' service committee, regional Member meetings, annual meeting and the Company's annual gala dinner, subject to regular review post completion of the Acquisition. As part of this, and in recognition of the valuable role which the Corporate Directors of Palletforce have played in its development to date, Forcefield Bidco intends to establish an advisory panel or other organised body (without voting or governance rights) to continue to advise the Forcefield Bidco board, enhancing coordination and communication with Members, meeting on a regular basis. Although the method by which this group is constituted will be considered post completion of the Acquisition, Forcefield Bidco's current intention is to invite Palletforce's existing Corporate Directors to serve on the inaugural advisory panel.

In addition, Forcefield Bidco will be open to considering acquisition opportunities that may arise from time to time, including exploring the viability of the sector consolidation model that has been designed by the Company. In the mid to longer term, Forcefield Bidco will assist the Company in evaluating whether to seek to expand into new geographic markets, in particular China.

As soon as possible following completion of the Acquisition, Forcefield Bidco intends to re-register the Company as a private company. Following completion of the Scheme, Forcefield Bidco will own 100 percent of the Palletforce Shares, and it will no longer offer a facility for dealings in Palletforce Shares.

4. Information on Forcefield Bidco and EmmergeVest

Forcefield Bidco is a private limited company registered in England and Wales, which was incorporated on 16 July 2015 and has been formed for the purposes of making the Acquisition at the direction of, and is indirectly but wholly owned by, EmmergeVest Fund B LP, a fund managed by EmmergeVest GP B Limited, as general partner, and advised by EmmergeVest.

There are a number of intermediate legal entities within the ownership structure, with Forcefield Bidco being wholly owned by Forcefield Midco, which is itself wholly owned by Forcefield Topco. Forcefield Topco is wholly owned by Visdominus Limited which, together with Visdette Limited, are each wholly owned direct subsidiaries of EmmergeVest Fund B LP.

EmmergeVest Fund B LP is wholly owned by EmmergeVest GP B Limited (which is wholly owned by Heath Zarin) and EV Cornerstone Limited (which is wholly owned by EmmergeVest).

All decisions in relation to EmmergeVest Fund B LP are made by its general partner, EmmergeVest GP B Limited.

Forcefield Bidco has not traded since its date of incorporation, nor has it entered into any obligations other than those described in this document in connection with the Acquisition and the financing of the Acquisition.

EmergeVest has more than US\$300 million of assets under management, of which \$30 million relates to committed capital into EmergeVest Fund B LP. In addition to managing private investment funds, EmergeVest also offers bespoke investment advisory services to select clients on an invitation-only basis. The client and investor base includes institutional investors, fund of funds, corporates and family offices.

EmergeVest pursues a flexible and opportunistic investment approach. Given the diverse nature and interests of EmergeVest's client base, it is able to pursue a wide range of investment opportunities. EmergeVest is primarily a growth-oriented investor, favouring situations where it can support businesses, entrepreneurs and managers to build value. EmergeVest prefers to finance well-established businesses or business models where expected investment returns are driven largely by management actions. EmergeVest is particularly interested in investment opportunities in the supply chain, logistics and transportation sectors, especially in the United Kingdom and China. EmergeVest pursues investment opportunities that involve helping established businesses enter new markets; for example, assisting a UK-based business with entry into China.

EmergeVest has a core team of investment professionals, supported by a broad network of senior advisors and industry executives. The investment professionals have global experience from DLJ Merchant Banking, Credit Suisse and HSBC, spanning the United States, Europe and Asia. The team has significant operational experience, ranging from multinational corporations to regional small and medium-sized companies to start-ups. The team has particular insight and knowledge of business services, niche manufacturing and logistics.

EmergeVest is wholly owned and controlled by its two directors, Heath Zarin and Roger Moh, both of whom are also significant investors into EmergeVest Fund B LP.

Based in Hong Kong, Mr. Zarin is a Managing Director with EmergeVest. Previously, Mr. Zarin was a Managing Director and the Head of Principal Investments, Asia-Pacific, for HSBC, with responsibility for Asian proprietary private investment activities. Before HSBC, Mr. Zarin was the founder and Chief Executive Officer of Emergent Investment Group (EIG), a Hong Kong-based private investment firm, where he completed private equity investments and advised on special situations. Prior to founding EIG, Mr. Zarin held a series of senior executive roles at Credit Suisse, including forming and managing its Asian private equity business. Mr. Zarin joined Credit Suisse via its acquisition of DLJ Merchant Banking, where he had broad experience across LBOs, mezzanine, growth capital and other strategies. Mr. Zarin practiced corporate law with Schulte Roth & Zabel LLP in New York, where he formed and advised hedge funds and private equity funds.

Mr. Zarin's current and previous board service includes companies across Asia, Europe and North America, in diverse manufacturing and service industries.

Mr. Zarin received his J.D. from the Fordham University School of Law and his B.A. from the State University of New York at Binghamton. He is also a CFA, CMT and CAIA charterholder, and has completed Certificate programs from Harvard Business School (Investment Management, Strategy).

Based in Hong Kong, Mr. Moh is a Managing Director with EmergeVest. Prior to EmergeVest, Mr. Moh was a Director at HSBC Principal Investments, Asia-Pacific, where he oversaw the direct investment business in Greater China. Before joining HSBC, Mr. Moh was a founding member and Director of Emergent Investment Group (EIG), a Hong Kong-based private investment firm. Before founding EIG, Mr. Moh spent five years at Credit Suisse, first as a technology investment banker in New York and then as a founding member of Credit Suisse Private Equity Asia in Hong Kong. Mr. Moh previously worked for the Government of Singapore Investment Corporation and Motorola. Mr. Moh received his master's degree in Computer Science from MIT, where he was a research member at the MIT Laboratory for Computer Science. He is an alumnus of the Nanyang Technological University, where he graduated first in his class.

5. Information on Palletforce

Palletforce was incorporated in England and Wales as a public limited company on 11 October 2000 and following a fund raising commenced trading on 1 September 2001.

It is a pallet network distribution company based in the UK and with operations across Europe through its partnership with Allnet. The award-winning company transports a range of goods for businesses in diverse sectors, including manufacturers and retailers.

Palletforce is strongly branded and forms a UK-wide network of 88 member companies that are also independent transport companies. Each member company has an equity share in Palletforce, meaning it is partly owned by its Members. The Allnet Alliance links partnership transportation companies that provide

services across the European mainland. The Company's distribution network includes more than 100 depots across the United Kingdom and Europe. Palletforce's flagship state-of-the-art distribution hub is located in Burton upon Trent, close to the A38. The Company's 400,000 sq. ft hub is one of the largest centres of its kind in Europe. Palletforce continues to develop and successfully operate its own leading edge Alliance IT system.

Since commencement of trading the Company has consistently grown with total network revenue increasing to over £77 million in the year ended 31 August 2014 and within that hub revenues increasing to over £18 million. Profits have also consistently grown and the Company achieved profits before tax of £3.1 million in the year ended 31 August 2014. In the six months ended 28 February 2015 the Palletforce network handled nearly 1.5 million pallets, a 20 percent increase over the corresponding period in the previous year.

The Company has paid dividends every year with the exception of its first year of trading and in the last five years dividends per share have increased from 67.0 pence per share in 2010 to 94.6 pence per share in 2014. A special dividend was also paid in 2014 which increased the overall dividend payment to 505.7 pence per Share. Including this special dividend the overall dividend return in the last five years has been 845.5 pence per Share.

6. Intentions regarding Palletforce's management, employees and locations

Forcefield Bidco recognises the skills and experience of the existing management and employees and intends to work closely with the Management Team to build on the existing strengths of the business. Forcefield Bidco has confirmed to the Independent Palletforce Directors that its current plans do not include any changes to Palletforce's Management Team or employees and that the employment rights of Palletforce employees will be fully safeguarded in accordance with applicable law following completion of the Acquisition. In addition, Forcefield Bidco does not have any current intentions to change the level of employer contributions, the accrual of benefits for existing members, or the admission of new members into the Company's pension scheme.

Forcefield Bidco intends to support Palletforce's Management Team to continue to develop and execute their long term strategy for the Company. Therefore, Forcefield Bidco's current plans for the Company do not involve a material change to the locations of the Company's places of business or a material redeployment of its fixed assets, although, as Members and Shareholders are already aware, the Company is currently in the process of closing the second hub facility and moving all operations back to the Company's main hub, an action which Forcefield Bidco has indicated to Palletforce it is supportive of. Forcefield Bidco will support the Management Team in maintaining and enhancing the network business and commercial models that are currently operated in cooperation with members.

Forcefield Bidco believes that it is important to invest in IT systems and technology generally. Accordingly, Forcefield Bidco will seek to identify opportunities to make value enhancing investments in the Company's IT systems with a goal of improving the experience for members, and the ultimate customers of the network, from a combination of operational effectiveness and service improvements. Forcefield Bidco therefore plans to review and investigate this potential following completion of the Acquisition.

Each of the Corporate Directors and John Brotherton, have agreed to resign conditional on, and with effect from the date of, the Scheme becoming effective.

Further details of the proposed Management Arrangements are set out in paragraph 8 of Part I and paragraph 10 of Part VII of this document.

7. Financing of the Acquisition and cash confirmation

The cash consideration payable for the issued and to be issued Palletforce Shares (excluding those of the Management Shares that are being exchanged for Bidco Loan Notes under the Share Exchange Agreement, amounting to approximately £1.129 million at the Offer Price) being approximately £28.9 million, will be satisfied through cash resources being made available to Forcefield Bidco pursuant to:

- financing to be provided by Visdominus and Visdette (both wholly owned subsidiaries of EmergeVest Fund B LP) to the Forcefield Bidco Group pursuant to the terms of the Subscription and Shareholders Agreement entered into between Visdominus, Visdette, the Management Team and Forcefield Topco; and
- the Facility Agreement in a principal amount of up to £19 million which Forcefield Bidco has entered into with Investec Bank plc.

Further details of the Subscription and Shareholders Agreement and the Facility Agreement are set out in paragraphs 8.1 and 10 of Part VII of this document.

KPMG, financial adviser to Forcefield Bidco, is satisfied that sufficient resources are available to Forcefield Bidco to satisfy in full the aggregate cash consideration payable to Palletforce Shareholders under the terms of the Acquisition.

8. The Palletforce Directors and the effect of the Scheme on their interests

Details of the interests of the Palletforce Directors in Palletforce Shares are set out in paragraph 3.2 of Part VII (*Additional Information on Palletforce and Forcefield Bidco*) of this document. Palletforce Shares held by the Independent Palletforce Directors will be subject to the Scheme. Each Independent Palletforce Director has undertaken to vote his Palletforce Shares in favour of the relevant Scheme and the other Resolutions. The Management Team are not entitled to vote at the Court Meeting or on the Ordinary Resolution to be proposed at the General Meeting.

Particulars of service contracts and letters of appointment of the Palletforce Directors are set out in paragraph 7 of Part VII (*Additional Information on Palletforce and Forcefield Bidco*) of this document.

Details of the interests of the Management Team are set out in paragraph 3.2 of Part VII of this document.

Save as disclosed in this document, the effect of the Scheme on the interests of the Palletforce Directors does not differ from its effect on the like interests of any other person.

9. Scheme of Arrangement

9.1 Introduction

The Acquisition is to be implemented by means of the Scheme.

A scheme of arrangement is a legal process under the Companies Act, the purpose of which (in the case of the Scheme) is to enable Forcefield Bidco to become the owner of the entire issued and to be issued share capital of Palletforce. In order to achieve this, it is proposed that the Scheme Shares will be transferred to Forcefield Bidco. The Palletforce Shares currently held by the Management Team will not be subject to the Scheme. Those shares will be transferred to Forcefield Bidco pursuant to the terms of the Share Exchange Agreement for a combination of cash consideration and the issue of loan notes. Further details of the Share Exchange Agreement are set out in paragraph 10 of Part VII (*Additional Information on Palletforce and Forcefield Bidco*) of this document.

Holders of Scheme Shares whose names appear on the register of shareholders of Palletforce at the Scheme Record Time, which is expected to be 6.00 p.m. on the Business Day after the date of the Scheme Court Hearing, will receive cash for each Scheme Share held by them on the basis set out in paragraph 2 above.

The Scheme Shares will be transferred to Forcefield Bidco free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and other rights and interests of any nature whatsoever and together with all rights attaching to them (if any) including voting rights and the right to receive and retain in full all dividends and other distributions.

With effect from and including the Effective Date all certificates representing Scheme Shares shall cease to have effect as documents of title to the Scheme Shares comprised therein and every holder of Scheme Shares shall be bound by the request of Palletforce to deliver up the same to Palletforce, or, as it may direct, to destroy the same.

9.2 The Meetings and the Scheme Court Hearing

The Scheme and the Acquisition are subject to satisfaction or (if applicable) waiver of the Conditions set out in Part III (*Conditions to the Implementation of the Scheme and to the Acquisition*) of this document.

Palletforce currently has two classes of shares in issue, namely Ordinary Shares and B Ordinary Shares. For the Scheme to be effective it will require a meeting of the Ordinary Scheme Shareholders to be convened by order of the Court for the purpose of considering and, if thought fit, approving the Scheme.

The Management Team are not entitled to vote at the Court Meeting. They are also not entitled to vote on the Ordinary Resolution to be proposed at the General Meeting.

A separate Class Meeting of the Ordinary Shareholders will also be required to approve a special resolution to consent to the passing of a resolution to be proposed at the General Meeting which varies the rights of the Ordinary Shares, which is explained in paragraph 9.6 below. The B Scheme Shareholders have consented to

be bound by the Scheme and have undertaken to be bound by the Scheme and so are not required to attend and vote at a Court Meeting. B Ordinary Shareholders have also provided other relevant sanctions and accordingly are not required to attend or vote at any other Meeting by virtue of holding B Ordinary Shares.

The Scheme will also need to be considered at a General Meeting of Palletforce and, if thought fit, approved by the Ordinary Shareholders.

Notices of the Court Meeting, Class Meeting and the General Meeting are set out at the end of this document. Entitlements to attend and vote at the Meetings and the number of votes which may be cast at them will be determined by reference to the register of shareholders of Palletforce at the Voting Record Time.

The Scheme also requires the sanction of the Court at the Scheme Court Hearing. The Scheme Court Hearing is expected to be held on Thursday 24 September 2015. Confirmation of the date of the Scheme Court Hearing and any later change to the date will be communicated to Palletforce Shareholders by an announcement via a Regulatory Information Service and published on Palletforce's website.

Forcefield Bidco, and each B Scheme Shareholder has confirmed that it will be represented by counsel at the Scheme Court Hearing and undertakes to be bound thereby. All Scheme Shareholders are entitled to attend the Scheme Court Hearing in person or by counsel, or other suitably qualified persons, to support or oppose the sanction of the Scheme. Once the Scheme is approved by Scheme Shareholders and sanctioned by the Court, it will become effective on the delivery of the Scheme Court Order to the Registrar of Companies.

If the Scheme becomes effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meetings, the Class Meeting or the General Meeting.

Any Palletforce Shares which Forcefield Bidco or any member of the Forcefield Bidco Group (or their nominees) may acquire or have agreed to acquire on or prior to the Scheme Record Time (including those held by the Management Team) are not Scheme Shares and therefore no member of the Forcefield Bidco Group (or their nominees) will be entitled to vote at the Court Meeting in respect of the Palletforce Shares held or acquired or to be acquired by it. Each such member of the Forcefield Bidco Group will undertake to be bound by the Scheme.

9.3 Court Meeting

The Court Meeting has been convened for 10.00 a.m. on 14 September 2015 at the Radisson Blu Hotel, East Midlands Airport, Herald Way, Pegasus Business Park, Castle Donington, Derby, DE74 2TZ to seek approval of Scheme Shareholders for the Scheme. At the Court Meeting, voting will be by poll and each Scheme Shareholder present in person or by proxy will be entitled to one vote for each Palletforce Share held at the Voting Record Time. In order for the Scheme to be approved at the Court Meeting, those Ordinary Scheme Shareholders voting to approve the Scheme must be a majority in number representing not less than 75 percent in value of the Ordinary Scheme Shares voted by Scheme Shareholders present and voting in person or by proxy.

The Management Team are not entitled to vote at the Court Meeting by virtue of their participation in the Management Arrangements as described in this document.

All holders of B Scheme Shares have already given their irrevocable undertakings to be bound by the Scheme and so are not required to attend or vote at the Court Meeting.

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of Scheme Shareholder opinion. You are therefore strongly urged to complete and return your Forms of Proxy as soon as possible for the Court Meeting, the Class Meeting and the General Meeting.

9.4 Modifications to the Scheme

The Scheme contains provisions for Palletforce and Forcefield Bidco jointly to consent on behalf of all persons affected to any modification of or additions to the Scheme or to any condition approved or imposed by the Court. The Court would be unlikely to approve any modification of, or addition to, or impose a condition to, the Scheme which might be materially adverse to the interests of Scheme Shareholders, unless Scheme Shareholders were informed of any such modification, addition or condition. It would be a matter for the Court to decide in its discretion whether or not a further meeting of Scheme Shareholders should be held in these circumstances. Similarly if a modification, addition or condition is put forward which, in the opinion of the Palletforce Directors, is of such a nature or importance that it requires the consent of Scheme Shareholders at a further meeting, the Palletforce Directors will not take the necessary steps to enable the Scheme to become effective unless and until such consent is obtained.

9.5 Conditions to the Scheme and the Acquisition

The Acquisition and, accordingly, the Scheme is subject to a number of Conditions set out in full in Part III (*Conditions to the Implementation of the Scheme and to the Acquisition*) of this document, including:

- (A) approval of the Scheme by a majority in number, representing not less than 75 percent in value of the Ordinary Scheme Shareholders present, entitled to vote and voting, either in person or by proxy, at the Court Meeting;
- (B) the Special Resolution required to suspend certain provisions of Palletforce's articles of association and to implement the Scheme as set out in the notice of the General Meeting being duly passed by the requisite majority of Ordinary Shareholders;
- (C) the Ordinary Resolution approving the arrangements between the Management Team and Forcefield Bidco referred to in this document being duly passed by Independent Shareholders holding Ordinary Shares representing more than 50 percent of the voting rights of those Independent Shareholders present, entitled to vote and voting, either in person or by proxy, at the General Meeting (or at any adjournment of such meeting), as required by the Code; and
- (D) the sanction of the Scheme by the Court (in either case, with or without modification but subject to any modification being on terms acceptable to Palletforce and Forcefield Bidco), and the delivery of the Scheme Court Order to the Registrar of Companies.

The Acquisition is conditional upon the Scheme becoming unconditional and effective, subject to the Code, by no later than the Long Stop Date.

9.6 Amendments to Palletforce's articles of association and creation of C Shares

It is proposed, as part of the Special Resolution to be proposed at the General Meeting relating to the Scheme, that Palletforce's articles of association be amended to ensure that any Palletforce Shares issued under the Palletforce Share Schemes or otherwise after the Voting Record Time in respect of the Court Meeting and on or prior to the Scheme Record Time will be subject to the Scheme. It is also proposed to amend Palletforce's articles of association so that any Palletforce Shares issued to any person other than Forcefield Bidco or its nominee(s) after the Scheme Record Time will be automatically acquired by Forcefield Bidco on the same terms (other than terms as to timings and formalities) as under the Scheme, including the C Class of Share as described below. This will avoid any person (other than Forcefield Bidco or its nominee(s)) being left with Palletforce Shares after the Effective Date. Paragraph (b) of the Special Resolution seeks the approval of Palletforce Shareholders for such amendment.

Michael Conroy, the Chief Executive Officer of Palletforce, will be exercising his entitlement to options under the Senior Management Share Scheme over 25,000 Ordinary Shares as part of the terms of the Acquisition, subject to the Scheme becoming effective. Because of the manner in which the capital gain tax will be calculated on Mr Conroy's sale of Palletforce shares and, in particular, how the base cost is determined for a group of shares acquired at different prices, it is proposed that these options are modified, subject to the Scheme becoming effective, so that they are exercisable in respect of a new class of share that can be distinguished from Ordinary Shares. Accordingly, a deed of variation has been entered into between Palletforce and Michael Conroy whereby, conditional upon the Scheme becoming effective, his relevant options will be modified so that they are exercisable in respect of C Shares. Also a resolution is to be proposed at the General Meeting to amend the Palletforce articles of association *inter alia* to provide for the creation of the C Shares, which will not carry a voting right but otherwise will rank *pari passu* with the Ordinary Shares in all respects.

9.7 Offer-related arrangements

Summaries of the offer-related arrangements are set out in paragraph 10 of Part VII of this document. These agreements have been published on Palletforce's website at www.offer.Palletforce.com and EmergeVest's website at www.EmergeVest.com/media.

9.8 Class Meeting

In order for the Scheme to become effective, Ordinary Shareholders will be required to pass, in a separate meeting of such class of Palletforce Shareholders, a special resolution approving the Scheme, and for the purpose of putting the Scheme into effect consent to the suspension of rights under articles 52 to 54.3 (inclusive) of Palletforce's articles of association. The Class Meeting has been convened for the same date as, and is proposed to be held 10.15 a.m. on 14 September 2015, or as soon thereafter as the Court Meeting is

concluded or adjourned. The Special Resolution will require votes in favour representing at least 75 percent of the votes at the Class Meeting. Voting at the Class Meeting will be on a show of hands unless a poll is demanded. The Chairman of the meeting reserves the right to demand that the vote be held by way of a poll and, in such event, each Ordinary Shareholder present in person or by proxy will be entitled to one vote for each Ordinary Share held at the Voting Record Time. All Ordinary Shareholders will be entitled to vote at the Class Meeting.

9.9 General Meeting

The General Meeting has been convened for the same date as the Court Meeting and Class Meeting at the Radisson Blu Hotel, East Midlands Airport, Herald Way, Pegasus Business Park, Castle Donington, Derby, DE74 2TZ, and will be held on 14 September 2015 at 10.30 a.m. or as soon thereafter as the Class Meeting is concluded or adjourned. The General Meeting has been convened to consider and, if thought fit, pass an ordinary resolution to approve the Management Arrangements.

The General Meeting has also been convened to consider, and if thought fit, pass a special resolution to approve:

- (i) the authorisation of the Palletforce Directors to take all actions as they may consider necessary or appropriate to give effect to the Scheme;
- (ii) certain amendments to Palletforce's articles of association as described above and in Part XI (*Notice of General Meeting*) of this document; and
- (iii) the suspension of rights under articles 52 to 54.3 (inclusive) of Palletforce's articles of association.

The Special Resolution will require votes in favour representing at least 75 percent of the votes cast at the General Meeting. Voting on the Special Resolution will be on a show of hands unless a poll is demanded. The Chairman of the meeting reserves the right to demand that the vote be held by way of poll and, in such event, each Shareholder present in person or by proxy will be entitled to one vote for each Palletforce Share held at the Voting Record Time.

10. Alternative means of implementing the Acquisition

Forcefield Bidco reserves the right to elect (subject to the consent of the Panel) to implement the Acquisition by way of a Takeover Offer in accordance with the Code (as an alternative to the Scheme) as it may determine in its absolute discretion. In such event, the Acquisition will be implemented by Forcefield Bidco on substantially the same terms as those which would apply to the Scheme subject to appropriate amendments including (without limitation) an acceptance condition set at 90 percent (or such lesser percentage (being more than 50 percent) as Forcefield Bidco may decide or the Panel may require) of the Palletforce Shares to which such an offer would relate. If Forcefield Bidco does elect to implement the Acquisition by way of a Takeover Offer, and if sufficient acceptances of such Acquisition are received and/or sufficient Palletforce Shares are otherwise acquired, it is the intention of Forcefield Bidco to apply the provisions of sections 979 to 982 (inclusive) of the Companies Act to acquire compulsorily any outstanding Palletforce Shares to which such Acquisition relates.

11. Irrevocable undertakings

Forcefield Bidco has received irrevocable undertakings from the Independent Palletforce Directors to vote in favour of the Resolutions in respect of 215,380 Ordinary Shares representing 22.91 percent of the Ordinary Shares that confer the right to vote at the Court Meeting and on the Ordinary Resolution at the General Meeting and representing 22.27 percent of the Ordinary Shares that confer the right to vote at the Class Meeting and on the Special Resolution at the General Meeting.

Forcefield Bidco has received irrevocable undertakings from the certain other shareholders to vote in favour of the Resolutions in respect of 289,745 Ordinary Shares representing 30.82 percent of the Ordinary Shares that confer the right to vote at the Court Meeting and on the Ordinary Resolution at the General Meeting and representing 29.96 percent of the Ordinary Shares that confer the right to vote at the Class Meeting and on the Special Resolution at the General Meeting.

Forcefield Bidco has received irrevocable undertakings from the Management Team to vote in favour of the Resolutions in respect of 27,000 Ordinary Shares representing 2.79 percent of the Ordinary Shares that confer the right to vote at the Class Meeting and on the Special Resolution at the General Meeting. The Management Team's shareholdings are not eligible to vote at the Court Meeting and they are not entitled to vote on the Ordinary Resolution which concerns their own arrangements.

In total therefore Forcefield Bidco has received irrevocable undertakings to vote in favour of the Resolutions in respect of 505,125 Ordinary Shares representing 53.73 percent of the Ordinary Shares entitled to vote at the Court Meeting and on the Ordinary Resolution at the General Meeting and 532,125 Ordinary Shares representing 55.02 percent of the Ordinary Shares that confer the right to vote at the Class Meeting and on the Special Resolution at the General Meeting.

Forcefield Bidco has received irrevocable undertakings from all holders of the B Scheme Shares consenting to the Scheme and undertaking to be bound by the Scheme in respect of such B Scheme Shares. They also confirm that they will be represented by counsel at the Scheme Court Hearing and that they will be bound by the Scheme.

Further details of these irrevocable undertakings are set out in paragraph 11 of Part VII of this document.

12. United Kingdom Taxation

A summary of relevant UK taxation, which is intended as a general guide only, is set out in Part VI to this document. If you are in any doubt as to your tax position, or you are subject to tax in a jurisdiction outside of the UK, you should consult your independent professional adviser.

13. Overseas Shareholders

The implications of the Scheme and the Acquisition for Overseas Shareholders may be affected by the laws of the relevant jurisdictions. Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each Overseas Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with any other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

This document has been prepared for the purposes of complying with English law and the Code and the information disclosed in this document may not be the same that which would have been disclosed if this document had been prepared in accordance with the laws of any other jurisdiction.

14. Settlement of consideration

14.1 Settlement

Subject to the Scheme becoming effective, settlement of the consideration to which any Scheme Shareholder is entitled under the Scheme will be effected as soon as practicable and, in any event, not later than 14 days after the Effective Date, in the following manner:

At the Scheme Record Time, settlement of the cash consideration due under the Scheme in respect of the Scheme Shares will be despatched:

- (a) by first class post (or international standard (formerly airmail) post, if overseas), by cheque drawn on a branch of a UK clearing bank; or
- (b) by such other method as may be approved by the Panel.

All such cash payments will be made in pounds Sterling. Payments made by cheque will be payable to the Scheme Shareholder(s) concerned. Cheques will be despatched not later than the fourteenth day following the Effective Date to the person entitled thereto at the address as appearing in the register of members of Palletforce at the Scheme Record Time.

Despatch will be by first class post if the registered address is located in the same country as that in which the despatch is occurring, and by international standard (formerly airmail) post if the registered address is not in the same country. None of Palletforce, Forcefield Bidco, any nominee(s) of Forcefield Bidco or any of their respective agents shall be responsible for any loss or delay in the transmission of cheques sent in this way, and such cheques shall be sent at the risk of the person entitled thereto.

14.2 General

All documents and remittances sent by post will be sent at the risk of the person(s) entitled to them.

Save with the consent of the Panel, settlement of the consideration to which any Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme free of any lien, right of set-off, counterclaim or other analogous right to which Forcefield Bidco might otherwise be, or claim to be, entitled against such Scheme Shareholder.

On the Effective Date, each certificate representing a holding of Scheme Shares will cease to be a valid document of title and should be destroyed or, at the request of Palletforce, delivered up to Palletforce, or to any person appointed by Palletforce to receive the same.

15. Employee Share Schemes

Details of the effect of the Acquisition on each of the Palletforce Share Schemes and of the choices available to participants will be set out in separate letters to participants. All Palletforce Shares issued on the exercise of options or vesting of awards granted under the Palletforce Share Schemes on or before the Scheme Record Time will be considered Scheme Shares subject to the terms of the Scheme. The Scheme will not extend to Palletforce Shares issued after the Scheme Record Time and the proposed form of the Amended Palletforce Articles provides that, if the Scheme becomes effective, any Palletforce Share issued after the Scheme Record Time will be automatically transferred to Forcefield Bidco in consideration of the holder receiving the same price per Palletforce Share as will be received by holders of Scheme Shares.

Information concerning an amendment to some of Michael Conroy's options is set out in paragraph 9.6 above.

16. Actions to be taken

Your attention is drawn to the section of this document headed "Action to be taken" and "To Vote on the Acquisition", which sets out in full the actions you should take in respect of voting on the Acquisition and the Scheme.

17. Further information

Apart from completing, signing and returning the Forms of Proxy, you need take no further action at this stage.

A shareholder helpline is available for Palletforce Shareholders. If you have any questions about this document, the Court Meetings, the Class Meetings or the General Meeting, or are in any doubt as to how to complete the Forms of Proxy, please telephone Neville Registrars on 0121 585 1131 (or +44 121 585 1131 if telephoning from outside the UK) between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday, (excluding Bank holidays). Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply from mobile telephones and calls may be randomly monitored for security and training purposes. Please note that, for legal reasons, Neville Registrars' helpline will only be able to provide you with information contained in this document and will not be able to give advice on the merits of the Acquisition, or to provide legal, financial or taxation advice on the contents of this document.

The terms of the Scheme are set out in full in Part IV (*The Scheme of Arrangement*) of this document. Further information regarding Palletforce and Forcefield Bidco is set out in Part VII of this document. Documents published and available for inspection are listed in paragraph 16 of Part VII (*Additional Information on Palletforce and Forcefield Bidco*) of this document.

Yours faithfully,

Cattaneo LLP

PART III

CONDITIONS TO THE IMPLEMENTATION OF THE SCHEME AND TO THE ACQUISITION

PART A

CONDITIONS OF THE SCHEME

1. The Scheme is subject to the following conditions:

- 1.1 approval of the Scheme by a majority in number, representing 75 percent or more in value of the Ordinary Scheme Shares present and voting, either in person or by proxy, at the Court Meeting (or at any adjournment thereof) and such Court Meeting being held on or before the Long Stop Date;
 - 1.2 the passing of the Ordinary Resolution to be proposed at the General Meeting to approve the arrangements between the Management Team and the Forcefield Bidco Group referred to in this document;
 - 1.3 the resolution required to approve and implement the Scheme and adopt the Amended Palletforce Articles and to suspend the rights under articles 52 to 54.3 (inclusive) of Palletforce's articles of association being duly passed by the requisite majority of Palletforce Shareholders at the General Meeting;
 - 1.4 the sanction of the Scheme by the Court (with or without modification but subject to any modification being on terms acceptable to Palletforce and Forcefield Bidco) and the delivery of a copy of the Court Order to the Registrar of Companies; and
 - 1.5 the Scheme becoming unconditional and effective, subject to the Code, by not later than the Long Stop Date.
- 2.** In addition, subject as stated in Part B below and to the requirements of the Panel, the Acquisition will be conditional upon the following Conditions and, accordingly, the Court Order will not be delivered to the Registrar of Companies unless such Conditions (as amended, if appropriate) have been satisfied or, where relevant, waived:

Notifications, waiting periods and Authorisations

- (a) all material mandatory notifications, filings or applications having been made in connection with the Acquisition and all necessary waiting periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory and regulatory obligations in any jurisdiction having been complied with in each case in respect of the Acquisition and all Authorisations necessary in any jurisdiction for or in respect of the Acquisition and, except pursuant to Chapter 3 of Part 28 of the Companies Act, the acquisition or the proposed acquisition of any shares or other securities in, or control or management of, Palletforce or any other member of the Wider Palletforce Group by any member of the Wider Forcefield Bidco Group having been obtained in terms and in a form reasonably satisfactory to Forcefield Bidco from all appropriate Third Parties or (without prejudice to the generality of the foregoing) from any persons or bodies with whom any member of the Wider Palletforce Group or the Wider Forcefield Bidco Group has entered into contractual arrangements and all such Authorisations necessary to carry on the business of any member of the Wider Palletforce Group in any jurisdiction having been obtained and all such Authorisations remaining in full force and effect at the time at which the Acquisition becomes otherwise wholly unconditional and there being no notice of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations;

General regulatory

- (b) no antitrust regulator or Third Party having given notice of a decision to take, institute or implement any action, proceeding, suit, investigation, enquiry or reference (and in each case, not having withdrawn the same), or having required any action to be taken or otherwise having done anything, or having enacted or made any statute, regulation, decision, order (and, in each case, not having withdrawn the same) and there not continuing to be outstanding any statute, regulation, decision or order which would:
 - (i) impose any material limitation on the ability of any of the Wider Palletforce Group to conduct their businesses (or any part thereof) or to own, control or manage any of their assets or properties (or any part thereof) to an extent which is material in the context of the Wider Palletforce Group taken as a whole;

- (ii) otherwise materially adversely affect any or all of the business, assets or profits of any member of the Wider Palletforce Group to an extent which is material in the context of the Wider Palletforce Group taken as a whole; or
- (iii) make the Acquisition, its implementation or the acquisition of any shares or other securities in, or control or management of, Palletforce by any member of the Wider Forcefield Bidco Group void, unenforceable and/or illegal under the laws of any relevant jurisdiction;

and all applicable waiting and other time periods (including any extensions thereof) during which any such antitrust regulator or Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any relevant jurisdiction in respect of the Acquisition or the acquisition of any Palletforce Shares or otherwise intervene having expired, lapsed or been terminated;

Certain matters arising as a result of any arrangement, agreement, etc.

- (c) except as Disclosed there being no provision of any arrangement, agreement, lease, licence, franchise, permit or other instrument to which any member of the Wider Palletforce Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or be subject or any event or circumstance which, as a consequence of the Acquisition or because of a change in the control or management of any member of the Wider Palletforce Group would reasonably be expected to result in, in each case to an extent which is material in the context of the Wider Palletforce Group taken as a whole:
 - (i) any monies borrowed by, or any other indebtedness, actual or contingent, of, or any grant available to, any member of the Wider Palletforce Group being or becoming repayable, or capable of being declared repayable, immediately or prior to its or their stated maturity date or repayment date;
 - (ii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider Palletforce Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen) becoming enforceable;
 - (iii) any such arrangement, agreement, lease, licence, franchise, permit or other instrument being terminated or the rights, liabilities, obligations or interests of any member of the Wider Palletforce Group being adversely modified or adversely affected or any obligation or liability arising or any adverse action being taken or arising thereunder;
 - (iv) any liability of any member of the Wider Palletforce Group to make any severance, termination, bonus or other payment to any of its directors, or other officers;
 - (v) the rights, liabilities, obligations, interests or business of any member of the Wider Palletforce Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Wider Palletforce Group in or with any other person or body or firm or company (or any arrangement or arrangement relating to any such interests or business) being or becoming capable of being terminated or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken thereunder;
 - (vi) the value of, or the financial or trading position of, any member of the Wider Palletforce Group being prejudiced or adversely affected; or
 - (vii) the creation or acceleration of any liability (actual or contingent) by any member of the Wider Palletforce Group other than trade creditors or other liabilities incurred in the ordinary course of business;

and no event having occurred which, under any provision of any arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider Palletforce Group is a party or by or to which any such member or any of its assets are bound, entitled or subject, would or might result in any of the events or circumstances as are referred to in Conditions 2(f)(i) to (iv), in each case to the extent material in the context of the Wider Palletforce Group taken as a whole;

Certain events occurring since 28 February 2015

- (d) except as Disclosed, no member of the Wider Palletforce Group having since 28 February 2015:
 - (i) issued or agreed to issue, or authorised or announced its intention to authorise or propose the issue, of, additional shares of any class, or securities or securities convertible into, or exchangeable for, or rights,

warrants or options to subscribe for or acquire, any such shares, securities or convertible securities or transferred or sold or agreed to transfer or sell or authorised the transfer or sale of Palletforce Shares out of treasury (except, where relevant, as between Palletforce and wholly owned subsidiaries of Palletforce or between the wholly owned subsidiaries of Palletforce and except for the issue or transfer out of treasury of Palletforce Shares on the exercise of employee share options or vesting of employee share awards in the ordinary course under the Palletforce Share Schemes);

- (ii) recommended, declared, paid or made, declare, pay or make any bonus, dividend or other distribution (whether payable in cash or otherwise) other than dividends (or other distributions, whether payable in cash or otherwise) lawfully paid or made by any wholly owned subsidiary of Palletforce to Palletforce or any of its wholly owned subsidiaries;
- (iii) other than pursuant to the Acquisition (and except for transactions between Palletforce and its wholly owned subsidiaries or between the wholly owned subsidiaries of Palletforce and transactions in the ordinary course of business), implemented, effected, authorised or announced its intention to implement, effect, authorise or propose any merger, demerger, reconstruction, amalgamation, scheme, commitment or acquisition or disposal of assets or shares or loan capital (or the equivalent thereof) in any undertaking or undertakings in any such case to an extent which is material in the context of the Wider Palletforce Group taken as a whole;
- (iv) (except for transactions between Palletforce and its wholly owned subsidiaries or between the wholly owned subsidiaries of Palletforce and except for transactions in the ordinary course of business) disposed of, or transferred, mortgaged or created any security interest over any material asset or any right, title or interest in any material asset or authorised, proposed or announced any intention to do so to an extent which is material in the context of the Wider Palletforce Group taken as a whole;
- (v) (except for transactions between Palletforce and its wholly owned subsidiaries or between the wholly owned subsidiaries of Palletforce) issued, authorised or announced an intention to authorise or propose the issue of or made any change in or to the terms of any debentures or increased any indebtedness which is material in the context of the Wider Palletforce Group taken as a whole;
- (vi) entered into or varied or authorised, proposed or announced its intention to enter into or vary any material contract, arrangement, agreement, transaction or commitment (whether in respect of capital expenditure or otherwise) except in the ordinary course of business or which is or which involves or could involve an obligation of a nature or magnitude which is reasonably likely to be materially restrictive on the business of any member of the Wider Palletforce Group is material in the context of the Wider Palletforce Group taken as a whole;
- (vii) entered into or varied the terms of, or made any offer (which remains open for acceptance) to enter into or vary to a material extent the terms of any contract, service agreement, commitment or arrangement with any director;
- (viii) proposed, agreed to provide or modified the terms of any Palletforce Share Option Scheme, incentive scheme or other benefit relating to the employment or termination of employment of any employee of the Wider Palletforce Group which is material in the context of the Wider Palletforce Group taken as a whole;
- (ix) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, except in respect of the matters mentioned in sub-paragraph (i) above, made any other change to any part of its share capital;
- (x) other than in respect of claims between Palletforce and its wholly owned subsidiaries, waived, compromised or settled any claim otherwise than in the ordinary course of business, in each case to an extent which is material in the context of the Wider Palletforce Group taken as a whole;
- (xi) terminated or varied the terms of any agreement or arrangement between any member of the Wider Palletforce Group and any other person in a manner which would reasonably be expected to have a material adverse effect on the financial position of the Wider Palletforce Group taken as a whole;
- (xii) save as required in connection with the adoption of the Amended Palletforce Articles, made any material alteration to its memorandum or articles of association or other incorporation documents to an extent which is material in the context of the Acquisition;
- (xiii) except in relation to changes made or agreed as a result of, or arising from, changes to legislation, made or agreed or consented to any significant change to:

- (A) the terms of the trust deeds and rules constituting the pension scheme(s) established by any member of the Wider Palletforce Group for its directors, employees or their dependants;
- (B) the contributions payable to any such scheme(s) or to the benefits which accrue, or to the pensions which are payable, thereunder;
- (C) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
- (D) the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued, made, agreed or consented to;

to an extent which is in any such case material in the context of the Wider Palletforce Group;

- (xiv) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business which is material in the context of the Wider Palletforce Group taken as a whole;
- (xv) (other than in respect of a member of the Wider Palletforce Group which is dormant and was solvent at the relevant time) taken any steps, corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of a receiver, administrator, manager, administrative receiver, trustee or similar officer of all or any material part of its assets or revenues or any analogous or equivalent steps or proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed;
- (xvi) (except for transactions between Palletforce and its wholly owned subsidiaries or between Palletforce's wholly owned subsidiaries) made, authorised, proposed or announced an intention to propose any change in its loan capital;
- (xvii) entered into or implemented any joint venture, asset or profit sharing arrangement, partnership or merger of business or corporate entities which would be restrictive on the business of any member of the Wider Palletforce Group other than to a nature and extent which is not material in the context of the Wider Palletforce Group taken as a whole; or
- (xviii) other than in the ordinary course of business, entered into any agreement, arrangement, commitment or contract or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced an intention to, or to propose to, effect any of the transactions, matters or events referred to in this Condition 2(d);

No Adverse change, litigation, regulatory enquiry or similar

- (e) except as Disclosed, since 28 February 2015 there having been:
 - (i) no adverse change and no circumstance having arisen which would or might reasonably be expected to result in any adverse change in, the business, assets, financial or trading position or profits of any member of the Wider Palletforce Group which is material in the context of the Wider Palletforce Group taken as a whole;
 - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings having been threatened, announced or instituted by or against or remaining outstanding against or in respect of any member of the Wider Palletforce Group or to which any member of the Wider Palletforce Group is or is likely to become a party (whether as claimant, defendant or otherwise) having been threatened, announced, instituted or remaining outstanding by, against or in respect of, any member of the Wider Palletforce Group, in each case which is or might reasonably be expected to be material in the context of the Wider Palletforce Group taken as a whole;
 - (iii) no enquiry, review or investigation by, or complaint or reference to, any Third Party against or in respect of any member of the Wider Palletforce Group having been threatened, announced or instituted or remaining outstanding by, against or in respect of any member of the Wider Palletforce Group, in each case which is reasonably be expected to be material in the context of the Wider Palletforce Group taken as a whole; and
 - (iv) no steps having been taken and no omissions having been made which are reasonably likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of

the Wider Palletforce Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which would reasonably be expected to have a material adverse effect on the Wider Palletforce Group taken as a whole;

No discovery of certain matters regarding information, liabilities and environmental issues

- (f) except as Disclosed, Forcefield Bidco not having discovered:
- (i) that any financial, business or other information concerning the Wider Palletforce Group publicly announced prior to the Announcement Date or disclosed at any time to any member of the Wider Forcefield Bidco Group by or on behalf of any member of the Wider Palletforce Group prior to the Announcement Date is misleading, contains a material misrepresentation of any fact, or omits to state a fact necessary to make that information not misleading, in any such case to a material extent in the context of the Wider Palletforce Group taken as a whole;
 - (ii) that any past or present member of the Wider Palletforce Group has not complied in any material respect with all applicable legislation, regulations or any Authorisations relating to the use, treatment, storage, carriage, disposal, discharge, spillage, release, leak or emission of any waste or hazardous substance or any substance likely to impair the environment (including property) or harm human or animal health or otherwise relating to environmental matters or the health and safety of humans, which non-compliance would be likely to give rise to any material liability, including any penalty for non-compliance (whether actual or contingent) on the part of any member of the Wider Palletforce Group, in each case to an extent which is material in the context of the Wider Palletforce Group;
 - (iii) that there has been a material disposal, discharge, spillage, accumulation, release, leak, emission or the migration, production, supply, treatment, storage, transport or use of any waste or hazardous substance or any substance likely to impair the environment (including any property) or harm human or animal health which (whether or not giving rise to non-compliance with any law or regulation), would be likely to give rise to any material liability on the part of any member of the Wider Palletforce Group not covered by insurance, in each case to an extent which is material in the context of the Wider Palletforce Group; or
 - (iv) that there is or is reasonably likely to be any material obligation or liability (whether actual or contingent) or requirement to make good, remediate, repair, reinstate or clean up any property, asset or any controlled waters currently or previously owned, occupied, operated or made use of or controlled by any past or present member of the Wider Palletforce Group, or in which any such member may have or previously have had or be deemed to have had an interest, under any environmental legislation, common law, regulation, notice, circular, Authorisation or order of any Third Party in any jurisdiction or to contribute to the cost thereof or associated therewith or indemnify any person in relation thereto, in each case to an extent which is material in the context of the Wider Palletforce Group;

Anti-corruption and criminal property

- (g) except as Disclosed, Forcefield Bidco not having discovered:
- (i) any member of the Wider Palletforce Group or any person that performs or has performed services for or on behalf of any such company is or has engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010 or any other applicable anti-corruption legislation; or
 - (ii) any asset of any member of the Wider Palletforce Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition).

PART B

CERTAIN FURTHER TERMS OF THE ACQUISITION

1. Subject to the requirements of the Panel, Forcefield Bidco reserves the right to waive in whole or in part all or any of the above Conditions 2(a) to (g) inclusive.
2. If Forcefield Bidco is required by the Panel to make an offer for Palletforce Shares under the provisions of Rule 9 of the Code, Forcefield Bidco may make such alterations to any of the above Conditions and terms of the Acquisition as are necessary to comply with the provisions of that Rule.
3. Forcefield Bidco will be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of Conditions 2(a) to (g) (inclusive) by a date earlier than the latest date for the fulfilment of that Condition notwithstanding that the other Conditions of the Acquisition may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.
4. In the event that the Acquisition is implemented by way of a Takeover Offer, the Palletforce Shares acquired under the Acquisition will be acquired fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the Announcement Date.
5. If, after the Announcement Date but prior to the Effective Date, any dividend or other distribution is declared, paid or made or payable by Palletforce, (a “relevant distribution”) Forcefield Bidco reserves the right (without prejudice to any other right of Forcefield Bidco), with the consent of the Panel, to invoke Condition 2(d)(ii) above to reduce the consideration payable under the Acquisition in respect of a Palletforce Share by the aggregate amount of such dividend or distribution (excluding associated tax credit).

If any such dividend or distribution occurs and Forcefield Bidco exercises its right as described above, any reference in this document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced. If such reduction occurs, notwithstanding the Conditions on which the Palletforce Shares are expressed to be acquired by Forcefield Bidco pursuant to the Acquisition, the Palletforce Shares will be acquired by or on behalf of Forcefield Bidco pursuant to the Acquisition fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now and hereafter attaching to such shares including the right to receive in full all dividends and other distributions (if any) declared, paid or made on or after the date of the Announcement Date.

To the extent that such a dividend or distribution has been declared, paid, made or is payable and it is: (i) transferred pursuant to the Acquisition on a basis which entitles Forcefield Bidco to receive the dividend or distribution and to retain it; or (ii) cancelled, the Offer Price will not be subject to change in accordance with this paragraph.

Any exercise by Forcefield Bidco of its rights referred to in this paragraph will be the subject of an announcement and, for the avoidance of doubt, will not be regarded as constituting any revision or variation of the Acquisition.

6. Forcefield Bidco reserves the right to elect (with the consent of the Panel) to implement the Acquisition by way of a Takeover Offer. In such event, the Acquisition will be implemented on substantially the same terms subject to appropriate amendments, including (without limitation) an acceptance condition set at 90 percent (or such less percentage, being more than 50 percent, as Forcefield Bidco may decide and as the Panel may permit) of the shares to which such offer relates, so far as applicable, as those which would apply to the Scheme.
7. The availability of the Acquisition to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements.
8. The Acquisition is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any means of instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any jurisdiction where to do so would violate the laws of that jurisdiction.

9. The Acquisition is governed by the laws of England and Wales and is subject to the jurisdiction of the English courts and to the Conditions. The Acquisition will be subject to the applicable requirements of the Code and the Panel.
10. Each of the Conditions will be regarded as a separate Condition and will not be limited by reference to any other Condition.
11. Once the Scheme becomes effective or is no longer capable of becoming effective, the Conditions will no longer have any legal effect and will not by their inclusion in this document give rise to any legal rights against any of the Shareholders.

PART IV

THE SCHEME OF ARRANGEMENT

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

No. 5444 of 2015

IN THE MATTER OF PALLETFORCE PLC
and
IN THE MATTER OF THE COMPANIES ACT 2006
SCHEME OF ARRANGEMENT
(under Part 26 of the Companies Act 2006)
between
PALLETFORCE PLC
AND
THE HOLDERS OF THE SCHEME SHARES
(as hereinafter defined)

PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

“B Ordinary Shares”	B ordinary shares of £1.00 each in the capital of Palletforce
“B Scheme Shareholders”	holders of B Scheme Shares
“B Scheme Shares”	the B Ordinary Shares: (i) in issue at the date of this Scheme; (ii) (if any) issued after the date of this Scheme and on or prior to the Voting Record Time; and (iii) (if any) issued after the Voting Record Time and on or prior to the Scheme Record Time in respect of which the original or any subsequent holder thereof shall be bound by this Scheme or shall by such time have agreed in writing to be bound by this Scheme, but in each case other than both the Management Shares and any B Ordinary Shares registered in the name of, or beneficially owned by, Forcefield Bidco or any other member of the Forcefield Bidco Group
“Business Day”	a day (other than Saturdays, Sundays and public holidays in the UK) on which banks are open for business in the City of London
“Code”	the City Code on Takeovers and Mergers
“Companies Act”	the Companies Act 2006, as amended
“Court”	the High Court of Justice in England and Wales
“Court Meeting”	the meeting of Scheme Shareholders to be convened pursuant to an order of the Court under the Companies Act for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment), including any adjournment thereof
“Effective Date”	the date on which this Scheme becomes effective in accordance with its terms
“Forcefield Bidco”	Forcefield Bidco Limited, incorporated in England and Wales with registered number 9689385

- “Forcefield Bidco Group”** Forcefield Bidco, its parent undertakings and associated undertakings and, where the context permits, each of them
- “holder”** a registered holder and includes any person(s) entitled by transmission
- “Management Shares”** such of the Palletforce Shares as are registered in the name of any of Michael Conroy, Neil Andrew Carpenter, David Holland and Dean John Hughes
- “Ordinary Shares”** ordinary shares of £1.00 each in the capital of Palletforce
- “Ordinary Scheme Shares”** the Ordinary Shares
- (i) in issue at the date of this Scheme;
- (ii) (if any) issued after the date of this Scheme and on or prior to the Voting Record Time; and
- (iii) (if any) issued after the Voting Record Time and on or prior to the Scheme Record Time in respect of which the original or any subsequent holder thereof shall be bound by this Scheme or shall by such time have agreed in writing to be bound by this Scheme,
- but in each case other than both the Management Shares and any Ordinary Shares registered in the name of, or beneficially owned by, Forcefield Bidco or any other member of the Forcefield Bidco Group
- “Palletforce”** Palletforce plc, incorporated in England and Wales with registered number 04088035
- “Palletforce Shares”** the Ordinary Shares and the B Ordinary Shares
- “Scheme”** this scheme of arrangement in its present form or with or subject to any modification, addition or condition which Forcefield Bidco and Palletforce may agree, and if required, the Court may approve or impose and agreed to by Palletforce and Forcefield Bidco
- “Scheme Shares”** the Ordinary Scheme Shares and the B Scheme Shares
- “Scheme Court Hearing”** the hearing at which the Scheme Court Order is made
- “Scheme Court Order”** the order of the Court sanctioning the Scheme under Part 26 of the Companies Act
- “Scheme Record Time”** 6.00 p.m. on the Business Day immediately after the date of the Scheme Court Hearing
- “Scheme Shareholders”** together the Ordinary Scheme Shareholders and the B Scheme Shareholders
- “Shareholders”** holders of Palletforce Shares from time to time
- “subsidiary undertaking”** has the meaning given in section 1162 of the Companies Act
- “Voting Record Time”** 6.00 p.m. on the date which is two Business Days prior to the date of the Court Meeting or, if the Court Meeting is adjourned, 6.00 p.m. on the date which is two Business Days before the date fixed for such adjourned meeting
- (B) The issued share capital of the Company as at the close of business on 20 August 2015 (being the latest practicable date prior to the publication of the Scheme Document) was 1,029,144 fully paid up Palletforce Shares, of which 967,103 comprised Ordinary Shares and 62,041 comprised B Ordinary Shares.
- (C) As at 20 August 2015 (being the latest practicable date prior to publication of the Scheme Document), no member of the Forcefield Bidco Group is the registered holder of or beneficially owns any Palletforce Shares.
- (D) Each B Scheme Shareholder together with Forcefield Bidco has agreed to appear by Counsel at the Scheme Court Hearing to sanction this Scheme and to undertake to the Court to be bound by the provisions of this Scheme and in the case of Forcefield Bidco to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it to give effect to this Scheme.

1. Transfer of Scheme Shares

- 1.1 On the Effective Date, Forcefield Bidco (or such of its nominee(s) as are agreed between Forcefield Bidco and Palletforce) shall acquire all of the Scheme Shares, fully paid-up with full title guarantee, and free from all liens, equities, charges, encumbrances and other interests.
- 1.2 For such purposes, the Scheme Shares shall be transferred to Forcefield Bidco (or such of its nominee(s) as are agreed between Forcefield Bidco and Palletforce) and to give effect to such transfers any person may be appointed by Forcefield Bidco as attorney and/or agent and/or otherwise and shall be authorised as such attorney and/or agent and/or otherwise on behalf of the relevant holder of Scheme Shares to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer, of such Scheme Shares and every form, instrument or instruction of transfer so executed shall be as effective as if it had been executed by the holder or holders of the Scheme Shares thereby transferred.

2. Stamp duty

Upon the Scheme Court Order being sealed by the Court, Forcefield Bidco shall promptly pay all stamp duty payable in relation to the transfer of the Scheme Shares.

3. Consideration for the transfer of Scheme Shares

- 3.1 In consideration of the transfer of the Scheme Shares to Forcefield Bidco, Forcefield Bidco shall, subject as hereinafter provided, pay or procure that there shall be paid to or for the account of each holder of Scheme Shares whose name appears in the register of members of Palletforce at the Scheme Record Time:
 - **£27.393658 for each Ordinary Scheme Share in cash**
 - **£27.393658 for each B Scheme Share in cash**
- 3.2 If any dividend or distribution is proposed, declared, made or payable by Palletforce in respect of a Scheme Share, Forcefield Bidco shall be entitled to reduce the amount of consideration payable by an amount equal to such dividend or distribution.

4. Share certificates

- 4.1 With effect from and including the Effective Date all certificates representing Scheme Shares shall cease to have effect as documents of title to the Scheme Shares comprised therein and every holder of Scheme Shares shall be bound by the request of Palletforce to deliver up the same to Palletforce, or, as it may direct, to destroy the same.
- 4.2 On or as soon as reasonably practicable after the Effective Date and subject to the completion of such transfers, forms, instruments or instructions as may be required in accordance with clause 1.2 and the payment of any stamp duty thereon, appropriate entries will be made in the register of members of Palletforce to reflect the transfer of the Scheme Shares to Forcefield Bidco or its nominee(s). Any such transfer, form, instrument or instruction which is in writing and which constitutes an instrument of transfer shall be deemed to be the principal instrument.

5. Despatch of consideration

- 5.1 As soon as practicable after the Effective Date, and in any event not more than 14 days after the Effective Date, Forcefield Bidco shall despatch or procure the despatch to the persons entitled thereto, or as they may direct, in accordance with the provisions of this clause 4, cheques for the sums payable to them respectively in accordance with clause 2.
- 5.2 All deliveries of cheques or certificates required to be made pursuant to this Scheme shall be effected by sending the same by first class post in pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses as appearing in the register of members of Palletforce at the Scheme Record Time and none of Palletforce, Forcefield Bidco or their respective agents or nominees shall be responsible for any loss or delay in the transmission of any cheques or certificates sent in accordance with this clause 4.2, which shall be sent at the risk of the person or persons entitled thereto.
- 5.3 All cheques shall be made payable to the person or persons to whom, in accordance with the foregoing provisions of this clause 4, the envelope containing the same is addressed, and the encashment of any such cheque shall be a complete discharge of Forcefield Bidco's obligation under this Scheme to pay the monies represented thereby.
- 5.4 The preceding sub-clauses of this clause 4 shall take effect subject to any prohibition or condition imposed by law.

6. Dividend mandates

Each mandate relating to the payment of dividends on any Scheme Shares and other instructions given to Palletforce by Shareholders in force at the Scheme Record Time shall, as from the Effective Date, cease to be valid.

7. Operation of this Scheme

- 7.1 This Scheme shall become effective upon a copy of the Scheme Court Order being delivered to the Registrar of Companies in England and Wales.
- 7.2 Unless this Scheme has become effective on or before 15 January 2016, or such later date, if any, as Palletforce and Forcefield Bidco may agree and the Court and the Panel on Takeovers and Mergers may allow, this Scheme shall never become effective.
- 7.3 Palletforce and Forcefield Bidco may jointly consent on behalf of all persons concerned to any modification of or addition to this Scheme or to any condition that the Court may approve or impose. Any such modification or addition may require the consent of the Panel on Takeovers and Mergers.

8. Governing Law

This Scheme is governed by English law and is subject to the jurisdiction of the English courts. The rules of the Code will apply to this Scheme.

Dated 21 August 2015

PART V

FINANCIAL INFORMATION

1. Palletforce financial information

Palletforce's audited financial statements for the financial years ended 31 August 2014 and 31 August 2013, and Palletforce's unaudited interim accounts for the six months ended 28 February 2015, have been published on Palletforce's website at www.offer.Palletforce.com, and are incorporated by reference in, and form part of, this document.

These documents are available free of charge on Palletforce's website at www.offer.Palletforce.com. A person who has received this document may request a copy of such information in hard copy form (hard copies will not be provided unless requested). Hard copies may be requested by contacting Neville Registrars by telephone, between 9.00 a.m. and 5.00 p.m. on Monday to Friday (except UK public holidays), on 0121 585 1131 (from the UK) or +44 121 585 1131 (if calling from outside the UK).

There are no current ratings or outlooks publicly accorded to Palletforce by ratings agencies.

2. Forcefield Bidco financial and ratings information

Since its incorporation on 16 July 2015, Forcefield Bidco has not traded and has not been engaged in any activities other than those relating to its incorporation and to the Acquisition, nor published any accounts.

Forcefield Bidco has no material assets or liabilities, in each case other than those described in this document in connection with the Acquisition and the financing of the Acquisition. With effect from the Effective Date, the earnings, assets and liabilities of the enlarged Forcefield Bidco Group will therefore comprise the consolidated earnings, assets and liabilities of Palletforce on the Effective Date, provided that the Forcefield Bidco Group will be subject to the terms of the Facility Agreement, as described in paragraph 8.1 of Part VII of this document, and the offer-related arrangements, as set out in paragraph 10 of Part VII of this document.

There are no current ratings or outlooks publicly accorded to Forcefield Bidco by ratings agencies.

3. No incorporation of website information

Save as expressly referred to herein, neither the content of the Palletforce website, nor the content of any website accessible from hyperlinks on Palletforce's website, is incorporated into, or forms part of, this document.

PART VI

UNITED KINGDOM TAXATION

The comments set out below summarise certain limited aspects of the UK taxation treatment of Scheme Shareholders under the Scheme and do not purport to be a complete analysis of all tax considerations relating to the Scheme. They are based on current UK legislation and what is understood to be current HMRC practice, which may not be binding on HMRC as at the date hereof, both of which are subject to change, possibly with retrospective effect.

The comments are intended as a general guide and apply only to Scheme Shareholders who are resident (and, in the case of individuals, domiciled) for tax purposes in the UK, who hold Scheme Shares as an investment (other than under a self-invested personal pension or new individual savings account) and who are the absolute beneficial owners of their Scheme Shares. These comments do not deal with certain types of shareholders (such as charities, persons holding or acquiring shares in the course of a trade or persons who have or could be treated for tax purposes as having acquired their Scheme Shares by reason of any office or employment), brokers, dealers or traders in shares or securities, intermediaries, depositaries or clearance services, collective investment schemes and insurance companies. They do not apply to Scheme Shareholders who hold (either alone or together with Connected Persons) more than five percent of, or any class of, shares or debentures in Palletforce. Scheme Shareholders who are in any doubt about their taxation position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult an appropriate independent professional tax adviser immediately.

UK taxation of chargeable gains

(i) Cash consideration

The transfer of Scheme Shares under the Scheme in return for cash should be treated as a disposal of the Scheme Shareholder's Scheme Shares for both capital gains tax ("CGT") and corporation tax purposes and therefore may, depending on the Scheme Shareholder's particular circumstances (including the availability of exemptions, reliefs and/or allowable losses), give rise to a liability to UK taxation on chargeable gains or, alternatively, an allowable capital loss.

(ii) General

Subject to available reliefs or allowances, gains arising on a disposal of Scheme Shares by an individual Scheme Shareholder will be taxed at the rate of 18 percent except to the extent that the gain, when it is added to the Scheme Shareholder's other taxable income and gains in the relevant tax year, exceeds the upper limit of the income tax basic rate band (£31,785 for the tax year ending 5 April 2016), in which case it will be taxed at the rate of 28 percent.

The capital gains tax annual exemption (£11,100 for the tax year ending 5 April 2016) may be available to an individual Scheme Shareholder to offset against chargeable gains realised on the disposal of the Scheme Shareholder's Shares.

If an individual is only temporarily resident outside the UK for CGT purposes, at the date of disposal, the individual could, on becoming resident in the UK again, be liable to UK tax on chargeable gains in respect of disposals made while the individual was temporarily resident outside the UK.

For a Scheme Shareholder which is a company, chargeable gains are charged at the corporation tax rate applicable to the company (subject to any applicable exemptions and reliefs including the substantial shareholding exemption). Indexation allowance may be available to a company to reduce the amount of a chargeable gain on a disposal of Scheme Shares. However, indexation cannot create or increase an allowable loss for UK corporation tax purposes.

UK stamp duty and stamp duty reserve tax ("SDRT")

No UK stamp duty or SDRT will be payable by Scheme Shareholders as a result of the transfer of the Scheme Shares under the Scheme.

PART VII

ADDITIONAL INFORMATION ON PALLETFORCE AND FORCEFIELD BIDCO

1. Responsibility

- 1.1 The Palletforce Directors, whose names are set out in paragraph 2.1 below, accept responsibility for the information contained in this document other than the information for which responsibility is taken by others pursuant to paragraphs 1.2 and 1.3 below. To the best of the knowledge and belief of the Palletforce Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Independent Palletforce Directors, whose names are set out in paragraph 2.2 below, accept responsibility for the recommendations in respect of the Acquisition and the Resolutions. To the best of the knowledge and belief of the Independent Palletforce Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.3 The Forcefield Bidco Director and the EmergeVest Directors, together being Heath Zarin and Roger Moh, as set out in paragraphs 2.3 and 2.4 below, accept responsibility for the information contained in this document relating to the Forcefield Bidco Group, themselves and their respective immediate families and the related trusts of and persons connected with them, and persons deemed to be acting in concert (as such term is defined in the Code) with Forcefield Bidco. To the best of the knowledge and belief of the Forcefield Bidco Director and the EmergeVest Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

- 2.1 The Palletforce Directors and their respective positions are set out below. Those Palletforce Directors which are companies have appointed representatives to attend Palletforce Board meetings and to take decisions in respect of the directorship on their behalf. The names of the current representatives of the Palletforce Directors which are companies are also set out below:

Name	Position
John Brotherton	<i>(Chairman)</i>
Michael Conroy	<i>(Chief Executive Officer)</i>
Neil Carpenter	<i>(Commercial and Financial Director)</i>
David Holland	<i>(Sales and Marketing Director)</i>
Dean Hughes	<i>(IT Director)</i>
John Hamill	<i>(Operations Director)</i>
Bedfords Limited	<i>(Independent director)</i>
Edwin C Farrall (Transport) Limited	<i>(Independent director)</i>
Pass J Holdings Limited	<i>(Independent director)</i>
Redhead Freight Limited	<i>(Independent director)</i>
WM Armstrong (Longtown) Limited	<i>(Independent director)</i>

The business address of each of John Brotherton, Michael Conroy, Neil Carpenter, David Holland, Dean Hughes and John Hamill is Callister Way, Centrum West, Burton Upon Trent, Staffordshire DE14 2SY.

The business address of Bedfords Limited is Pheasant Drive, Gelderd Road Industrial Estate, Birstall, Batley, West Yorkshire WF17 9LT and represented on the Board by Kurt Steffan Pfadenhauer.

The business address of Edwin C Farrall (Transport) Limited is 1 Ashton Lane, Ashton, Chester, Cheshire CH3 8AA and represented on the Board by Michael Charles Farrall.

The business address of Pass J Holdings Limited is Online House, 240 Freshwater Road, Dagenham, Essex RM8 1RX and represented on the Board by Steven James O'Leary.

The business address of Redhead Freight Limited is Woodroyd Industrial Estate, Dealburn Road, Low Moor, Bradford, West Yorkshire BD12 0RG and represented on the Board by Paul Anthony Suggitt.

The business address of WM Armstrong (Longtown) Limited is Townfoot, Longtown, Carlisle, Cumbria, CA6 5LY and represented on the Board by Geoffrey William Armstrong.

The Company Secretary of Palletforce is Neil Carpenter.

2.2 The Independent Palletforce Directors are:

Name	Represented by
John Brotherton	<i>N/A</i>
Bedfords Limited	<i>Kurt Steffan Pfadenhauer</i>
Edwin C Farrall (Transport) Limited	<i>Michael Charles Farrall</i>
Pass J Holdings Limited	<i>Steven James O'Leary</i>
Redhead Freight Limited	<i>Paul Anthony Suggitt</i>
WM Armstrong (Longtown) Limited	<i>Geoffrey William Armstrong</i>

2.3 The Forcefield Bidco Director and his position is:

Name	Position
Heath Zarin	<i>Director</i>

The business address for the Director is 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands.

Forcefield Bidco is a private company, newly incorporated in England and Wales on 16 July 2015 with its registered office at Broadwalk House, 5 Appold Street, London EC2A 2HA.

2.4 The EmergeVest Directors and their respective positions are:

Name	Position
Heath Zarin	<i>Director</i>
Roger Moh	<i>Director</i>

The business address for the Directors is 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands.

EmergeVest has its registered office at 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands.

3. Interests in Palletforce Shares

3.1 For the purposes of this paragraph 3 and paragraphs 4 to 6 of this section:

- (i) "acting in concert" has the meaning given to it in the Code;
- (ii) "arrangement" includes indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to securities which may be an inducement to deal or refrain from dealing;
- (iii) "dealing" has the meaning given to it in the Code;
- (iv) "derivative" has the meaning given to it in the Code;
- (v) "disclosure period" means the period beginning on 13 August 2014 (being the date 12 months before the Announcement Date) and ending on 20 August 2015 (being the latest practicable date prior to the publication of this document);
- (vi) "interest" or "interests" in relevant securities shall have the meaning given to it in the Code and references to interests of Forcefield Bidco Directors or interests of Palletforce Directors in relevant securities shall include all interests of any other person whose interests in shares the Forcefield Bidco Director or, as the case may be, the Palletforce Directors, are taken to be interested in pursuant to Part 22 of the Companies Act;
- (vii) "relevant Forcefield Bidco securities" mean relevant securities (such term having the meaning given to it in the Code in relation to an offeror) of Forcefield Bidco including equity share capital in Forcefield

Bidco (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof; and

(viii) “relevant Palletforce securities” mean relevant securities (such term having the meaning given to it in the Code in relation to an offeree) of Palletforce including equity share capital of Palletforce (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof.

3.2 As at 20 August 2015 (being the latest practicable date prior to the publication of this document), the Palletforce Directors held the following interests in, or rights to subscribe in respect of, relevant Palletforce securities:

Name	Total number of shares	%	Ordinary Shares	% of Ordinary Shares	B Ordinary Shares	% of B Ordinary Shares
John Brotherton	5,000	0.49	5,000	0.52	–	–
Michael Conroy	21,000	2.04	21,000	2.17	–	–
Neil Carpenter	10,500	1.02	3,000	0.31	7,500	12.09
David Holland	7,500	0.73	–	–	7,500	12.09
Dean Hughes	10,500	1.02	3,000	0.31	7,500	12.09
John Hamill	–	–	–	–	–	–
Bedfords Limited	97,500	9.47	97,500	10.08	–	–
Edwin C Farrall (Transport) Limited	24,499	2.38	24,499	2.53	–	–
Pass J Holdings Limited	17,682	1.72	17,682	1.83	–	–
Redhead Freight Limited	44,536	4.33	44,536	4.61	–	–
WM Armstrong (Longtown) Limited	12,000	1.17	12,000	1.24	–	–
Total	250,717	24.36	228,217	23.60	22,500	36.27

Palletforce Share Schemes

Name	Scheme	Date	Number of options	Share	Exercise price
Michael Conroy	Executive Share Option (EMI)	April 2010	18,500	B Ordinary	£5.52
Michael Conroy	Senior Management (unapproved)	April 2010	25,000	Ordinary	£2.76
Neil Carpenter	Executive Share Option (EMI)	April 2010	7,500	B Ordinary	£5.52
David Holland	Executive Share Option (EMI)	April 2010	7,500	B Ordinary	£5.52
Dean Hughes	Executive Share Option (EMI)	April 2010	7,500	B Ordinary	£5.52

3.3 Pass J Holdings Limited is the holding company of Mike Beer Transport Limited and accordingly they are connected parties. As at 20 August 2015 (being the last practicable date prior to the publication of this document), Mike Beer Transport Limited held 14,163 Ordinary Shares.

3.4 As at 20 August 2015 (being the latest practicable date prior to the publication of this document), there were no shares held in Palletforce by certain persons acting in concert with Palletforce.

4. Dealings in Palletforce Shares

4.1 Save as disclosed in paragraph 4.2 below, during the disclosure period, none of Forcefield Bidco, any member of the Forcefield Bidco Group, the Forcefield Bidco Director (including members of his immediate family, close relatives, and related trusts), nor any person acting in concert with Forcefield Bidco have dealt for value in relevant Palletforce securities.

- 4.2 During the disclosure period, the following dealings for value in relevant Palletforce securities by the Palletforce Directors (including members of their immediate families, close relatives and related trusts) have taken place:

Trade Date	Transferor	Amount of shares transferred	Transfer Price per share	Transferee
4 August 2014	Carl Worgan	2,000	£14.45	WM Armstrong (Longtown) Limited
4 August 2014	Carl Worgan	2,163	£14.00	Mike Beer Transport Limited*
4 August 2014	Carl Worgan	2,163	£14.00	Pass J Holdings Limited
2 September 2014	Michael Conroy	2,000	£14.25	Redhead Freight Limited
2 September 2014	Michael Conroy	1,000	£14.05	Baynes & Son Haulage Limited
2 September 2014	Michael Conroy	1,000	£14.00	Lockwood Haulage Limited

* a subsidiary of Pass J Holdings Limited

- 4.3 During the disclosure period the following share buy backs were completed by Palletforce:

Transferor	Number of Shares	Price per Share	Date
Global Warehousing Services Limited	2,019 Ordinary Shares	10p	27 February 2015
Transtex Limited	1,535 Ordinary Shares	10p	20 February 2015

5. Dealings in Forcefield Bidco Shares

During the disclosure period, no dealings in the relevant Forcefield Bidco shares by Palletforce have taken place and no dealings in relevant Forcefield Bidco securities by the Palletforce Directors (including members of their immediate families, close relatives and related trusts) have taken place.

6. Interests and Dealings—General

- 6.1 Save as disclosed in paragraphs 3 and 4 above, as at 20 August 2015 (being the latest practicable date prior to the publication of this document):
- (i) no member of the Forcefield Bidco Group had any interest in, right to subscribe in respect of, any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of relevant Palletforce securities nor has any member of the Forcefield Bidco Group dealt for value in any relevant Palletforce securities during the disclosure period;
 - (ii) the Forcefield Bidco Director (including members of his immediate family, close relatives and related trusts) did not have any interest in, right to subscribe in respect of, any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of relevant Palletforce securities, nor has any such person dealt for value in any relevant Palletforce securities during the disclosure period;
 - (iii) no person acting in concert with Forcefield Bidco had any interest in, right to subscribe in respect of, or any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of relevant Palletforce securities, nor has any such person dealt for value in any relevant Palletforce securities, during the disclosure period;
 - (iv) no person who has an arrangement with Forcefield Bidco, had any interest in, right to subscribe in respect of, or any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of relevant Palletforce securities, nor has any such person dealt for value in any relevant Palletforce securities during the disclosure period; and
 - (v) neither Forcefield Bidco, nor any person acting in concert with Forcefield Bidco, has borrowed or lent any relevant Palletforce securities, save for any borrowed shares which have been either on-lent or sold.
- 6.2 Save as disclosed in paragraphs 3 and 4 above as at 20 August 2015 (being the latest practicable date prior to the publication of this document):

- (i) no member of the Palletforce Group had any interest in, right to subscribe in respect of or any short position in relation to relevant Forcefield Bidco securities nor has any such person dealt for value in any relevant Palletforce securities or relevant Forcefield Bidco securities during the Offer Period;
 - (ii) none of the Palletforce Directors (including members of their immediate families, close relatives and related trusts) had any interest in, right to subscribe in respect of, or any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of relevant Palletforce securities or relevant Forcefield Bidco securities nor has any such person dealt for value in any relevant Palletforce securities or any relevant Forcefield Bidco securities during the Offer Period;
 - (iii) no person acting in concert with Palletforce had any interest in, right to subscribe in respect of, any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of relevant Palletforce securities, nor has any such person dealt for value in any relevant Palletforce securities during the Offer Period;
 - (iv) no person who has an arrangement with Palletforce, had any interest in, right to subscribe in respect of, any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of relevant Palletforce securities, nor has any such person dealt for value in any relevant Palletforce securities during the Offer Period; and
 - (v) neither Palletforce, nor any person acting in concert with Palletforce has borrowed or lent any relevant Palletforce securities, save for any borrowed shares which have been either on-lent or sold.
- 6.3 Save as disclosed in paragraph 11 of this Part VII, no persons have given any irrevocable or other commitment to vote in favour of the Scheme or the resolutions to be proposed at the General Meeting.
- 6.4 Save as disclosed herein, none of (i) Forcefield Bidco or any person acting in concert with Forcefield Bidco; or (ii) Palletforce or any person acting in concert with Palletforce, has any arrangement in relation to relevant securities.
- 6.5 Save as disclosed herein no agreement, arrangement or understanding (including any compensation arrangement) exists between Forcefield Bidco or any person acting in concert with it and any of the Palletforce Directors or the recent directors, shareholders or recent shareholders of Palletforce having any connection with or dependence upon or which is conditional upon the Acquisition.
- 6.6 There is no agreement, arrangement or understanding whereby the beneficial ownership of any Palletforce Shares to be acquired by Forcefield Bidco pursuant to the Scheme will be transferred to any other person.
- 6.7 Save as disclosed herein no relevant Palletforce securities have been redeemed or purchased by Palletforce during the disclosure period.

7. Palletforce Directors' service contracts and emoluments

- 7.1 There are no service contracts or letters of appointment between any Palletforce Director or proposed director of Palletforce except for those set out below and, save as disclosed below, no such contract or letter of appointment has been entered into or amended within the six months preceding the date of this document.

Director	Commencement and effective date of service agreement	Notice period (from either side)	Current annual base salary (£)
Michael Conroy	14/4/2008	12 months	£150,000
Neil Andrew Carpenter	25/07/2001	12 months	£95,350
David Holland	4/11/2008	12 months	£89,560
Dean John Hughes	9/2/2009	12 months	£89,560
John Hamill	01/10/2014	6 months	£90,000

7.2 Executive Directors

7.2.1 It is Palletforce's policy for all executive directors to have indefinite service contracts which can be terminated at any time by either party giving the required period of notice as set out in the table below. Palletforce can elect to terminate their employment by making a payment in lieu of notice equivalent to basic salary for the notice period and continuing to provide the director with his or her contractual benefits.

7.2.2 Each member of the Management Team is entitled to:

- (a) a company car or a car allowance. Where Palletforce provides the car (except as set out in the service agreement) it is obliged to pay all costs of road fund licence, insurance premiums and running expenses in respect of the motor car including fuel, oil, maintenance and repairs;
- (b) a life assurance scheme which covers death in employment;
- (c) medical insurance which benefits the director, their spouse/partner and all dependent children under the age of 25;
- (d) participate in a permanent health insurance scheme; and
- (e) company pension contributions as set out below:

Director	Benefit	Details
Michael Conroy	Pension contribution	Palletforce shall contribute the lower of 13 percent of the director's basic salary from time to time or; such lower amount as may be necessary to take account of Inland Revenue maxima from time to time.
Neil Andrew Carpenter	Pension contribution	Palletforce shall contribute 10 percent of basic salary to a pension scheme subject to the director contributing a minimum of 5 percent basic salary.
David Holland	Pension contribution	Palletforce shall contribute 10 percent of basic salary to a pension scheme subject to the director contributing a minimum of 5 percent basic salary.
Dean John Hughes	Pension contribution	Palletforce shall contribute 10 percent of basic salary to a pension scheme subject to the director contributing a minimum of 5 percent basic salary.
John Hamill	Pension contribution	Palletforce shall contribute 10 percent of basic salary to a pension scheme from time to time or such lower amount as may be necessary to take account of Inland Revenue maxima from time to time in effect such contributions to accrue and be payable monthly in arrears.

Michael Conroy is entitled to a bonus of up to 30 percent of basic salary (subject to PAYE deductions) in each financial year on the achievements of targets determined by the Board. Each of the other executive Palletforce Directors are also entitled to participate in Palletforce's directors' bonus scheme which operates on an annual basis for each financial year.

7.3 Non-executive Directors

Non-executive Director	Commencement Date	Fees immediately prior to February 2015	Current fees (as of February 2015)
John Brotherton	2 January 2009	£32,460	£32,460
Bedfords Limited	13 January 2011	£15,000 plus VAT	£16,000 plus VAT
Edwin C Farrall Transport Limited	24 January 2008	£15,000 plus VAT	£16,000 plus VAT
Pass J Holdings Limited	14 February 2007	£15,000 plus VAT	£16,000 plus VAT
Redhead Freight Limited	30 April 2002	£15,000 plus VAT	£16,000 plus VAT
WM Armstrong (Longtown) Limited	15 January 2015	£15,000 plus VAT	£16,000 plus VAT

There is no written service contract for John Brotherton.

8. Material contracts

8.1 Forcefield Bidco material contracts

Save for those arrangements referred to below, no contracts, not being contracts entered into in the ordinary course of business, which are, or may be, material to the Forcefield Bidco Group, have been entered into by members of the Forcefield Bidco Group in the period beginning on 16 July 2015 and ending on 20 August 2015 (being the last practicable date prior to the publication of this document).

Facility Agreement

On 12 August 2015, Forcefield Bidco entered into the Facility Agreement with Investec Bank plc (the “Lender”). Under the terms of the Facility Agreement, Forcefield Bidco will be provided with a term loan facility A of £5 million (the “A Term Facility”), a term loan facility B of £5 million (the “B Term Facility”), a cash bridge facility of £5 million (the “Cash Bridge Loan”) and a revolving loan facility of £4 million (the “Revolving Facility”). Following the Effective Date, Palletforce will be required to accede to the Facility Agreement as a borrower under a receivables finance facility of £4 million (the “Receivables Facility”) by entering into an accession deed (the “Accession”). The A Term Facility, the B Term Facility, the Cash Bridge Loan, the Revolving Facility and the Receivables Facility are referred to in this document together as the “Forcefield Facilities”.

Each of the A Term Facility, the B Term Facility, the Cash Bridge Loan and the Revolving Facility shall be available for drawing, subject to the satisfaction of certain customary conditions precedent, by Forcefield Bidco until at least 15 January 2016 for funds drawn to finance part of the consideration payable in respect of the Acquisition unless the offer is withdrawn prior to that time.

Each of the A Term Facility, the B Term Facility and the Cash Bridge Loan shall be drawn in full on first utilisation to finance part of the consideration payable in respect of the Acquisition. The Revolving Facility shall be drawn for a minimum amount of £3 million on first utilisation to finance part of the consideration payable in respect of the Acquisition. The remaining balance of the Revolving Facility shall be available to fund the on-going working capital and general corporate purposes of the “Forcefield Finance Group” (being Forcefield Bidco and its subsidiaries).

The Receivables Facility shall be available for drawing, subject to the satisfaction of certain customary conditions precedent, by Palletforce for a period of six years commencing on the date of first utilisation of the Forcefield Facilities (the “Closing Date”). The proceeds of the Receivables Facility shall be applied towards (i) repayment of the Revolving Facility in full and (ii) financing the on-going working capital and general corporate purposes of the Forcefield Finance Group.

Forcefield Bidco is and, following the Accession, Palletforce will be a guarantor under the Facility Agreement pursuant to a guarantee and debenture dated 12 August 2015 (the “Debenture”). As security for amounts borrowed under the Facility Agreement, Forcefield Bidco granted and, following the Accession, Palletforce shall grant, fixed and floating security over all their assets in favour of the Lender under the Facility Agreement pursuant to the Debenture. Such security shall include security granted by Forcefield Bidco over all the shares it owns now or in the future in Palletforce.

Forcefield Bidco is and, following the Accession, Palletforce will be required to comply with certain financial covenants on a quarterly basis commencing on 29 February 2016 in relation to leverage, interest cover, cashflow cover and capital expenditure.

Forcefield Bidco is a party to a deed of subordination dated 12 August 2015 under which it has subordinated its claims to the Lender under the Facility Agreement, subject to certain agreed permitted payments.

Amounts drawn under the A Term Facility are amortised quarterly on a straight line basis over a five year term commencing on the Closing Date. Amounts drawn under the B Term Facility are required to be repaid in full by the date falling six years from the Closing Date. The Cash Bridge Loan will be permanently repaid and cancelled in full no later than the date falling 90 days from the Closing Date. The Revolving Facility will be permanently repaid and cancelled in full as soon as practicable after the Closing Date using the proceeds of the Receivables Facility.

The Facility Agreement permits voluntary prepayment of the Facilities, subject to the payment of prepayment fees in certain circumstances.

Cash interest shall accrue on each loan made under the Revolving Facility at a rate of 3.00 percent per annum plus 3 month LIBOR. Cash interest shall accrue on the loan made under the A Term Facility at a rate of 4.00 percent per annum plus 3 month LIBOR. Cash interest shall accrue on the loan made under the B Term Facility at a rate of 4.5 percent per annum plus 3 month LIBOR. Cash interest shall accrue on the loan made under the Cash Bridge Loan at a rate of 4.5 percent per annum plus 3 month LIBOR. The discount rate on each advance made under the Receivables Facility shall be a rate of 3.00 percent per annum plus 3 month LIBOR.

The Facility Agreement contains restrictions, subject to certain exceptions, on Forcefield Bidco and, following the Accession, Palletforce from creating security over their assets, making disposals, entering into transactions other than on arm's length terms, being a creditor in respect of any financial indebtedness and incurring or allowing to remain outstanding any guarantee.

The Facility Agreement and/or the Debenture contain customary positive and negative obligations, subject to specified exceptions, on Forcefield Bidco and, following the Accession, Palletforce in relation to obtaining any necessary authorisations in relation to the financing, the Acquisition and carrying on their business, compliance with laws, environmental compliance, taxation, preservation of assets, pari passu ranking of unsecured and unsubordinated debt, the conduct of the Acquisition and reregistration of Palletforce by Forcefield Bidco as a private limited company.

The Facility Agreement also contains customary representations and warranties and events of default. Upon the occurrence of an event of default which is continuing, the Lender may cancel any undrawn commitments, demand immediate repayment of all amounts outstanding under the Facility Agreement and exercise any other rights they have under the finance documents, including enforcing any security (including the Debenture).

8.2 Palletforce material contracts

No material contracts (being contracts entered into other than in the ordinary course of business) have been entered into by Palletforce since 13 August 2013 (being the date 2 years before the commencement of the offer period).

9. Share dealing details

Palletforce does not have, nor has had, any of its shares listed on any recognised securities exchange and therefore does not have any middle market quotations. The Company facilitates dealings in its shares on a matched bargain basis periodically. The following shares have been traded in the six months prior to the date of this document:

Date	Name	Buyer/Seller	No. of Shares	Price (£)
31 March 2015	Mick Scarlett	Seller	1,100	14.00
31 March 2015	Ge-Be Transport Ltd	Seller	300	14.00
31 March 2015	Griffin Logistics Ltd	Buyer	1,400	14.00
30 June 2015	A K Worthington Ltd	Seller	6,018	14.08
30 June 2015	Baynes & Son Haulage Ltd	Buyer	1,000	14.01
30 June 2015	Simarco Ltd	Buyer	2,000	14.00
30 June 2015	Crowsfoot Carriers Ltd	Buyer	1,018	14.00
30 June 2015	Baynes & Son Haulage Ltd	Buyer	1,000	13.91
30 June 2015	Hickmans of Kidderminster	Buyer	1,000	14.55

10. Offer-related arrangements

(a) Non-Disclosure Agreement

EmergeVest and Palletforce entered into the Non-Disclosure Agreement on 12 November 2014, pursuant to which EmurgeVest has undertaken to keep confidential information relating to Palletforce and not to disclose it to third parties (other than permitted disclosees) unless required by law or regulation or permitted pursuant to limited carve-outs to the obligations of confidentiality. These confidentiality obligations will remain in force until the Scheme becomes effective. The standstill provisions ceased to apply upon publication of the Announcement.

(b) Subscription and Shareholders Agreement

Forcefield Bidco, each of the Management Team, Visdominus and Visdette entered into the Subscription and Shareholders Agreement on 12 August 2015 pursuant to which the parties agreed to subscribe for ordinary shares and preference shares in Forcefield Topco and Midco Loan Notes. Completion of the Subscription and Shareholders' Agreement is conditional upon the Scheme becoming effective.

The Subscription and Shareholders Agreement also provides that:

- (i) Forcefield Topco shall procure that the Bidco Loan Notes and the Midco Loan Notes are constituted and duly executed by Forcefield Bidco and Forcefield Midco, respectively;
- (ii) immediately following the Effective Date, the Management Team shall be appointed as Directors of Forcefield Topco and its subsidiaries;
- (iii) certain matters relating to the business of Forcefield Topco and its subsidiaries require the consent of the holders of more than 50 percent of the ordinary shares in Forcefield Topco;
- (iv) certain information shall be made available by Forcefield Topco to the Management Team, Visdominus and Visdette from time to time; and
- (v) the Subscription and Shareholders Agreement is governed by and construed in accordance with the law of England and Wales.

(c) Share Exchange Agreement

Forcefield Bidco and the Management Team (excluding John Hamill) entered into the Share Exchange Agreement on 12 August 2015 pursuant to which the Management Team (excluding John Hamill) will sell, and Forcefield Bidco will purchase, the Management Shares for a combination of cash consideration and loan notes to be issued by Forcefield Bidco (the "Bidco Loan Notes"). The sale of the Management Shares pursuant to the Share Exchange Agreement is conditional upon the Scheme becoming effective.

(d) Loan Notes to be issued to Management

It is proposed that Forcefield Bidco will issue the Bidco Loan Notes to the registered holders of a portion of the Palletforce Shares in which Management Team (excluding John Hamill) are beneficially interested as part of the consideration to be paid under the Share Exchange Agreement. The Bidco Loan Notes will be constituted by a loan note instrument and will carry a fixed coupon rate of 12 percent per annum (compounding annually).

It is proposed that, on the Effective Date, the Bidco Loan Notes will be exchanged for securities in Forcefield Topco, via Forcefield Midco, as described below.

(e) Put and Call Option Deed with Forcefield Midco

The Management Team (excluding John Hamill) and Forcefield Midco entered into a put and call option deed on 12 August 2015 regarding the Bidco Loan Notes. Under the put and call option deed, the Management Team will have the right to sell, and Forcefield Midco will have a right the purchase, the Bidco Loan Notes. The consideration for the Bidco Loan Notes will be loan notes in Midco (the "Midco Loan Notes"), which shall be issued on substantially the same terms as the Bidco Loan Notes. The Management Team (excluding John Hamill) and Forcefield Midco will only be entitled to put or call, respectively, all and not some of the Bidco Loan Notes.

(f) Put and Call Option Deed with Forcefield Topco

The Management Team (excluding John Hamill) and Forcefield Topco entered into a put and call option deed on 12 August 2015, on the same terms as applied in the put and call option deed with Forcefield Midco, to enable the exchange of a portion of Midco Loan Notes into B ordinary shares and preference shares in Forcefield Topco.

11. Irrevocable undertakings

11.1 Irrevocable undertakings received from the Palletforce Directors, the number of Ordinary Shares upon which they have undertaken to vote and the relevant percentage for each Meeting are as follows:

Name of Palletforce Director	Number of Ordinary Shares	Percentage of Shares able to vote at the Court Meeting	Percentage of Shares able to vote at the Class Meeting	Percentage of Shares able to vote on Ordinary Resolution*	Percentage of Shares able to vote on Special Resolution*
<i>Non-Executive</i>					
John Brotherton	5,000	0.53%	0.52%	0.53%	0.52%
Bedfords Limited	97,500	10.37%	10.08%	10.37%	10.08%
Edwin C Farrall (Transport) Limited	24,499	2.61%	2.53%	2.61%	2.53%
Pass J Holdings Limited	17,682	1.88%	1.83%	1.88%	1.83%
Mike Beer Transport Limited	14,163	1.51%	1.46%	1.51%	1.46%
Redhead Freight Limited	44,536	4.74%	4.61%	4.74%	4.61%
WM Armstrong (Longtown) Limited	12,000	1.28%	1.24%	1.28%	1.24%
<i>Total Non-Executive</i>	215,380	22.91%	22.27%	22.91%	22.27%
<i>Executive</i>					
Michael Conroy	21,000	-	2.17%	-	2.17%
Neil Carpenter	3,000	-	0.31%	-	0.31%
Dean Hughes	3,000	-	0.31%	-	0.31%
<i>Total Executive</i>	27,000	-	2.79%	-	2.79%
Total	242,380	22.91%	25.06%	22.91%	25.06%

Pass J Holdings Limited is the holding company of Mike Beer Transport Limited and accordingly are connected parties.

* references to Ordinary Resolution and Special Resolution are to those Resolutions to be proposed at the General Meeting

11.2 Irrevocable undertakings received from other persons/entities, the number of Ordinary Shares upon which they have undertaken to vote and the relevant percentage for each Meeting are as follows:

Name of person / entity	Number of Ordinary Shares	Percentage of Shares able to vote at the Court Meeting	Percentage of Shares able to vote at the Class Meeting	Percentage of Shares able to vote on Ordinary Resolution*	Percentage of Shares able to vote on Special Resolution*
Leonard John Bassett	5,989	0.64%	0.62%	0.64%	0.62%
Michael Ashley Bassett	7,343	0.78%	0.76%	0.78%	0.76%
R G Bassett & Sons Limited	19,248	2.05%	1.99%	2.05%	1.99%
Peter Scott Dickerson	7,877	0.84%	0.81%	0.84%	0.81%
Monarch Transport Limited	76,820	8.17%	7.94%	8.17%	7.94%
Michael Ian Scarlett	72,212	7.68%	7.47%	7.68%	7.47%
Richard Mark Smith	71,491	7.60%	7.39%	7.60%	7.39%
Transaction International Limited	10,000	1.06%	1.03%	1.06%	1.03%
Translogic Solutions (UK) Limited	18,765	2.00%	1.94%	2.00%	1.94%
	289,745	30.82%	29.96%	30.82%	29.96%

* references to Ordinary Resolution and Special Resolution are to those Resolutions to be proposed at the General Meeting.

The irrevocable undertakings cease to be binding if the Scheme (or Takeover Offer, as applicable) does not become effective or lapses in accordance with its terms or the Scheme (or Takeover Offer, as applicable) is withdrawn.

The terms of the irrevocable undertakings will continue to be binding in the event a higher competing offer is made for Palletforce.

The irrevocable undertakings given by Palletforce Directors prevent such Palletforce Directors from selling all or any part of their Palletforce Shares until the offer relating to the Acquisition closes, lapses or is withdrawn.

Forcefield Bidco has also received irrevocable undertakings from all of the seven holders of B Shares to: (i) give class consent as B Shareholders to the Special Resolution to be proposed at the General Meeting (the resolution approving the Scheme and varying the Articles of Association); (ii) approve the Scheme as B Scheme Shareholders; and (iii) to be bound by the Scheme as B Scheme Shareholders. The holders of each B Share and their relevant percentages are set out below:

Name of person / entity	Number of B Shares	Percentage of B Shares
<i>Palletforce Directors</i>		
Dean Hughes	7,500	12.09%
Neil Carpenter	7,500	12.09%
David Holland	7,500	12.09%
<i>Other Shareholders</i>		
Michael Ian Scarlett	160	0.26%
Sandra Kaye Scarlett	19,381	31.24%
Tatiana Alekseevna Rudd	10,000	16.12%
Torben Jan Rudd	10,000	16.12%
	62,041	100.00%

12. Offer related fees and expenses

12.1 Forcefield Bidco fees and expenses

Forcefield Bidco expects to incur fees and expenses of £2,897,000 excluding VAT, in aggregate in connection with the Acquisition, comprising the following:

£1,072,000 in respect of financing arrangements;

£450,000 in respect of financial advice;

£830,000 in respect of legal advice;

£76,000 in respect of accounting advice;

£20,000 in respect of public relations advice;

£406,000 in respect of other professional services; and

£43,000 in respect of other costs and expenses.

12.2 Palletforce fees and expenses

Palletforce expects to incur fees and expenses of £275,000 excluding VAT, in aggregate in connection with the Acquisition, comprising the following:

£126,000 in respect of financial advice;

£140,000 in respect of legal advice; and

£9,000 in respect of other costs and expenses, including receiving agents, printing and mailing.

13. Persons acting in concert

13.1 In addition to the Forcefield Bidco Group, and their respective directors, the persons who, for the purposes of the Code, are acting in concert with Forcefield Bidco in respect of the Acquisition are:

Name	Type	Registered Office	Relationship with Forcefield Bidco
KMPG LLP	Limited liability partnership	15 Canada Square, London, E14 5GL	Financial adviser to Forcefield Bidco
EmergeVest Limited	Limited liability company incorporated in the Cayman Islands	190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands	Investment adviser to EmmergeVest Fund B LP
EmergeVest GP B Limited	Limited liability company incorporated in the Cayman Islands	190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands	General Partner of EmmergeVest Fund B LP
EV Cornerstone Limited	Limited liability company incorporated in the British Virgin Islands	171 Main Street, Road Town, Tortola VG1110, British Virgin Islands	90% investor in EmmergeVest Fund B LP
EmergeVest Fund B LP	A limited partnership incorporated in the Cayman islands	190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands	100% shareholder of Visdominus
Visdominus Limited	Limited liability company incorporated in the British Virgin Islands	171 Main Street, Road Town, Tortola VG1110, British Virgin Islands	100% shareholder of Forcefield Topco
Heath Zarin	Individual	Not applicable	Person acting in concert with Forcefield Bidco
Roger Moh	Individual	Not applicable	Person acting in concert with Forcefield Bidco

Michael Conroy	Individual	Not applicable	Person acting in concert with Forcefield Bidco
Dean Hughes	Individual	Not applicable	Person acting in concert with Forcefield Bidco
Neil Carpenter	Individual	Not applicable	Person acting in concert with Forcefield Bidco
David Holland	Individual	Not applicable	Person acting in concert with Forcefield Bidco
John Hamill	Individual	Not applicable	Person acting in concert with Forcefield Bidco

13.2 In addition to the Palletforce Directors, the persons who, for the purposes of the Code, is acting in concert with Palletforce is Cattaneo LLP whose registered office is situated at One Victoria Square, Birmingham, B1 1BD, who is acting as the Rule 3 and financial adviser to Palletforce.

14. No significant change

Save as disclosed in this document there has been no significant change in the financial or trading position of Palletforce since 28 February 2015, being the date to which the Palletforce unaudited interim accounts for the six months were prepared.

15. Consent

Cattaneo LLP has given and has not withdrawn its written consent to the issue of this document and the inclusion herein of references to its name in the form and context in which it is included.

KPMG has given and has not withdrawn its written consent to the issue of this document and the inclusion herein of references to its name in the form and context in which it is included.

16. Documents published on a website

Copies of the following documents will be available for viewing on Palletforce's website at www.offer.Palletforce.com and on EmergeVest's website at www.EmergeVest.com/media, in each case, up to and including the Effective Date or the date the Scheme lapses or is withdrawn, whichever is earlier:

- 16.1 this document;
- 16.2 the Announcement;
- 16.3 the existing memorandum and articles of association of each of Palletforce and Forcefield Bidco;
- 16.4 the Amended Palletforce Articles as proposed to be amended by the resolution set out in the notice of General Meeting set out in Part XI of this document;
- 16.5 the consolidated audited report and accounts of Palletforce for the financial years ended 31 August 2013 and 31 August 2014 and the unaudited financial statements for the six months ended 28 February 2015;
- 16.6 the written consents referred to in paragraph 15 of this Part VII;
- 16.7 the Non-Disclosure Agreement;
- 16.8 the irrevocable undertakings referred to in paragraph 11 of this Part VII above;
- 16.9 the Facility Agreement described in paragraph 8 of this Part VII; and
- 16.10 the documents relating to the Management Arrangements described in paragraph 8 of Part I of this document and paragraph 10 of this Part VII.

17. Sources of information and bases of calculation

- 17.1 The value of the Acquisition is calculated on the basis of the fully diluted share capital of Palletforce as set out in paragraph 17.2 below.
- 17.2 As at the close of business on 20 August 2015, being the last practicable date prior to the publication of this document, Palletforce had in issue 967,103 Ordinary Shares and 62,041 B Ordinary Shares, and options

over 25,000 Ordinary Shares and options over 41,000 B Shares. The total number of fully diluted Shares is 1,095,144.

- 17.3 Unless otherwise stated, the financial information relating to Palletforce is extracted from the audited consolidated financial statements of Palletforce for the financial year to 31 August 2014, and the unaudited interim financial statements for the six months ended 28 February 2015, prepared in accordance with UK GAAP.
- 17.4 Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

PART VIII

DEFINITIONS

The following definitions apply throughout this document (with the exception of Part III) unless the context requires otherwise:

“Acquisition” or “Cash Acquisition”	the proposed acquisition by Forcefield Bidco of the entire issued and to be issued Scheme Shares of Palletforce at the Offer Price to be effected by way of the Scheme (or, subject to the consent of the Panel, a Takeover Offer) including, where the context so requires, any subsequent variation, revision, extension or renewal thereof
“Amended Palletforce Articles”	the articles of association of Palletforce as at the Announcement Date, as proposed to be amended by the resolutions set out in the notice of General Meeting set out in Part XI of this document
“Announcement”	the announcement made in accordance with Rule 2.7 of the Code dated 13 August 2015
“Announcement Date”	13 August 2015, being the date of the Announcement
“Authorisations”	regulatory authorisations, orders, recognitions, grants, consents, clearances, confirmations, certificates, licences, permissions or approvals
“Board”	the board of directors of the relevant company
“B Scheme Shareholders”	holders of B Scheme Shares
“B Scheme Shares”	<p>the B Shares:</p> <ul style="list-style-type: none">(i) in issue at the date of this document;(ii) (if any) issued after the date of this document and on or prior to the Voting Record Time in respect of the Court Meeting; and(iii) (if any) issued after the Voting Record Time in respect of the Court Meeting and on or prior to the Scheme Record Time in respect of which the original or any subsequent holder thereof shall be bound by the Scheme or shall by such time have agreed in writing to be bound by the Scheme, <p>but in each case other than both the Management Shares and any B Ordinary Shares registered in the name of, or beneficially owned by, Forcefield Bidco or any other member of the Forcefield Bidco Group</p>
“ B Shares” or “B Ordinary Shares”	B ordinary shares of £1.00 each in issue in the capital of Palletforce
“Bidco Loan Notes”	has the meaning given to it in paragraph 10 of Part VII of this document
“Blue Form of Proxy”	the blue Form of Proxy for use at the Class Meeting
“Business Day”	a day (other than Saturdays, Sundays and public holidays in the UK) on which banks are open for business in the City of London
“C Shares”	the C ordinary shares of £1.00 each in the capital of Palletforce that are to be created by the Amended Palletforce Articles
“Cattaneo”	Cattaneo LLP, Rule 3 adviser to Palletforce
“Class Meeting”	the meeting of the Ordinary Shareholders (and any adjournment thereof) to be convened in connection with the Scheme, notice of which is set out in Part X (<i>Notices of Ordinary Class Meetings</i>) of this document

“Code”	the City Code on Takeovers and Mergers
“Companies Act”	the Companies Act 2006, as amended
“Conditions”	the conditions to the implementation of the Scheme and the Acquisition as set out in Part III (<i>Conditions to the Implementation of the Scheme and to the Acquisition</i>) of this document
“Connected Person”	has the meaning given to that expression in section 1122 of the Corporation Tax Act 2010
“Corporate Directors”	the corporate directors of Palletforce being Bedfords Limited, Edwin C Farrall (Transport) Limited, Pass J Holdings Limited, Redhead Freight Limited and W M Armstrong (Longtown) Limited. The Corporate Directors are acting through their representatives who are Steffan Pfadenhauer, Michael Farrall, Steven O’Leary, Anthony Suggitt and Geoffrey Armstrong, respectively
“Court”	the High Court of Justice in England and Wales
“Court Meeting”	the meeting of the Scheme Shareholders to be convened pursuant to an order of the Court under the Companies Act for the purpose of considering and, if thought fit, approving the Scheme, including any adjournments thereof;
“Dealing Disclosure”	has the same meaning as in Rule 8 of the Code
“Disclosed”	the information disclosed by, or on behalf of Palletforce: (i) in the annual report and accounts of the Palletforce Group for the financial year ended 31 August 2014 or in the interim accounts of the Palletforce Group for the six months ended 28 February 2015; (ii) in any other announcement to a Regulatory Information Service by, or on behalf of Palletforce prior to the publication of the Announcement; (iii) as otherwise fairly disclosed to Forcefield Bidco (or its respective officers, employees, agents or advisers) prior to the Announcement Date; or (iv) in this document
“Effective Date”	the date on which the Scheme becomes effective in accordance with its terms
“EmergeVest”	EmergeVest Limited, a company incorporated in the Cayman Islands with its registered office at 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands
“EmergeVest Directors”	the persons whose names are set out in paragraph 2.4 of Part VII (<i>Additional Information on Palletforce and Forcefield Bidco</i>) of this document or, where the context so requires, the directors of EmmergeVest from time to time
“Explanatory Statement”	the explanatory statement (in compliance with section 897 of the Companies Act) relating to the Scheme, as set out in Part II (<i>Explanatory Statement</i>) of this document
“Facility Agreement”	means the facility agreement dated 12 August 2015 entered into by Forcefield Bidco and Investec Bank plc pursuant to which Investec Bank plc agreed to make available to Forcefield Bidco facilities up to £19 million
“Financial Conduct Authority”	the United Kingdom Financial Conduct Authority in its capacity as the competent authority for the purposes of Part VI of FSMA
“Forcefield Bidco”	Forcefield Bidco Limited, a company incorporated in England and Wales with registered number 09689385
“Forcefield Bidco Group”	Forcefield Bidco, its parent undertakings and associated undertakings and, where the context permits, each of them
“Forcefield Bidco Director”	the person whose name is set out in paragraph 2.3 of Part VII (<i>Additional Information on Palletforce and Forcefield Bidco</i>) of this document or, where the context so requires, the directors of Forcefield Bidco from time to time

“Forcefield Midco”	Forcefield Midco Limited, a company incorporated in England and Wales with registered number 09687702
“Forcefield Topco”	Forcefield Topco Limited, a company incorporated in England and Wales with registered number 09686165
“Form(s) of Proxy”	(as the context demands) the Pink Form of Proxy in relation to the Court Meeting, the Blue Form of Proxy in relation to the Class Meeting and the White Form of Proxy in relation to the General Meeting
“FSMA”	the Financial Services and Markets Act 2000, including any statutory modification or re-enactment thereof for the time being in force
“General Meeting”	the general meeting of Shareholders (including any adjournment thereof) to be convened in connection with the Scheme
“HMRC”	HM Revenue and Customs
“holder”	a registered holder and any person(s) entitled by transmission
“Independent Palletforce Directors”	John Brotherton, Bedfords Limited, Edwin C Farrall (Transport) Limited, Pass J Holdings Limited, Redhead Freight Limited and WM Armstrong (Longtown) Limited
“Independent Shareholders”	the Shareholders other than the Management Team
“KPMG”	KPMG LLP, a limited liability partnership registered in England and Wales with registered number OC301540 and which has its registered office at 15 Canada Square, E14 5GL, United Kingdom
“Long Stop Date”	15 January 2016, or such later date (if any) as Forcefield Bidco and Palletforce may agree and (if required) the Panel and the Court may allow
“Management Arrangements”	the arrangements between the Management Team and the Forcefield Bidco Group as set out in paragraph 8 of Part I of this document
“Management Shares”	the Palletforce Shares registered in the name of the Management Team
“Management Team” or “Management”	Michael Conroy, Neil Carpenter, David Holland, Dean Hughes and John Hamill comprising the executive directors of Palletforce
“Meetings”	the Court Meeting, the Class Meeting and the General Meeting
“Members”	being independent transport companies contracted to Palletforce as member firms
“Midco Loan Notes”	has the meaning given to it in paragraph 10 of Part VII of this document
“Midco Securities Exchange”	has the meaning given to it in paragraph 8 of Part I of this document
“NFT Distribution”	NFT Distribution Limited
“Non-Disclosure Agreement”	the non-disclosure agreement dated 12 November 2014 between Palletforce and EmergeVest details of which are set out in paragraph 10(a) of Part VII (<i>Additional Information on Palletforce and Forcefield Bidco</i>) of this document
“Offer Period”	the offer period (as defined by the Code) relating to Palletforce, which commenced on the Announcement Date
“Offer Price”	consideration payable of £27.393658 under the Acquisition in respect of a Palletforce Share
“Opening Position Disclosure”	has the same meaning as in Rule 8 of the Code

“Ordinary Resolution ”	the ordinary resolution to approve the Management Arrangements
“Ordinary Scheme Shareholders”	holders of Ordinary Scheme Shares
“Ordinary Scheme Shares”	<p>the Ordinary Shares:</p> <p>(i) in issue at the date of this document;</p> <p>(ii) (if any) issued after the date of this document and on or prior to the Voting Record Time in respect of the Ordinary Court Meeting; and</p> <p>(iii) (if any) issued after the Voting Record Time in respect of the Ordinary Court Meeting and on or prior to the Scheme Record Time in respect of which the original or any subsequent holder thereof shall be bound by the Scheme or shall by such time have agreed in writing to be bound by the Scheme,</p> <p>but in each case other than both the Management Shares and any Ordinary Shares registered in the name of, or beneficially owned by, Forcefield Bidco or any other member of the Forcefield Bidco Group</p>
“Ordinary Shares”	ordinary shares of £1.00 each in issue in the capital of Palletforce
“Overseas Shareholders”	Scheme Shareholders who are resident in or citizens of a jurisdiction outside the United Kingdom
“Palletforce” or “Company”	Palletforce PLC, incorporated in England and Wales with registered number 04088035
“Palletforce Directors”	the persons whose names are set out in paragraph 2.1 of Part VII (<i>Additional Information on Palletforce and Forcefield Bidco</i>) of this document or, where the context so requires, the directors of Palletforce from time to time
“Palletforce Shares” or “Shares”	together the Ordinary Shares and the B Ordinary Shares
“Palletforce Share Schemes”	any and all of the Company’s Executive Share Option Plan and Senior Management Share Scheme:
“Panel”	the Panel on Takeovers and Mergers
“Pink Form of Proxy”	the Pink Form of Proxy for use at the Court Meeting
“Receiving Agent”	Neville Registrars Limited
“Registrar of Companies”	the registrar of companies in England and Wales
“Resolutions”	each of the resolutions to be proposed at the Court Meeting, the Class Meeting and the General Meeting set out in the notices of Meetings contained in this document
“Restricted Jurisdiction”	United States, Japan, South Africa or Australia
“Scheme” or “Scheme of Arrangement”	the proposed scheme of arrangement under Part 26 of the Companies Act, the terms of which are set out in Part IV of this document
“Scheme Court Hearing”	the hearing at which the Scheme Court Order is made
“Scheme Court Order”	the order of the Court sanctioning the Scheme under Part 26 of the Companies Act
“Scheme Document”	this document dated 21 August 2015 sent by Palletforce to Palletforce Shareholders containing, amongst other things, the Scheme and the notices convening the Court Meeting, the Class Meeting and the General Meeting
“Scheme Record Time”	6.00 p.m. on the Business Day immediately after the date of the Scheme Court Hearing

“Scheme Shares”	the Ordinary Scheme Shares and the B Scheme Shares, excluding those held by the Management Team
“Scheme Shareholders”	together the B Scheme Shareholders and the Ordinary Scheme Shareholders
“Share Exchange Agreement”	has the meaning given to it in Part I of this document
“Shareholders” or “Palletforce Shareholders”	the holders of Palletforce Shares from time to time
“Significant Interest”	in relation to an undertaking, a direct or indirect interest of 20 percent or more of the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act) of such undertaking
“Special Resolution”	the special resolution to approve the Scheme; to authorise the Directors to take such action as they may consider necessary to effect the Scheme; and to amend the Palletforce articles of association
“Subscription and Shareholders Agreement”	has the meaning given to it in paragraph 8 of Part I of this document
“subsidiary”	has the meaning given in section 1159 of the Companies Act
“subsidiary undertaking”	has the meaning given in section 1162 of the Companies Act
“Takeover Offer”	should the Acquisition be implemented by way of a takeover offer, a takeover offer made by Forcefield Bidco to acquire the issued and to be issued Palletforce Shares and, where the context so requires, any revision, variation, extension or renewal of such offer
“Third Party”	each of a government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, or court, in any jurisdiction
“Topco Securities Exchange”	has the meaning given to it in paragraph 8 of Part I of this document
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction and any political sub-division thereof
“Visdette”	Visdette Limited, a company incorporated in the British Virgin Islands with registered number 1881544
“Visdominus”	Visdominus Limited, a company incorporated in the British Virgin Islands with registered number 1881482
“Voting Record Time”	6.00 p.m. on the date which is two Business Days prior to the date of the Meetings or, if any meeting is adjourned, 6.00 p.m. on the date which is two Business Days before the date fixed for the relevant adjourned meeting
“White Form of Proxy”	the white Form of Proxy for use at the General Meeting
“Wider Forcefield Bidco Group”	Forcefield Bidco and associated undertakings and any other body corporate, partnership, joint venture or person in which Forcefield Bidco and all such undertakings (aggregating their interests) have a Significant Interest
“Wider Palletforce Group”	Palletforce and associated undertakings and any other body corporate, partnership, joint venture or person in which Palletforce and such undertakings (aggregating their interests) have a Significant Interest

PART IX

NOTICE OF COURT MEETING

**NOTICE OF COURT MEETING IN RELATION TO THE SCHEME
OF ARRANGEMENT**

No. 5444 of 2015

**IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT**

IN THE MATTER OF PALLETFORCE PLC

and

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that, by an order dated 20 August 2015 made in the above matters, the Court has directed that a separate meeting (the “**Court Meeting**”) be convened of the holders of Ordinary Scheme Shares (as defined in the Scheme of Arrangement referred to below) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement (“**Scheme of Arrangement**”) proposed to be made between Palletforce plc (the “**Company**”) and the holders of the Scheme Shares (as defined in the Scheme of Arrangement) and that such Court Meetings will be held at the Radisson Blu Hotel, East Midlands Airport, Herald Way, Pegasus Business Park, Castle Donington, Derby, DE74 2TZ on 14 September 2015 at 10.00 a.m.

A copy of the Scheme of Arrangement and a copy of the statement required to be furnished pursuant to section 897 of the Companies Act 2006 are incorporated in the document of which this notice forms part.

Holders of Ordinary Scheme Shares may vote in person at the Court Meeting, or they may appoint another person as their proxy to attend, speak and vote in their stead. A proxy need not be a member of the Company.

A pink Form of Proxy is enclosed for use at the Court Meeting.

Holders of Ordinary Scheme Shares are entitled to appoint more than one proxy in respect of some or all of their Ordinary Scheme Shares provided each proxy is appointed to exercise rights attached to different shares. Holders may not appoint more than one proxy to exercise rights attached to one share. A space has been included in the Form of Proxy to allow Ordinary Scheme Shareholders entitled to attend and vote at the meeting to specify the number of Ordinary Scheme Shares in respect of which that proxy is appointed. Ordinary Scheme Shareholders who return a Form of Proxy duly executed but leave this space blank will be deemed to have appointed the proxy in respect of all of their holding of Ordinary Scheme Shares.

Ordinary Scheme Shareholders who wish to appoint more than one proxy in respect of their shareholding should contact Palletforce’s Company Secretary for further Forms of Proxy or photocopy the Form of Proxy as required. Such Scheme Shareholders should also read the Form of Proxy in respect of the appointment of multiple proxies.

In the case of joint holders of Ordinary Scheme Shares, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

It is requested that Forms of Proxy (together with any power of attorney or other authority under which they are signed, or a notarially certified copy of such power of attorney) be lodged with the Receiving Agent, Neville Registrars at Neville House, 18 Laurel Lane, Halesowen, West Midlands. B63 3DA as soon as possible and, in any event, so as to be registered or received by no later than 48 hours before the time fixed for the holding of the relevant Court Meeting (excluding any day that is not a working day)(or, if the meeting is adjourned, by no later than 48 hours before the time fixed for the holding of the adjourned Court Meeting (excluding any day that is not a working day)) but, if forms are not so returned, they may be handed to the Chairman at the relevant Court Meeting.

Entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the register of members of the Company as at 6.00 p.m. on the date which is two Business Days (as defined in the Scheme of Arrangement) prior to the date of the Court Meeting, or if the Court Meeting is adjourned,

6.00 p.m. on the date which is two Business Days before the date fixed for the relevant adjourned meeting. Changes to the register of members after such time will be disregarded.

By the said order, the Court has appointed John Brotherton, or failing him, Paul Anthony Suggitt or, failing him, Mike Farrall or, failing him Steven O'Leary or, failing him any director of the Company to act as Chairman of the meeting and has directed the Chairman to report the result of the meeting to the Court.

The said Scheme of Arrangement will be subject to the subsequent sanction of the Court.

Dated 21 August 2015

BIRKETTS LLP
Kingfisher House,
1 Gilders Way,
Norwich,
Norfolk NR3 1UB

Solicitors for the Company

Notes:

1. The statement of rights of Scheme Shareholders (as defined in the Scheme of Arrangement referred to above) in relation to the appointment of proxies described in this Notices of Court Meeting does not apply to nominated persons. Such rights can only be exercised by Scheme Shareholders.

PART X

NOTICE OF CLASS MEETING

NOTICE OF SEPARATE CLASS MEETING OF THE HOLDERS OF ORDINARY SHARES OF £1.00 EACH

PALLETFORCE PLC

Notice is hereby given that a separate class meeting of the holders of ordinary shares (“**Ordinary Shares**”) of £1.00 each in the capital of Palletforce plc (the “**Company**”) will be held at the Radisson Blu Hotel, East Midlands Airport, Herald Way, Pegasus Business Park, Castle Donington, Derby, DE74 2TZ on 14 September at 10.15 a.m. (or as soon thereafter as the meeting of the holders of Ordinary Shares of £1.00 each in the capital of the Company, convened for 10.00 a.m. on the same day and at the same place, by an order of the High Court of Justice, shall have concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution.

SPECIAL RESOLUTION

THAT this separate general meeting of the holders of the ordinary shares of £1 each in the capital of the Company (“Ordinary Shares”) hereby consents to the passing as a special resolution of the resolution to be proposed at the general meeting of the Company (notice of which is set out in the document containing the notice convening this meeting) and hereby sanctions every effect on and every variation, modification or abrogation of the rights or privileges attached to the Ordinary Shares which may result from or be effected by or pursuant to the passing or implementation of such resolution.

Dated 21 August 2015

By Order of the Board

Neil Carpenter

Company Secretary

Registered Office: Callister Way, Centrum West, Burton Upon Trent, Staffordshire DE14 2SY

Registered in England and Wales No. 04088035

Notes:

1. Only holders of ordinary shares of £1 in the capital of Palletforce are entitled to attend and vote at this meeting and may appoint a proxy to attend, speak and vote instead of them. A holder of Ordinary Shares may appoint more than one proxy in relation to the meeting provided that each proxy is entitled to exercise the rights attaching to a different share or shares held by that member. A proxy need not be a member of the Company.
2. A blue Form Of Proxy is enclosed for use at this meeting. To be valid, a completed Form of Proxy (and any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or other authority) must be returned so as to arrive at the offices of Neville Registrars, at the address stated thereon, not later than 10.15 a.m. on 10 September 2015, (or, if the meeting is adjourned, by no later than the 48 hours before the time fixed for the holding of the adjourned meeting (excluding any day that is not a working day)).
3. A space has been included in the blue Form of Proxy to allow Shareholders entitled to attend and vote at the meeting to specify by each proxy's name the number of Palletforce Shares in respect of which that proxy is appointed. Holders of ordinary shares who return a blue Form of Proxy duly executed but leave this space blank will be deemed to have appointed the proxy in respect of all of their holding of Palletforce ordinary shares. Holders of ordinary shares may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. Holders of ordinary may not appoint more than one proxy to exercise rights attached to one share. Shareholders who wish to appoint more than one proxy in respect of their shareholding should contact Neville Registrars for further Forms of Proxy or photocopy the Form of Proxy as required.
4. In the case of joint holders of ordinary shares the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
5. The statement of rights of holders of ordinary shares in relation to the appointment of proxies described in these notes does not apply to nominated persons. Such rights can only be exercised by shareholders of Palletforce.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act to enjoy information rights (a “**nominated person**”) may, under an agreement between him/her and the member by whom he/she was nominated have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a nominated person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.
7. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that no more than one corporate representative is appointed over the same share.
8. A copy of this notice, and other information required by section 311A of the Companies Act, can be found at www.offer.Palletforce.com.

PART XI

NOTICE OF GENERAL MEETING

PALLETFORCE PLC

Notice is hereby given that a general meeting of Palletforce plc (the “**Company**”) will be held at the Radisson Blu Hotel, East Midlands Airport, Herald Way, Pegasus Business Park, Castle Donington, Derby, DE74 2TZ on 14 September 2015 at 10.30 a.m. (or as soon thereafter as the Class Meeting convened for 10.15 a.m. on the same day and at the same place, shall have concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolution as to, which resolution 1 will be proposed as an ordinary resolution and resolution 2 will be proposed as a special resolution.

ORDINARY RESOLUTION

1. THAT the Management Arrangements (as defined in the Scheme Document referred to below), the principal terms of which are described in the scheme document addressed to the shareholders of the Company and others, which contains the offer for shares in the Company by Forcefield Bidco Limited (a copy of which is produced to the meeting and for the purposes of identification has been signed by the Chairman of the meeting) (“**Scheme Document**”), are hereby approved in the context of the offer, notwithstanding that such arrangements are not extended to all shareholders of the Company.

SPECIAL RESOLUTION

2. THAT for the purpose of giving effect to the scheme of arrangement between the Company and the holders of the Scheme Shares (as defined in the Scheme Document, in its original form or subject to such modification, addition or condition as may be agreed between the Company and Forcefield Bidco Limited (“**Forcefield Bidco**”) and approved or imposed by the Court (the “**Scheme**”):
 - (a) the directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into full effect;
 - (b) the articles of association of the Company be and are hereby amended as follows:
 - (i) by the adoption and inclusion of the following new article:

“**Scheme of Arrangement**”

10 Scheme of Arrangement

10.1 In this article, references to the “**Scheme**” are to the scheme of arrangement dated 21 August 2015 under Part 26 of the Companies Act 2006 between the Company and the holders of Scheme Shares (as defined in the Scheme) and as approved by the holders of the Scheme Shares at the meeting convened by the Court and as it may be modified or amended in accordance with its terms, and expressions defined in the Scheme shall have the same meanings in this article.

10.2 Notwithstanding either any other provision of these articles or the terms of any resolution whether ordinary or special passed by the Company in general meeting, if the Company issues any ordinary shares (other than to Forcefield Bidco Ltd. (“**Forcefield Bidco**”) or its nominee(s)) on or after the adoption of this article and on or prior to the Scheme Record Time, such shares shall be issued subject to the terms of the Scheme (and shall be Scheme Shares for the purposes thereof) and the original or any subsequent holder or holders of such ordinary shares shall be bound by the Scheme accordingly.

10.3 Notwithstanding either any other provision of these articles or the terms of any resolution whether ordinary or special passed by the Company in general meeting, if any ordinary shares are issued to any person (other than Forcefield Bidco or its nominee(s)) (the “**New Member**”) after the Scheme Record Time, such New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) will, provided the Scheme shall have become effective, be obliged to immediately transfer all the ordinary shares held by the New Member (or any subsequent holder or any nominee of such New Member or such subsequent holder) (the “**Disposal Shares**”) to Forcefield Bidco (and/or its nominee, as Forcefield Bidco may direct) who shall be obliged to acquire all of the Disposal Shares in consideration of and conditional on

the payment by or on behalf of Forcefield Bidco to the New Member of an amount in cash for each Disposal Share equal to the consideration that the New Member would have been entitled to had each Disposal Share been a Scheme Share.

- 10.4 On any reorganisation of, or material alteration to, the share capital of the Company (including, without limitation, any subdivision and/or consolidation), the value of the consideration per Disposal Share to be paid under Article 10.3 above shall be adjusted by the directors in such manner as the auditors of the Company or an independent investment bank selected by the Company may determine to be fair and reasonable to the New Member to reflect such reorganisation or alteration. References in this article to ordinary shares shall, following such adjustment, be construed accordingly.
 - 10.5 To give effect to any transfer required by this article, the Company may appoint any person as attorney for the New Member to execute and deliver as transferor a form of transfer or instructions of transfer on behalf of the New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) in favour of Forcefield Bidco and do all such other things and execute and deliver all such documents as may in the opinion of the attorney be necessary or desirable to vest the Disposal Shares in Forcefield Bidco and/or its nominees and pending such vesting to exercise all such rights to the Disposal Shares as Forcefield Bidco may direct. If an attorney is so appointed, the New Member shall not thereafter (except to the extent that the attorney fails to act in accordance with the directions of Forcefield Bidco) be entitled to exercise any rights attaching to the Disposal Shares unless so agreed by Forcefield Bidco. The Company may give good receipt for the purchase price of the Disposal Shares and may register Forcefield Bidco and/or its nominees as the holder thereof and issue to it certificates for the same. The Company shall not be obliged to issue a certificate to the New Member for any Disposal Shares. Forcefield Bidco shall send a cheque drawn on a UK clearing bank (or shall procure that such a cheque is sent) in favour of the New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) for the purchase price of such Disposal Shares within 14 days of the date on which the Disposal Shares are issued to the New Member.
 - 10.6 If the Scheme shall not have become effective by the date referred to in paragraph of the Scheme (or such later date, if any, as Forcefield Bidco and the Company may agree and the Court and the Panel on Takeovers and Mergers may allow, if such consent is required), this article shall be of no effect.
 - 10.7 Notwithstanding any other provision of these articles, both the Company and the directors shall refuse to register the transfer of any Scheme Shares effected between the Scheme Record Time and the Effective Date (other than Forcefield Bidco and/or its nominee pursuant to the Scheme).
 - 10.8 Notwithstanding any other provision of these articles, both the Company and the directors may refuse to register the transfer of any ordinary shares other than as provided by this article.”
- (ii) by the adoption and inclusion of the following new article in substitution for the existing Article 5:

5. SHARE CAPITAL

- 5.1 The capital of the Company on the date of amendment of this Article is divided into ordinary shares of £1 each, B ordinary shares of £1 each and C ordinary shares of £1 each.
- 5.2 The holders of the C ordinary shares shall be entitled to receive notice of and attend general meetings of the Company but shall not be entitled to speak or vote at such general meetings.
- 5.3 Save as set out in Articles 17.2 and 54 in relation to the B Shares, and Article 5.2 in relation to the C ordinary shares, the B Shares and the C ordinary shares shall rank *pari passu* in all respects with the existing ordinary share capital of the Company

and

- (c) the provisions of Articles 52 to 54.3 (inclusive) shall be suspended and not have effect for the purposes of considering, voting upon and, if approved, implementing the Scheme.

Dated 21 August 2015

By Order of the Board.

Neil Carpenter

Company Secretary

Registered Office: Callister Way, Centrum West, Burton Upon Trent, Staffordshire DE14 2SY

Registered in England and Wales No. 04088035

Notes:

1. Only holders of ordinary shares of £1 in the capital of Palletforce are entitled to attend and vote at this meeting and may appoint a proxy to attend, speak and vote instead of them. A holder of ordinary shares may appoint more than one proxy in relation to the meeting provided that each proxy is entitled to exercise the rights attaching to a different share or shares held by that member. A proxy need not be a member of the Company.
2. A white Form of Proxy is enclosed for use at this meeting. To be valid, a completed Form of Proxy (and any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or other authority) must be returned so as to arrive at the offices of the Company's Company Secretary, at the address stated thereon, not later than 10.30 a.m. on 10 September 2015, (or, if the meeting is adjourned, by no later than the 48 hours before the time fixed for the holding of the adjourned meeting (excluding any day that is not a working day)).
3. A space has been included in the white Form of Proxy to allow shareholders entitled to attend and vote at the meeting to specify by each proxy's name the number of ordinary shares in respect of which that proxy is appointed. Palletforce shareholders who return a white Form of Proxy duly executed but leave this space blank will be deemed to have appointed the proxy in respect of all of their holding of ordinary shares. Holders of ordinary shares may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. Holders of ordinary shares may not appoint more than one proxy to exercise rights attached to one share. Holders of ordinary shares who wish to appoint more than one proxy in respect of their shareholding should contact Palletforce's Company Secretary for further Forms of Proxy or photocopy the Form of Proxy as required.
4. In the case of joint holders of ordinary shares the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
5. The statement of rights of holders of ordinary shares in relation to the appointment of proxies described in these notes does not apply to nominated persons. Such rights can only be exercised by holders of ordinary shares.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act to enjoy information rights (a "nominated person") may, under an agreement between him/her and the member by whom he/she was nominated have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a nominated person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.
7. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that no more than one corporate representative is appointed over the same share.
8. A copy of this notice, and other information required by section 311A of the Companies Act, can be found at www.offer.Palletforce.com.

