

**FUTURE EQUITY PARTICIPATION AGREEMENT  
AGREED FORM 08.04.16**

From: cloudBuy PLC  
5 Jupiter House,  
Calleva Park,  
Aldermaston,  
Reading RG7 8NN

To: Roberto M. Sella  
2003 Delancey Street  
Philadelphia PA  
19101-6509

and

Arden Partners PLC  
125 Old Broad St  
London EC2N 1AR

2016

Dear Roberto

**Proposed issue by cloudBuy PLC of up to 4,172,562 £1.00 secured convertible loan notes and 1,577,438 £1.00 secured loan notes (the “Loan Notes”) and related matters (the “Transaction”)**

We refer to the proposed Transaction, details of which are set out in the circular which is proposed to be sent to shareholders of cloudBuy PLC (the “Company”) by 28 March 2016 (the “Circular”).

For ease of reference, words and expressions defined in the Circular shall, unless the context provides otherwise, have the same meaning in this letter.

For the purposes of this letter "**Equity Fundraising**" shall mean any equity fundraising by the Company after the date of this letter, involving the issue of new Ordinary Shares for cash by way of a pre-emptive offer of new Ordinary Shares to existing Shareholders or a non-pre-emptive offer of new Ordinary Shares, including without limitation, a rights issue, a placing or an open offer but excluding any issue of new Ordinary Shares pursuant to the exercise of any options or warrants which have been granted to employees, directors, family members or associates of the Company.

We confirm that in consideration of you subscribing and paying for the Loan Notes, we hereby irrevocably undertake to you that you shall have the right, but not the obligation, during the term of the Loan Notes to participate (with an allocation to you of new Ordinary Shares that is at least equal on a pro-rata basis to your shareholding in the Company on the date of this letter) in any Equity Fundraising at a subscription price that is 80% (eighty per cent.) of the issue

price to be offered to the other Shareholders or other new investors in the Company who participate in any Equity Fundraising.

You acknowledge that this shall not commit the Company in any way to undertake any Equity Fundraising in the future.

All other terms and conditions of any Equity Fundraising shall apply equally to you as they shall apply to the other Shareholders or any other new investors in the Company

We agree that for purposes of the Unites States tax rules, to the extent the Loan Notes and the rights under this deed constitute an “investment unit” as defined in Section 1273 of the Internal Revenue Code of 1986, as amended (the “**Code**”), the Company ascribes a nil value to the rights under this deed and will not take an inconsistent position in any calculating or reporting of tax attributes, including the calculations of earnings and profits, for US tax purposes.

In addition, for so long as you own the Loan Notes or equity in the Company, within two months after the close of a fiscal year, we will, based on appropriate guidance, advise you in writing if the Company or any subsidiary was either a controlled foreign corporation (“**CFC**”) or a passive investment corporation (“**PFIC**”), each as defined in the Code for the preceding year. If the Company or any subsidiary is a CFC, we will provide you with appropriate information to permit you to report any income inclusions you may have under Section 951 of the Code. If we or any subsidiary are a PFIC for the preceding year, we will provide you with a completed PFIC annual information reporting statement in the form of Appendix I attached to this deed, and will provide all reasonable information needed to allow you to make an election to treat us as a qualified investment fund as defined in the Code. In all events, we will provide you with sufficient information, records and cooperation to allow you to comply with your US tax reporting rules, seeking of refunds and other tax items as may be required by law.

This letter and any dispute, claim or obligation (whether contractual or non-contractual) arising out of or in connection with it, its subject matter or formation shall be governed by English law.

Please sign and return the endorsement at the bottom of the enclosed copy of this letter in acknowledgment of the terms set out above.

**In witness this letter** has been executed as a deed and delivered on the date appearing at the head of page 1.

Yours sincerely,

\_\_\_\_\_  
Executed as a Deed  
by \_\_\_\_\_ a director  
For and on behalf of **CLOUDBUY PLC**

In the presence of a witness:

\_\_\_\_\_ Witness signature

\_\_\_\_\_  
Witness name

\_\_\_\_\_  
Witness address

\_\_\_\_\_  
Witness occupation

Agreed and acknowledged relating to the terms of the undertaking set out in this letter dated  
2016.

\_\_\_\_\_  
**ROBERTO SELLA**

## APPENDIX I

### PFIC Exhibit Annual Information Statement

1. This questionnaire applies to the taxable year of cloudBuy PLC (the “**Company**”) (or the relevant subsidiary) beginning on [January 1], 20\_\_, and ending on [December 31], 20\_\_.
2. Please check here if 75% or more of the company’s gross income constitutes passive income.

Passive income: For purposes of this test, passive income includes:

- Dividends, interests, royalties, rents and annuities, *excluding*, however, rents and royalties which are received from an unrelated party in connection with the active conduct of a trade or business.
- Net gains from the sale or exchange of property:
  - which gives rise to dividends, interests, rents or annuities (excluding, however, property used in the conduct of a banking, finance or similar business, or in the conduct of an insurance business);
  - which is an interest in a trust, partnership, or REMIC; or which does not give rise to income.
- Net gains from transactions in commodities.
- Net foreign currency gains.
- Any income equivalent to interest.

Look-through rules: If the Company owns, directly or indirectly, 25% or more of the stock of another corporation (as determined by value), the Company must take into account its proportionate share of the income received by such other corporation.

3. Please check here if the average fair market value during the taxable year of passive assets held by the company equals 50% or more of the average fair market value of all of the company’s assets.

*Note*: This test is applied on a gross basis; no liabilities are taken into account.

Passive Assets: For purposes of this test, “passive assets” are those assets which generate (or are reasonably expected to generate) passive income (as defined above). Assets which generate partly passive and party non-passive income are considered passive assets to the extent of the relative proportion of passive income

(compared to non-passive income) generated in a particular taxable year by such assets. Please note the following:

- A trade or service receivable is non-passive if it results from sales or services provided in the ordinary course of business.
- Intangible assets that produce identifiable items of income, such as patents or licenses, are characterized in terms of the type of income produced.
- Goodwill and going concern value must be identified to a specific income producing activity and are characterized in accordance with the nature of that activity.
- Cash and other assets easily convertible into cash are passive assets, even when used as working capital.
- Stock and securities (including tax-exempt securities) are passive assets, unless held by a dealer as inventory.

Average value: For purposes of this test, “average fair market value” equals the average quarterly fair market value of the assets for the relevant taxable year.

Look-through rule: If the Company owns, directly or indirectly, 25% or more of the stock of another corporation (as determined by value), the Company must take into account its proportionate share of the passive assets of such other corporation.

4. Please check here if (A) the Company is a foreign corporation and (B) more than 50% of the company’s stock (by voting power or by value) is owned or considered to as being owned through certain attribution rules by United States shareholders on any day during the taxable year.
5. RS has the following pro-rata share of the ordinary income and net capital gain of the company as determined under U.S. income tax principles for the taxable year of the company:

Ordinary Income: \_\_\_\_\_ (as determined under U.S. income tax principles)

Net Capital Gain: \_\_\_\_\_ (as determined under U.S. income tax principles)

Pro Rata Share: For purposes of the foregoing, the shareholder’s pro rata Share equals the amount that would have been distributed with respect to the shareholder’s stock if, on each day during the taxable year of the Company, the Company had distributed to each shareholder its pro rata Share of that day’s rateable share (determined by allocating to each day of the year, an equal amount of the Company’s aggregate ordinary earnings and aggregate net capital gain for such year) of the Company’s ordinary earnings and net capital gain for such year. Determination of a shareholder’s pro rata Share will require reference to the Company’s

charter, certificate of incorporation, articles of association or other comparable governing document.

6. The amount of cash and fair market value of other property distributed or deemed distributed by Company to RS during the taxable year specified in paragraph 1 is as follows:

Cash: \_\_\_\_\_

Fair Market Value of Property: \_\_\_\_\_

7. Company will permit RS to inspect and copy Company's permanent books of account, records, and such other documents as may be maintained by Company that are necessary to establish that PFIC ordinary earnings and net capital gain, as provided in Section 1293(e) of the Code, are computed in accordance with U.S. income tax principles.

The foregoing representations are true and accurate as of the date of this statement. If in any respect such representations shall cease to be true and accurate, the undersigned shall give immediate note of such fact to the investor.

\_\_\_\_\_

For and on behalf of

CLOUDBUY PLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_