

Company number 3022583

COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

WRITTEN RESOLUTIONS

of

MEADFLEET LIMITED (Company)

Circulation date 20 JANUARY 2020 (Circulation Date)

Pursuant to Chapter 2 of Part 13 of the Companies Act 2006 (**Act**), the directors of the Company propose that the following resolutions are passed as special resolutions.

SPECIAL RESOLUTIONS

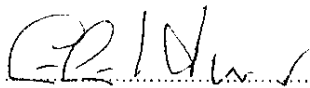
1. THAT the draft regulations attached to these written resolutions be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.
2. THAT the 9,450 issued ordinary shares of £0.01 each in the capital of the Company currently held by Stephen Edward Carter be and are hereby re-designated as, and be converted into, 9,450 non-cumulative preference shares of £0.01 each in the capital of the Company each such non-cumulative preference share having the rights and being subject to the restrictions set out in the articles of association adopted pursuant to resolution 1.

AGREEMENT


Please read the notes at the end of this document before signifying your agreement to the resolutions set out in it (**Resolutions**).

The undersigned, being a person entitled to vote on the Resolutions on the Circulation Date, hereby irrevocably agrees to the Resolutions.

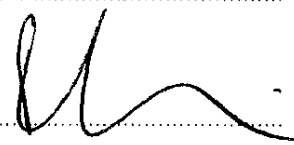
Signed for and on behalf of Hunt
Arnison Ltd by a director
Date


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20 JANUARY 2020

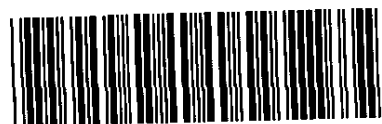
Signed by Stephen Carter
Date


.....
20 JANUARY 2020

Signed for and on behalf of Coyle
Limited by a director
Date


.....
20 JANUARY 2020

TUESDAY



A04 *A90JJ47M* 10/03/2020 #131
COMPANIES HOUSE



Shulmans^{LLP}

**Articles of Association
relating to Meadfleet Limited**

Shulmans LLP
10 Wellington Place
Leeds
LS1 4AP
Ref: APB/M40901/2371

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Company Number: 03022583

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION OF

MEADFLEET LIMITED

(Adopted by Special Resolution passed on 20 JANUARY 2020)

1 DEFINITIONS AND INTERPRETATION

1.1 In these articles:

Act	the Companies Act 2006 and any statutory modification or re-enactment of such act for the time being in force
Asset Sale	the disposal by the Company of all or substantially all of its undertaking and assets (where disposal may include, without limitation, the grant by the Company of an exclusive licence of intellectual property not entered into in the ordinary course of business)
acting in concert	the meaning ascribed to it by the City Code on Takeovers and Mergers as in force and construed at the date of adoption of these articles
Auditors	the auditors or accountants for the time being of the Company
Available Profits	profits available for distribution within the meaning of part 23 of the Act
Board	the board of directors of the Company or the directors present at a duly convened meeting of the board or a committee of the board
Business Day	any day (other than a Saturday, Sunday or public holiday in the United Kingdom) on which clearing banks are open for business in the City of London
Change of Ownership	the acquisition (whether by purchase, transfer, renunciation or otherwise but excluding a transfer of Shares made in accordance with article 6 (Permitted Transfers)) by any person (other than a holder of Shares on the date of adoption of these articles or persons connected with them), of any interest in any Shares if, upon completion of that acquisition, that person (Third Party Purchaser), together with persons acting in concert or connected with him, would hold or beneficially own an interest in any Shares which give them a Controlling Interest in the Company
Controlling Interest	an interest in Shares giving to the holder or holders control of the Company within the meaning of section 1124 of the Corporation Tax Act 2010
eligible director	a director who would be entitled to vote on the matter at a meeting of directors (but excluding any director whose vote is not to be counted in respect of the particular matter)
Effective Date	1 October 2019.

Group	the Company and all its subsidiaries and subsidiary undertakings for the time being and member of the Group shall be construed accordingly
Issue Price	the amount paid up or credited as paid up (including any premium on issue) on a Share
Member	any registered holder of Shares for the time being
Model Articles	the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these articles
Non-Cumulative Preference Shares	the non-cumulative preference shares of £0.01 each of the Company
Ordinary Shares	the ordinary shares of £0.01 each of the Company
Proceeds of Sale	the consideration payable (including any deferred and/or contingent consideration) whether in cash or otherwise to those Members selling Shares under a Share Sale less any fees, costs and expenses payable in respect of such Share Sale as approved by the Board
qualifying person	has the meaning given in section 318 of the Act
recognised investment exchange	shall have the meaning defined in section 285(1)(a) of the Financial Services and Markets Act 2000 which for the purposes of this definition shall be deemed to include the AIM Market of the London Stock Exchange plc
Relevant Issue Price	the amount paid up or credited as paid up (including any premium on issue) on a Share or, in the case of a Member who has acquired a Share via an arm's length transfer in accordance with these articles, the amount paid by such Member for such Share
Relevant Misconduct Event	<p>in respect of a director of the Company or any of its subsidiaries, or a Member of the Company, that person:</p> <ul style="list-style-type: none"> (a) commits an act of fraud or dishonesty in relation to the Company or any of its subsidiaries; or (b) commits an act of gross misconduct in his capacity as a director of the Company or any of its subsidiaries, or as member of the Company; or (c) in the case only of a director of the Company or any of its subsidiaries, puts himself in a position where he has a conflict of interest with the interests of the Company or any of its subsidiaries or knowingly exceeds his levels of authority, <p>and in any such case such act or acts has or have had a material detrimental effect on the value of the Company and its subsidiaries taken as a whole.</p>
Representatives	a person's legal personal representatives following death or trustee in bankruptcy following bankruptcy and Representative shall be construed accordingly

RPI	the Retail Prices Index or any official index replacing it (or if none any other index or basis which the Board may select from time to time in its absolute discretion).
Sale	the making of one or more agreements (whether conditional or not) for an acquisition of any Share giving rise to a Change of Ownership
Shareholder Agreement	any agreement relating to the Company made (inter alios) between the Members (1) and the Company (2), as amended, waived, restated, modified or supplemented for the time being)
Shares	the Ordinary Shares and the Non-Cumulative Preference Share
Share Sale	the sale of (or the grant of a right to acquire or to dispose of) any of the Shares in the capital of the Company (in one transaction or as a series of transactions) which will result in the purchaser of those Shares (or grantee of that right) and persons acting in concert with him together acquiring a Controlling Interest in the Company, except where following completion of the sale the Members and the proportion of Shares held by each of them are the same as the Members and their shareholdings in the Company immediately prior to the sale
Third Party Purchaser	has the meaning given in the definition of Change of Ownership and, where the relevant acquisition was effected by the renunciation of a renounceable letter of allotment, includes the relevant renounee
Valuers	<p>the Auditors unless:</p> <p>(a) a report on Market Value is to be made pursuant to a Deemed Transfer Notice and, within 10 Business Days after the date of the Deemed Transfer Notice, the Vendor notifies the Board in writing that it objects to the Auditors making that report; or</p> <p>(b) the Auditors decline an instruction to report on Market Value,</p> <p>when the Valuers for the purpose of that report shall be a firm of chartered accountants experienced in such matters agreed between the Vendor and the Board or, in default of agreement within 10 Business Days after the event referred to in or above, appointed by the President of the Institute of Chartered Accountants in England and Wales on the application of the Vendor or the Board (each Member agrees that if any Member, being required to sign the letter of engagement of the Valuers, fails to do so within five Business Days of being requested to sign it, the Board may authorise any person, who shall be deemed to be the attorney of that Member for the purpose, to sign the engagement letter and deliver it on the that Member's behalf)</p>

1.2 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these articles.

1.3 Save as otherwise provided in these articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these articles.

- 1.4 In addition to the terms defined in article 1.1, certain other terms are defined elsewhere in these articles (denoted by bold type); each such term shall have the meaning stated for the purpose of the provision in which it is defined and where used elsewhere in these articles.
- 1.5 A reference in these articles to a **regulation** is a reference to the relevant article of the Model Articles and a reference to an **article** by number is to the particular article of these articles.
- 1.6 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:
- 1.6.1 any subordinate legislation from time to time made under it; and
- 1.6.2 any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.
- 1.7 In these articles:
- 1.7.1 words importing a gender include every gender, references to the singular include the plural and references to persons include bodies corporate, unincorporated associations and partnerships;
- 1.7.2 the words **other**, **includes**, **including** and **in particular** do not limit the generality of any preceding words and any words which follow them shall not be construed as being limited in scope to the same class as the preceding words where a wider construction is possible; and
- 1.7.3 a person is deemed to be connected with another if that person is so connected within the meaning of section 1122 Corporation Tax Act 2010 (as in force and construed at the date of adoption of these articles).
- 1.8 The headings in these articles shall not affect their construction.
- 1.9 If any date referred to in these articles is not a Business Day, it shall be taken to be a reference to the next Business Day after that date.
- 1.10 Notwithstanding any other provision of these articles, in the event of a conflict or inconsistency between these articles and the Shareholder Agreement, the Shareholder Agreement shall prevail.
- 1.11 "**bankruptcy**" includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy.

2 SHARE CAPITAL

- 2.1 The share capital of the Company may be divided into ordinary shares (**Ordinary Shares**) and 9,450 non-voting non-cumulative preference shares (**Non-Cumulative Preference Shares**). The Ordinary Shares and the Non-Cumulative Preference Shares shall constitute separate classes of shares.
- 2.2 The Ordinary Shares shall rank *pari passu* together as one class.

Voting

- 2.3 The voting rights attached to each Ordinary Share are as follows:
- 2.3.1 on a show of hands, every person holding one or more Ordinary Shares, who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy, shall have one vote; and
- 2.3.2 on a poll, every person holding one or more Ordinary Shares, who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy, shall have one vote for each Ordinary Share of which he is the holder.
- 2.4 The Non-Cumulative Preference Shares carry no voting rights and the holders of the Non-Cumulative Preference Shares will not be entitled to receive notice of general meetings or attend or vote at general meetings.

Dividends

- 2.5 Subject to article ~~2.10~~ ^{2.7}, the Company shall in relation to each Relevant Financial Year (as defined below) before application of any profits to reserve or for any other purpose, provided, and only to the extent, that the Company has sufficient Available Profits out of which to pay the same, first, declare and pay in respect of each Non-Cumulative Preference Share in relation to the period commencing on 1 August and ending on 31 July in each financial year of the Company (**Relevant Financial Year**), a fixed non-cumulative preferential dividend at the annual rate of £6.59 per Non-Cumulative Preference Share (subject to adjustment in accordance with article 2.6) to be paid (if due), subject to article 2.7 (*Interim Dividends*) no later than 25 October in the financial year immediately following the Relevant Financial Year to the person registered as the holder of such Non-Cumulative Preference Share at that date (**Preference Dividend**).

Shulmans
LLP

The first payment shall be calculated on a pro rata basis based on the number of days which have elapsed since the Effective Date and ending on 31 July 2020 as a fraction of 365 days, and shall be declared and made subject to article 2.7 (*Interim Dividends*) no later than 25 October in the financial year immediately following the Relevant Financial Year.

If the Company is unable to pay in full on the due date any Preference Dividend by reason of having insufficient Available Profits in relation to the Relevant Financial Year in question, then it shall on such date pay the same to the extent that it is lawfully able to do so from Available Profits in relation to the Relevant Financial Year in question and (as the Preference Dividend is not cumulative) the unpaid amount will automatically cease to be payable to the person registered as the holder of such Non-Cumulative Preference Share.

- 2.6 The Preference Dividend shall be increased by a percentage equal to the corresponding percentage increase during the Relevant Financial Year in the all Items index of the RPI, and the first year to which such increase shall apply shall be the Relevant Financial Year commencing on 1 August 2020 and in that case the increase shall be calculated by reference to the Relevant Financial Year ending 31 July 2021. The Board, acting reasonably, shall be responsible for calculating any such increase and shall give each person registered as a holder of a Non-Cumulative Preference Share written notice of any increase as soon as it has been calculated. The Board's calculation shall be final and binding on each person registered as a holder of a Non-

Cumulative Preference Share, save in the case of manifest error. If there is any change to the methods used to compile the RPI, including any change to the items from which the all Items index of the RPI is compiled, or if the reference base used to compile the RPI changes, the Board shall be entitled to take into account the effect of this change when calculating any percentage increase.

Interim Dividends

- 2.7 In respect of any Relevant Financial Year, the Board may recommend payment of, declare and pay an interim dividend in full or in part of the Preference Dividend at any time prior to the end of that Relevant Financial Year (that Relevant Financial Year shall be referred to as the **Current Financial Year**).

If the Board reasonably determine that there are sufficient Available Profits, and subject always to that, the Board will recommend payment of, declare and pay an interim dividend in respect of a Relevant Financial Year of:

2.7.1 50% of the Preference Dividend (on account of the Preference Dividend) by no later than 25 October in the Current Financial Year by reference to the Available Profits earned in the period up to 25 October in the Current Financial Year (**First Interim Dividend**); and

2.7.2 50% of the Preference Dividend (on account of the Preference Dividend) by no later than 25 April in the Current Financial Year by reference to the Available Profits earned in the period up to 25 April in the Current Financial Year (**Second Interim Dividend**),

and in relation to the first Preference Dividend for the period commencing on the Effective Day and ending on 31 July 2020, the First Interim Dividend shall be paid by no later than 31 December 2019 (as opposed to by 25 October 2019) and the Second Interim Dividend shall be paid no later than 25 April 2020.

If the Preference Dividend is paid in full as an interim dividend(s) the Board may determine to distribute as an interim dividend (or interim dividends) in addition to the interim Preference Dividend any Available Profits in respect of that Relevant Financial Year and such interim dividend (or interim dividends) shall be applied entirely to the holders of the Ordinary Shares pari passu in accordance with article 2.9.

Limitation

- 2.8 The Non-Cumulative Preference Shares shall carry no rights to income or dividends except as set out in 2.5 and 2.6, and without prejudice to the generality of the foregoing shall carry no rights to income or dividends in relation to any Available Profits or other distributable reserves which relate to any period prior to the Effective Date.

Other dividends

- 2.9 Subject to:
- 2.9.1 articles 2.5 and 2.6; and
- 2.9.2 the Board recommending payment of the same,

any Available Profits which the Company may determine to distribute in addition to those distributed under 2.5 and 2.6 in respect of any Relevant Financial Year shall be applied entirely to the holders of the Ordinary Shares *pari passu*.

Ordinary Shares – other financial periods

- 2.10 Notwithstanding the provisions of articles 2.5, 2.6, 2.7 and 2.9, subject to the Board recommending payment of the same, any Available Profits or other distributable reserves which the Company may determine to distribute in respect of any period prior to the Effective Date, or any Available Profits or distributable reserves that apply in respect of any period prior to the Effective Date, shall be applied entirely to the holders of the Ordinary Shares *pari passu*, and may be declared and paid at any time and from time to time by the Company irrespective of whether a Preference Dividend in respect of any period after the Effective Date has accrued or been declared or paid under articles 2.5 and 2.6.

Return of Capital

- 2.11 On a return of capital on liquidation or otherwise (except on a redemption or purchase by the Company of any Shares), the surplus assets of the Company remaining after the payment of its liabilities (including for the avoidance of doubt any debts arising from non-payment of Preference Dividends) shall be applied in the following order of priority:
- 2.11.1 first in paying to each holder of Preference Shares in respect of each Preference Share an amount equal to any unpaid amounts of Preference Dividend;
 - 2.11.2 second, in paying to the holders of Ordinary Shares and Non-Cumulative Preference Shares (*pari passu* as if the same constituted one class of Shares), according to the amount paid up or credited as paid up on each such Share an amount equal to the Issue Price thereof; and
 - 2.11.3 the balance of such assets (if any) shall be distributed amongst the holders of the Ordinary Shares and the Non-Cumulative Preference Share (*pari passu* as if the same constituted one class of Shares) according to the amount paid up or credited as paid up on each such Share.

Exit Provisions

- 2.12 On a Share Sale the Proceeds of Sale shall be distributed in the order of priority set out in article 2.11 and the directors shall not register any transfer of Shares if the Proceeds of Sale are not so distributed save in respect of any Shares not sold in connection with that Share Sale provided that if the Proceeds of Sale are not settled in their entirety upon completion of the Share Sale:
- 2.12.1 the Directors shall not be prohibited from registering the transfer of the relevant Shares so long as the Proceeds of Sale that are settled have been distributed in the order of priority set out in article 2.11; and
 - 2.12.2 the Members shall take any action to ensure that the Proceeds of Sale in their entirety are distributed in the order of priority set out in article 2.11.

- 2.13 In the event that the Proceeds of Sale are distributed on more than one occasion (for any deferred or contingent consideration or otherwise), the consideration so distributed on any further occasion shall be paid by continuing the distribution from the previous distribution of consideration in the order of priority set out in article 2.11.
- 2.14 On an Asset Sale the surplus assets of the Company remaining after payment of its liabilities shall be distributed (to the extent that the Company is lawfully permitted to do so) in the order of priority set out in article 2.11 provided always that if it is not lawful for the Company to distribute its surplus assets in accordance with the provisions of these articles, the Members shall take any action required (including, but without prejudice to the generality of this article 2.14, actions that may be necessary to put the Company into voluntary liquidation) so that article 2.11 applies.

Further preference shares

- 2.15 The Company shall be entitled at any time, and from time to time, by special resolution of the holders of the Ordinary Shares (without the need to obtain the consent of the holders of the Non-Cumulative Preference Shares) to convert (subject to any other requirements of the Act) any Ordinary Shares to preference shares or to any other class of shares, provided that where such new share is not a class of Ordinary Shares, such new shares do not carry more preferential rights than the preferential rights that attach to each Non-Cumulative Preference Share.

3 FURTHER ISSUES OF SHARES: AUTHORITY

Save to the extent authorised by these articles, or authorised from time to time by an ordinary resolution of the Members, the directors shall not exercise any power to allot Shares or to grant rights to subscribe for, or to convert any security into, any Shares in the Company.

4 FURTHER ISSUES OF SHARES: PRE-EMPTION RIGHTS

- 4.1 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to an allotment of equity securities (as defined in section 560(1) of the Act) made by the Company.
- 4.2 Unless otherwise agreed by special resolution, if the Company proposes to allot any equity securities (other than any equity securities to be held under an employees' share scheme), those equity securities shall not be allotted to any person unless the Company has first offered them to all Members holding Ordinary Shares on the date of the offer on the same terms, and at the same price, as those equity securities are being offered to other persons on a pari passu and pro rata basis to the number of Ordinary Shares held by those holders (as nearly as possible without involving fractions). The offer:
- 4.2.1 shall be in writing, shall be open for acceptance for a period of 15 Business Days from the date of the offer and shall give details of the number and subscription price of the relevant equity securities; and
- 4.2.2 may stipulate that any Member who wishes to subscribe for a number of equity securities in excess of the proportion to which he is entitled shall, in his acceptance, state the number of excess equity securities (**Excess Securities**) for which he wishes to subscribe.
- 4.3 Any equity securities not accepted by Members pursuant to the offer made to them in accordance with article 4.2 shall be used for satisfying any requests for Excess Securities made pursuant to

article 4.2. If there are insufficient Excess Securities to satisfy such requests, the Excess Securities shall be allotted to the applicants pro rata to the number of Ordinary Shares held by the applicants immediately before the offer was made to Members in accordance with article 4.2 (as nearly as possible without involving fractions or increasing the number of Excess Securities allotted to any Member beyond that applied for by him). After that allotment, any Excess Securities remaining shall be offered to any other person as the Board may determine, at the same price and on the same terms as the offer to the Members holding Ordinary Shares.

- 4.4 If it is not possible to allocate equity securities without involving fractions, those fractions shall be aggregated and allocated amongst the applicants in such manner as the Board in their absolute discretion think fit.
- 4.5 Subject to 4.2 and 4.3 and to section 551 of the Act, any equity securities shall be at the disposal of the Board who may allot, grant options over or otherwise dispose of them to any persons at those times and generally on the terms and conditions they think proper.
- 4.6 Without the prior written consent of the Board, no Shares shall be allotted to any employee, director, prospective employee or director of any member of the Group unless such person has entered into a joint election with the Company under section 431 of the Income Tax (Earnings and Pensions) Act 2003.

5 TRANSFER OF SHARES - GENERAL

- 5.1 The Board shall not register the transfer of any Share or any interest in any Share unless:
 - 5.1.1 the transfer is:
 - (a) permitted by article 6 (Permitted Transfers); or
 - (b) is made with the prior written consent of any Member holding, or Members together holding, 60% or more of the Shares; or
 - (c) is made in accordance with article 7 (Voluntary Transfers), article 8 (Compulsory Transfers), or article 9 (Tag Along Right);
 - 5.1.2 (if such a deed is required under the Shareholder Agreement), the transferee has executed a deed of adherence to, and in the manner required by, the Shareholder Agreement; and
 - 5.1.3 the transfer, in any event, is not in favour of any infant, bankrupt, trustee in bankruptcy or person of unsound mind.
- 5.2 The Company shall promptly register any duly executed and stamped transfer of Shares which is made in accordance with these articles.
- 5.3 For the purpose of ensuring that a transfer of Shares is in accordance with these articles or that no circumstances have arisen whereby a Member may be bound to give or be deemed to have given a Transfer Notice (as defined in article 7.1) the Board may from time to time require any Member or any person named as transferee in any transfer lodged for registration to furnish to the Board such information and evidence as it or he requests for such purpose. If such information or

evidence is not furnished to his or their reasonable satisfaction within a reasonable time after that request the Board may in their absolute discretion either:

5.3.1 refuse to register the transfer in question; or

5.3.2 where no transfer is in question, require by notice in writing to the Member(s) concerned that a Transfer Notice be given in respect of the Shares concerned within the period specified in that notice.

If such information or evidence discloses to the satisfaction of the Board in their absolute discretion that circumstances have arisen whereby a Member is bound to give or be deemed to have given a Transfer Notice the Board may in their absolute discretion by notice in writing to the Member concerned require that a Transfer Notice be given in respect of the Shares concerned within the period specified in that notice.

5.4 An obligation to transfer a Share under these articles shall be deemed to be an obligation to transfer the entire legal and beneficial interest in such Share free from any lien, charge or other encumbrance.

5.5 No arrangement shall be entered into by any Member whereby the terms upon which that Member holds any Shares are to be varied if as a result any interest in those Shares is varied, disposed of or created or extinguished, except by a transfer made in accordance with these articles.

5.6 Regulation 26(5) of the Model Articles shall not apply to the Company.

5.7 Any reference to 'the Board' in 7 and 8 shall exclude any director being, or being connected with, the relevant Vendor (as defined in article 7.1) (or Member who would become a Vendor following the relevant notification to the Company under article 8) and such director shall not be an eligible director for the purposes of the relevant transfer or any related or consequential or ancillary matter.

6 PERMITTED TRANSFERS

6.1 For the purposes of this article and 7 and 8:

6.1.1 **family member** means, in relation to any person, any of his spouse or civil partner (or widow or widower), children and grandchildren (excluding step and adopted children and grandchildren);

6.1.2 **family company** means, in relation to any person, a body corporate for the time being controlled by that person and his family members, there being deemed to be control for that purpose whenever section 1124 Corporation Tax Act 2010 would so require;

6.1.3 **family trust** means, in relation to a Member, a trust which does not permit any of the settled property or the income from it to be applied otherwise than for the benefit of that Member or any of his family members or family companies (and any charity or charities as default beneficiaries meaning that the charity or charities have no immediate beneficial interest in any of the settled property or the income from it when the trust is created but may become so interested if there are no other beneficiaries from time to time except other charities) and under which no power of control over the voting powers conferred by any Shares the subject of the trust is capable of being exercised by, or being subject to the consent of, any

person other than the trustees or such Member or any of his family members or family companies or a pension scheme of such Member whose beneficiaries are the Member and/or his family members;

6.1.4 **permitted transfer** means any transfer of Shares permitted under this article 6;

6.1.5 **permitted transferee** means a transferee to whom a permitted transfer has been made.

6.2 With the prior written consent of the Board, and subject to 6.3 to 6.6, any Member (**Original Member**) who is an individual may at any time transfer Shares to a person shown to the reasonable satisfaction of the Board to be:

6.2.1 a family member or family company of his; or

6.2.2 trustees to be held under a family trust for that Member,

provided that where the Original Member is Stephen Carter he shall not require the prior written consent of the Board to transfer any Non-Cumulative Preference Shares to a family member of his.

6.3 Subject to article 6.5, no Shares shall be transferred under article 6.2 by any person who previously acquired those Shares by way of transfer under article 6.2, other than back to the Original Member provided they shall remain a Member.

6.4 No transfer of Shares shall be made by a Member under article 6.2:

6.4.1 unless in the case of a transfer under article 6.2.2, the Board has confirmed in writing their satisfaction:

- (a) with the terms of the instrument constituting the relevant family trust and in particular with the powers of the trustees;
- (b) with the identity of the trustees and the procedures for the appointment and removal of trustees;
- (c) with the restrictions on changes in the terms of the trust instrument and on distributions by the trustees;
- (d) the ability and willingness of the trustees to give appropriate warranties and indemnities on a Sale or admission of the Company's issued equity share capital to any recognised investment exchange; and
- (e) that none of the costs incurred in establishing or maintaining the relevant family trust will be payable by any member of the Group.

6.5 Where Shares are held by trustees under a family trust, with the prior written consent of the Board:

6.5.1 those Shares may, on any change of trustees, be transferred by those trustees to any new trustee of that family trust whose identity has been approved in writing by the Board;

6.5.2 those Shares may at any time be transferred by those trustees to the settlor of that trust or any other family member or family company to whom that settlor could have transferred them under this article if he had remained the holder of them; and

6.5.3 if any of those Shares cease to be held under a family trust for any other reason, the trustees shall give a Transfer Notice (as defined in article 7.1) within 20 Business Days in respect of all the Shares then held by those trustees.

6.6 If:

6.6.1 any person has acquired Shares as a family member or family company of an Original Member by way of one or more permitted transfers; and

6.6.2 that person ceases to be a family member or family company of that Original Member,

that person shall forthwith transfer all the Shares then held by that person back to that Original Member, for such consideration as they agree, within 15 Business Days of the cessation, or, failing such transfer within that period, shall during the remainder of the 20 Business Day period after the cessation, give a Transfer Notice in respect of all of the Shares then held by that person.

7 VOLUNTARY TRANSFERS

7.1 Any Member (a **Vendor**) shall, before transferring or agreeing to transfer any Share or any interest in any Share, serve notice in writing (a **Transfer Notice**) on the Company of his wish to make that transfer unless the transfer is:

7.1.1 made pursuant to article 5.1.1(b); or

7.1.2 made pursuant to article 6 (Permitted Transfers); or

7.1.3 a transfer made pursuant to acceptance of an offer made pursuant to article 9 (Tag Along Right).

7.2 In the Transfer Notice, the Vendor shall specify:

7.2.1 the number of Shares (**Sale Shares**) which he wishes to transfer;

7.2.2 the identity of the person (if any) to whom the Vendor wishes to transfer the Sale Shares;

7.2.3 the price per share at which the Vendor wishes to transfer the Sale Shares (**Proposed Sale Price**);

7.2.4 any other terms relating to the transfer of the Sale Shares which are not prohibited by these articles including the date from which dividends on the Sale Shares shall accrue to the purchaser; and

7.2.5 whether the Transfer Notice is conditional upon all (and not part only) of the Sale Shares being sold pursuant to the following provisions of this article 7 (a **Total Transfer Condition**).

7.3 Each Transfer Notice shall:

- 7.3.1 relate to one class of Shares only;
 - 7.3.2 constitute the Company as the agent of the Vendor for the sale of the Sale Shares on the terms of this article 7;
 - 7.3.3 save as provided by article 7.5, be irrevocable; and
 - 7.3.4 not be deemed to contain a Total Transfer Condition unless expressly stated otherwise.
- 7.4 The Sale Shares shall be offered for purchase in accordance with this article 7 at a price per Sale Share (**Sale Price**) which either has been agreed between the Vendor and the Board or in default of agreement within 15 Business Days after the date of service of the Transfer Notice, the lower of:
- 7.4.1 the Proposed Sale Price; and
 - 7.4.2 if the Board elects within 20 Business Days after the date of service of the Transfer Notice to instruct Valuers for that purpose, the price per Share reported on by the Valuers as their written opinion of the open market value of each Sale Share in accordance with article 7.16 (**Market Value**) as at the date of service of the Transfer Notice.
- 7.5 The Vendor may revoke the Transfer Notice if:
- 7.5.1 an offer is required to be made under article 9 and such an offer is not so made, in which event the Vendor may revoke the Transfer Notice by written notice given to the Board and without liability to any person, prior to completion of any transfer pursuant to the Transfer Notice; or
 - 7.5.2 the Market Value is reported on by the Valuers under article 7.4.2 to be less than the Proposed Sale Price specified in the Transfer Notice, in which event the Vendor may revoke the Transfer Notice by written notice given to the Board within the period of 10 Business Days after the service on the Vendor of the Valuers' written opinion of the Market Value.
- 7.6 The Board shall offer the Sale Shares to the Company for purchase at the Sale Price, subject to the provisions of the Act, within five Business Days of the Sale Price having been agreed or determined under article 7.4 or, if the Transfer Notice is capable of being revoked under article 7.5, within five Business Days after the expiry of the period for revocation in article 7.5. Where the relevant Transfer Notice contains a Total Transfer Condition and the Company only wishes to acquire some and not all of the relevant Sale Shares, the Company shall only agree to acquire such Sale Shares conditionally on the remainder of the Sale Shares being allocated to Members under the remaining provisions of this article 7. The Board shall as soon as practicable give notice in writing to the Vendor specifying the number of Sale Shares proposed to be acquired by the Company, the aggregate price payable for them, and the time for completion of such sale and purchase, attaching the agreement or deed referred to in article 7.7 below. Any Sale Shares neither sold nor agreed to be acquired under this article 7.6 within 30 Business Days of being offered to the Company will be available for sale to the Members as set out below.
- 7.7 A Vendor who is to sell shares to the Company pursuant to article 7.6 will enter into an agreement or deed recording the sale in terms reasonably required by the Board within five Business Days of being asked to do so. Any such agreement or deed can be subject to such conditions precedent

as the Board may specify and will include warranties to be given by such Vendor in relation to the relevant Sale Shares that he has title to sell them and that they are free from encumbrances and other third party rights.

- 7.8 Within five Business Days after the end of the period for the Company to acquire or agree to acquire Sale Shares under article 7.6 or, if earlier, within five Business Days after the Board resolving that the Company will not accept any Sale Shares offered to it pursuant to article 7.6, the Board shall offer the Sale Shares which are neither sold nor agreed to be acquired under article 7.6 for purchase at the Sale Price by a written offer notice (**Offer Notice**) served on all Members holding Ordinary Shares (other than the Vendor, or any other Member to the extent he has acquired Shares from the Vendor under a permitted transfer under article 6.2, directly or by means of a series of two or more permitted transfers under article 6.2; and other than any other Member who is then bound to give or deemed to have given a Transfer Notice in relation to which the procedures in these articles have not been completed).
- 7.9 An Offer Notice shall:
- 7.9.1 specify the Sale Price;
 - 7.9.2 expire 42 days after its service;
 - 7.9.3 contain the other details included in the Transfer Notice; and
 - 7.9.4 invite the relevant Members to apply in writing, before expiry of the Offer Notice, to purchase Sale Shares.
- 7.10 After the expiry date of the Offer Notice (or, if earlier, upon responses being received from all relevant Members in accordance with article 7.9), the Board shall allocate the Sale Shares in accordance with the applications received, subject to the other provisions of these articles and the Model Articles, save that:
- 7.10.1 if there are applications from Members holding Ordinary Shares for more than the total number of Sale Shares available, they shall be allocated to those applicants in proportion (as nearly as possible but without allocating to any Member more Sale Shares than the maximum number applied for by him) to the number of Shares then held by them respectively;
 - 7.10.2 if it is not possible to allocate Sale Shares without involving fractions, those fractions shall be aggregated and allocated amongst the applicants in such manner as the Board in their absolute discretion think fit; and
 - 7.10.3 if the Transfer Notice contained a Total Transfer Condition, no allocation of Sale Shares shall be made unless all the available Sale Shares are allocated.
- 7.11 The Board shall, within five Business Days after the expiry date of the Offer Notice or earlier allocation of all of the available Sale Shares under article 7.10, give notice in writing (a **Sale Notice**) to the Vendor and to each person to whom Sale Shares have been allocated (each a **Buyer**) specifying the name and address of each Buyer, the number of Sale Shares allocated to him, the aggregate price payable for them, and the time for completion of each sale and purchase.

- 7.12 Completion of a sale of Sale Shares to the Company shall take place at the registered office of the Company at the time specified in the notice given to the Vendor pursuant to article 7.6 or, where the Company has only conditionally agreed to acquire such Sale Shares under article 7.6, the relevant sale shall take place simultaneously with the sale of the remaining Sale Shares under article 7.13, when the Vendor shall, upon payment to him by the Company of the Sale Price in respect of the Sale Shares being acquired by the Company, transfer those Sale Shares and deliver (duly executed) the relevant deed or agreement referred to in article 7.7 above and the relative share certificates to the Company.
- 7.13 Completion of a sale and purchase of Sale Shares pursuant to a Sale Notice shall take place at the registered office of the Company at the time specified in the Sale Notice (being not less than one week nor more than two months after the date of the Sale Notice, unless agreed otherwise in relation to any sale and purchase by both the Vendor and the Buyer concerned) when the Vendor shall, upon payment to him by a Buyer of the Sale Price in respect of the Sale Shares allocated to that Buyer, transfer those Sale Shares and deliver the relative share certificates (to the extent not handed over under article 7.12) to that Buyer.
- 7.14 The Vendor may, during the period falling between one and two months after the expiry date of the Offer Notice, sell any Sale Shares which have neither been sold nor agreed to be acquired under article 7.6 and for which a Sale Notice has not been given by way of bona fide sale to the proposed transferee (if any) named in the Transfer Notice at any price per Sale Share which is not less than the Sale Price, without any deduction, rebate or allowance to the proposed transferee, provided that if the Transfer Notice contained a Total Transfer Condition, the Vendor shall not be entitled to sell only some of the Sale Shares under this article 7 (save with the consent of the Board).
- 7.15 If a Vendor fails to transfer any Sale Shares when required pursuant to this article 7, or (if appropriate) fails to execute and deliver to the Company the relevant deed or agreement referred to in article 7.7 above, the Board may authorise any person (who shall be deemed to be the attorney of the Vendor for the purpose) to execute the necessary transfer of such Sale Shares (or deed or agreement) and deliver it on the Vendor's behalf. The Company shall (at the direction of the Board) receive the purchase money for the Sale Shares from the relevant purchaser and shall, upon receipt of the duly stamped transfer, register the relevant purchaser as the holder of those Sale Shares. In respect of Sale Shares to be acquired by it, the Company shall, upon delivery of the relevant deed or agreement referred to in article 7.7 above, cancel the relevant Sale Shares. The Company shall hold the purchase money on trust for the Vendor but shall not be bound to earn or pay interest on any money so held. The Company's receipt for the purchase money shall be a good discharge to the relevant purchaser (who shall not be concerned to see to the application of it). After the name of the relevant purchaser has been entered in the register of Members (or, if applicable, the relevant Sale Shares have been cancelled) in purported exercise of the power conferred by this article 7, the validity of that exercise shall not be questioned by any person.
- 7.16 If instructed to report on their opinion of Market Value under article 7.4.2, the Valuers shall:
- 7.16.1 act as expert and not as arbitrator and their written determination shall be final and binding on the Members, save in the case of manifest error; and
- 7.16.2 proceed on the basis that:

- (a) the open market value of each Sale Share shall be the sum which a willing purchaser would agree with a willing vendor to be the purchase price for all the Shares, divided by the number of Shares then in issue;
- (b) there shall be no addition of any premium or subtraction of any discount by reference to the size of the holding the subject of the Transfer Notice or in relation to any restrictions on the transferability of the Sale Shares; and
- (c) any difficulty in applying either of the foregoing bases shall be resolved by the Valuers as they think fit in their absolute discretion.

7.17 The Company will use its best endeavours to procure that the Valuers deliver their written opinion of the Market Value to the Board and the Vendor within 20 Business Days of the Board electing to instruct them under article 7.4.2.

7.18 The Valuers' fees for reporting on their opinion of the Market Value shall be borne as to one half by the Vendor and as to the other half by the relevant purchasers in proportion to the number of Sale Shares purchased by them unless:

7.18.1 the Vendor revokes the Transfer Notice pursuant to article 7.5; or

7.18.2 none of the Sale Shares are purchased pursuant to this article 7,

when the Vendor shall pay all the Valuers' fees.

8 COMPULSORY TRANSFERS

8.1 In this article 8, a **Transfer Event** means, in relation to any Member (**Applicable Member**):

8.1.1 a Member who is an individual:

- (a) becoming bankrupt; or
- (b) dying;

(each a **Transmission Event**) and the Board in their absolute discretion notifying the Company within six months after becoming aware of it that such event is a Transfer Event in relation to that Member for the purposes of this article;

8.1.2 a Member who is a director of a member of the Group who is subject to a Relevant Misconduct Event and the Board in their absolute discretion notifying the Company within six months after becoming aware of it that such Relevant Misconduct Event is a Transfer Event in relation to that Member for the purposes of this article; and

8.1.3 a Member who is subject to a Relevant Misconduct Event and the Board in their absolute discretion notifying the Company within six months after becoming aware of it that such Relevant Misconduct Event is a Transfer Event in relation to that Member for the purposes of this article.

8.2 Subject to article 8.3, upon the happening of any Transfer Event:

8.2.1 the Member in question; and

8.2.2 any other Member to the extent he has acquired Shares from him under a permitted transfer under article 6.2 (directly or by means of a series of two or more permitted transfers under article 6.2),

shall be deemed to have immediately given a Transfer Notice in respect of all the Shares then held by them (a **Deemed Transfer Notice**) provided that in making any notification to the Company under article 8.1, the Board may (in their absolute discretion) stipulate that the Transfer Event shall apply in respect only of some Shares then held by them, in which event, the allocation of Shares the subject of a Deemed Transfer Notice as between the Member in question and any other Member who has acquired Shares from him under a permitted transfer under article 6.2 shall be entirely at the discretion of the Board.

8.3 In the case of a Transmission Event, the Deemed Transfer Notice shall not be deemed to have been given for a period of 9 months commencing with the date of the Transfer Event or such longer period as the Board may (in their absolute discretion) determine (**Representatives' Period**). During the Representatives' Period the Representatives may by written notice served on the Company (**Option Notice**) opt to transfer the Sale Shares to a family member of the Applicable Member (**Relevant Family Member**) or a family member, family company or family trust of that Relevant Family Member. If an Option Notice is served on the Company within the Representatives' Period, the Representatives shall be permitted to transfer the Shares in accordance with the Option Notice within a period of 1 month from the date on which the Option Notice is served on the Company. If no Option Notice is served on the Company within the Representatives' Period a Deemed Transfer Notice, shall be deemed to have been served in accordance with article 8.2 on the first Business Day immediately following the end of the Representatives' Period (**Revised Date**) and the right for the Representatives to opt to serve an Option Notice in respect of that Transmission Event shall cease to apply.

8.4 A Deemed Transfer Notice shall supersede and cancel any then current Transfer Notice insofar as it relates to the same Shares except for Shares which have then been validly transferred pursuant to that Transfer Notice.

8.5 Shares subject to any Deemed Transfer Notice shall be offered for sale in accordance with article 7 as if they were Sale Shares in respect of which a Transfer Notice had been given save that:

8.5.1 Save as referred to in article 8.3, a Deemed Transfer Notice shall be deemed to have been given on the date of the Transfer Event or, if later, the date of the first meeting of the Board at which details of the facts or circumstances giving rise to the Deemed Transfer Notice are tabled and in the case of article 8.3 on the Revised Date;

8.5.2 subject to article 8.6, the Sale Price shall be a price per Sale Share agreed between the Vendor and the Board or, in default of agreement within 15 Business Days after the date of the Transfer Event, the Market Value less in each case any dividends on the Sale Shares referred to in article 8.5 and retained by the Vendor;

8.5.3 a Deemed Transfer Notice shall be deemed not to contain a Total Transfer Condition and shall be irrevocable, notwithstanding article 7.5;

8.5.4 the Sale Shares shall be sold together with all rights, attaching thereto as at the date of the Transfer Event, including the right to any dividend declared or payable on those Shares after that date; and

8.5.5 article 8.7 shall apply.

8.6 The Sale Price for any Sale Shares which are the subject of a Deemed Transfer Notice given as a consequence of a Transfer Event falling within article 8.1 shall:

8.6.1 in any case other than in the case of a Relevant Misconduct Event, be their Market Value at the date of the Deemed Transfer Notice; and

8.6.2 in the case of a Relevant Misconduct Event, be calculated by using the following formula to ascertain the value of the entire issued share capital of the Company and then calculating the price per Share from that value pro rata to the proportion that each Share bears to the total number of Shares in issue:

$$(A \times 10) \times 50\%$$

Where:

A = the average consolidated profits of the Company and its subsidiaries before interest, tax, depreciation and amortisation (Relevant EDITDA) for the last 3 full consecutive financial periods of the Company ending prior to the date of the Transfer Event

less in each case any dividends on the Sale Shares referred to in article 8.5.4 which are retained by the Vendor.

By way of illustration:

If the Relevant EDITDA in the last 3 full consecutive financial periods of the Company and its subsidiaries was:

Year 1 £300,000

Year 2 £400,000

Year 3 £500,000

8.6.3 The average Relevant EDITDA of the Company and its subsidiaries would be £400,000.

8.6.4 The value of the entire issued share capital of the Company would be calculated as $(£400,000 \times 10) \times 50\% = £2,000,000$

8.6.5 If there were 10,000 Sale Shares which represented 10% of the issued share capital of the Company of 100,000 Shares, the Sale Price of each Sale Share would be £20 (and the total sale price of all the Sale Shares would be £200,000)

8.7 A dispute as to whether article 8.6.1 or article 8.6.2 applies to any Sale Shares shall not affect the validity of a Deemed Transfer Notice. At the direction of the Board, any person who acquires Sale Shares (whose Market Value exceeds their Relevant Issue Price) pursuant to a Deemed Transfer

Notice while such a dispute is continuing shall pay to the Vendor their Relevant Issue Price and shall pay the difference between their Relevant Issue Price and their Market Value to the Company. The Company shall hold that difference as trustee to pay it, and interest earned thereon, upon final determination of the dispute:

8.7.1 to the person acquiring the Sale Shares in the case of a Relevant Misconduct Event; and

8.7.2 to the Vendor in any other case.

9 TAG ALONG RIGHT

9.1 Notwithstanding any other provision in these articles no sale or transfer or other disposition of any interest in any Share (**specified shares**) shall have any effect, if it would result in a Change of Ownership, unless before the sale, transfer or other disposition takes effect the Third Party Purchaser has made a bona fide offer in accordance with this article to purchase at the specified price (defined in article 9.3) all the Shares held by the Members (except any Member which has expressly waived its right to receive such an offer for the purpose of this article).

9.2 An offer made under article 9.1 shall be in writing, given in accordance with article 22, open for acceptance for at least 15 Business Days, and shall be deemed to be rejected by any Member who has not accepted it in accordance with its terms within 20 Business Days and the consideration under such an offer shall be settled in full on completion of the purchase and within 25 Business Days of the date of the offer.

9.3 For the purposes of article 9.1:

9.3.1 the expressions **transfer**, **transferor** and **transferee** include respectively the renunciation of a renounceable letter of allotment and any renouncer and renounee of such letter; and

9.3.2 the expression **specified price** means in respect of any Share the higher of:

(a) a price per share equal to the highest price paid or payable by the Third Party Purchaser or persons acting in concert with him or connected with him for any Shares within the last six months plus an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of the specified shares which, having regard to the substance of the transaction as a whole, can reasonably be regarded as part of the overall consideration paid or payable for the specified shares; and

(b) a price per share equal to the Relevant Issue Price thereof plus a sum equal to any arrears or accruals of the dividends on such Share grossed up at the rate of corporation tax then in force calculated down to the date the transfer is completed,

provided that the total consideration paid for all the Shares being sold is distributed to the selling members and those accepting the offer in accordance with the provisions of articles 2.11 to 2.13 inclusive.

9.4 If any part of the specified price is payable otherwise than in cash any Member may require, as a condition of his acceptance of the offer made under this article, to receive in cash on transfer all or any of the price offered for the Shares sold by him pursuant to the offer.

9.5 If the specified price or its cash equivalent for any shares cannot be agreed within 15 Business Days of the proposed sale, transfer or other disposition referred to in article 9.1 between the Third Party Purchaser and a Member holding, or Members together holding, 75% of the Shares concerned (excluding the Third Party Purchaser and persons who have waived their right to receive an offer), it may be referred to the Valuers by any Member and, pending its determination, the sale, transfer or other disposition referred to in article 9.1 shall have no effect.

10 NUMBER OF DIRECTORS

Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not be subject to any maximum but shall not be less than two.

11 DECISION-MAKING BY DIRECTORS

11.1 Subject to article 11.2, the quorum for the transaction of business at a meeting of Board is any two eligible directors.

11.2 For the purpose of any meeting (or part of a meeting) held pursuant to:

11.2.1 article 13 to authorise a director's conflict, if there is only one eligible director in office other than the conflicted director(s); or

11.2.2 articles 7 or 8 in relation to any director being, or being connected with, the relevant Vendor (or Member who would become a Vendor following the relevant notification to the Company under article 8), if there is only one eligible director in office other than the relevant director,

the quorum for such meeting (or part of a meeting) shall be one eligible director.

11.3 If the total number of directors in office for the time being is less than the quorum required, the directors must not take any decision other than a decision:

11.3.1 to appoint further directors; or

11.3.2 to call a general meeting so as to enable the Members to appoint further directors.

11.4 If the numbers of votes for and against a proposal at a meeting of Board are equal, the chairman or other director chairing the meeting shall not have a casting vote.

11.5 Regulation 7 of the Model Articles shall be amended by:

11.5.1 the insertion of the words "for the time being" at the end of regulation 7(2)(a); and

11.5.2 the insertion in regulation 7(2) of the words "(for so long as he remains the sole director)" after the words "and the director may".

11.6 A decision of the Board may be taken when all eligible directors indicate to each other by any means that they share a common view on a matter. Such a decision may take the form of a resolution in writing, where each eligible director has signed one or more copies of it, or to which each eligible director has otherwise indicated agreement in writing.

- 11.7 A decision may not be taken in accordance with article 11.6 if the eligible directors would not have formed a quorum at such a meeting.
- 11.8 Any director may call a meeting of the Board by giving not less than five Business Days' notice of the meeting (or such lesser notice as all the directors may agree) to the directors or by authorising the company secretary (if any) to give such notice.

12 TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY

12.1 Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the Act, a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:

- 12.1.1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;
- 12.1.2 shall be an eligible director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such contract or proposed contract in which he is interested;
- 12.1.3 shall be entitled to vote at a meeting of directors (or of a committee of the directors) or participate in any unanimous decision, in respect of such contract or proposed contract in which he is interested;
- 12.1.4 may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director;
- 12.1.5 may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested; and
- 12.1.6 shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

13 DIRECTORS' CONFLICTS OF INTEREST

- 13.1 The Board may, in accordance with the requirements set out in this article 13, authorise any matter or situation proposed to them by any director which would, if not authorised, involve a director breaching his duty under section 175 of the Act to avoid a conflict of interest (**Conflict**).
- 13.2 Any authorisation under this article 13 will be effective only if:

- 13.2.1 the matter in question shall have been proposed by any director for consideration at a meeting of the Board in the same way that any other matter may be proposed to the Board under the provisions of these articles or in such other manner as the Board may determine;
 - 13.2.2 any requirement as to the quorum at the meeting of the Board at which the matter is considered is met without counting the director in question; and
 - 13.2.3 the matter was agreed to without his voting or would have been agreed to if his vote had not been counted.
- 13.3 Any authorisation of a Conflict under this article 13 may (whether at the time of giving the authorisation or subsequently):
- 13.3.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised;
 - 13.3.2 be subject to such terms and for such duration, or impose such limits or conditions as the Board may determine; and
 - 13.3.3 be terminated or varied by the Board at any time.
- This will not affect anything done by the director prior to such termination or variation in accordance with the terms of the authorisation.
- 13.4 In authorising a Conflict the Board may decide (whether at the time of giving the authorisation or subsequently) that if a director has obtained any information through his involvement in the Conflict otherwise than as a director of the Company and in respect of which he owes a duty of confidentiality to another person, the director is under no obligation to:
- 13.4.1 disclose such information to the Board or to any director or other officer or employee of the Company; or
 - 13.4.2 use or apply any such information in performing his duties as a director,
- where to do so would amount to a breach of that confidence.
- 13.5 Where the Board authorises a Conflict they may (whether at the time of giving the authorisation or subsequently) provide, without limitation, that the director:
- 13.5.1 is excluded from discussions (whether at meetings of the Board or otherwise) related to the Conflict;
 - 13.5.2 is not given any documents or other information relating to the Conflict; and
 - 13.5.3 may or may not vote (or may or may not be counted in the quorum) at any future meeting of the Board in relation to any resolution relating to the Conflict.
- 13.6 Where the Board authorises a Conflict:
- 13.6.1 the director will be obliged to conduct himself in accordance with any terms imposed by the Board in relation to the Conflict; and

13.6.2 the director will not infringe any duty he owes to the Company by virtue of sections 171 to 177 of the Act provided he acts in accordance with such terms, limits and conditions (if any) as the Board imposes in respect of its authorisation.

13.7 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the Board or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

14 RECORDS OF DECISIONS TO BE KEPT

Where decisions of the Board are taken by electronic means, such decisions shall be recorded by the Board in permanent form, so that they may be read with the naked eye.

15 APPOINTMENT OF DIRECTORS

In any case where, as a result of death or bankruptcy, the Company has no Members and no directors, the transmittee(s) of the last Member to have died or to have a bankruptcy order made against him (as the case may be) have the right, by notice in writing, to appoint a natural person (including a transmittee who is a natural person), who is willing to act and is permitted to do so, to be a director.

16 TERMINATION OF DIRECTOR'S APPOINTMENT

16.1 Subject to the terms of any Shareholder Agreement, a person shall cease to be a director if:

16.1.1 (being an executive director) he ceases to be employed by any member of the Group (and as a consequence is no longer an employee of any member of the Group); or

16.1.2 if a majority of the Board (excluding that director in calculating such majority, but in any event constituting more than one person) so requires.

Regulation 18 of the Model Articles shall be extended accordingly.

17 ALTERNATE DIRECTORS

17.1 Any director (**appointor**) may appoint as an alternate any other director, or any other person approved by resolution of the Board, to:

17.1.1 exercise that director's powers; and

17.1.2 carry out that director's responsibilities.

in relation to the taking of decisions by the Board, in the absence of the alternate's appointor.

17.2 Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the Board.

17.3 The notice must:

- 17.3.1 identify the proposed alternate; and
 - 17.3.2 in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice.
- 17.4 An alternate director may act as alternate director to more than one director and has the same rights in relation to any decision of the Board as the alternate's appointor.
- 17.5 Except as these articles specify otherwise, alternate directors:
- 17.5.1 are deemed for all purposes to be directors;
 - 17.5.2 are liable for their own acts and omissions;
 - 17.5.3 are subject to the same restrictions as their appointors; and
 - 17.5.4 are not deemed to be agents of or for their appointors
- and, in particular, each alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member.
- 17.6 A person who is an alternate director but not a director:
- 17.6.1 may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating);
 - 17.6.2 may participate in a unanimous decision of the directors (but only if his appointor is an eligible director in relation to that decision, but does not participate); and
 - 17.6.3 shall not be counted as more than one director for the purposes of 17.6.1 and 17.6.2.
- 17.7 A director who is also an alternate director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the Board (provided that his appointor is an eligible director in relation to that decision), but shall not count as more than one director for the purposes of determining whether a quorum is present.
- 17.8 An alternate director may be paid expenses and may be indemnified by the Company to the same extent as his appointor but shall not be entitled to receive any remuneration from the Company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the Company.
- 17.9 An alternate director's appointment as an alternate terminates:
- 17.9.1 when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
 - 17.9.2 on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director;

17.9.3 on the death of the alternate's appointor; or

17.9.4 when the alternate's appointor's appointment as a director terminates.

18 SECRETARY

The Board may appoint any person who is willing to act as the secretary for such term, at such remuneration and upon such conditions as they think fit and from time to time remove such person and, if the Board so decides, appoint a replacement, in each case by a decision of the Board.

19 DIRECTORS' EXPENSES

Regulation 20 of the Model Articles shall be amended by the insertion of the words "(including alternate directors) and the secretary" before the words "properly incur".

20 DECISION MAKING BY MEMBERS

- 20.1 In addition to the power of the Board to call a general meeting pursuant to section 302 of the Act, a Director acting alone may call a general meeting.
- 20.2 Subject to article 20.3, the quorum at any general meeting or adjourned general meeting of the Company shall be two qualifying persons present at the general meeting, except when the Company has only one Member holding Ordinary Shares, when the quorum shall be one such qualifying person.
- 20.3 Where a general meeting is adjourned under regulation 41 of the Model Articles because a quorum is not present or if during a meeting a quorum ceases to be present, and at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Member or Members present holding Ordinary Shares shall form a quorum, and regulation 41 shall be modified accordingly.
- 20.4 A poll may be demanded at any general meeting by any qualifying person present and entitled to vote at the meeting.
- 20.5 Regulation 44(3) of the Model Articles shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made" as a new paragraph at the end of that regulation.
- 20.6 Regulation 45(1)(d) of the Model Articles shall be deleted and replaced with the words "is delivered to the Company in accordance with the articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate".
- 20.7 Regulation 45(1) of the Model Articles shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid, unless the Board, in its discretion, accepts the notice at any time before the meeting" as a new paragraph at the end of that regulation.

21 CONSOLIDATION, CONVERSION AND SUB-DIVISION

- 21.1 All new shares created by any increase in the Company's share capital, any sub-division or consolidation and division of its share capital or any conversion of stock into paid up shares shall be subject to the provisions of the Act and of these articles, including those relating to payment of calls, lien, transfer, transmission and forfeiture. Such new shares shall be unclassified unless otherwise provided by these articles, by the resolution creating the shares or by the terms of allotment of the shares.
- 21.2 If as a result of a consolidation or sub-division of shares any Members would become entitled to fractions of a share, the Board may on behalf of those Members deal with the fractions as they in their absolute discretion think fit. In particular, the Board may aggregate and sell the shares representing the fractions to any person (including, subject to the provisions of the Act, the Company) and distribute the net proceeds of sale in due proportion among those Members (except that any proceeds in respect of any holding less than a sum fixed by the Board may be retained for the benefit of the Company). For the purposes of any such sale, the Board may appoint some person to transfer the shares to, or in accordance with the directions of, the buyer. The buyer shall not be bound to see to the application of the purchase moneys and his title to the shares shall not be affected by any irregularity in, or invalidity of, the proceedings in relation to the sale.

22 MEANS OF COMMUNICATION TO BE USED

- 22.1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:
- 22.1.1 if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 24 hours after it was posted (or five Business Days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five Business Days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider);
- 22.1.2 if properly addressed and delivered by hand, when it was given or left at the appropriate address,
- 22.1.3 if properly addressed and sent or supplied by electronic means, six hour(s) after the document or information was sent or supplied; and
- 22.1.4 if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.

For the purposes of this article 22, no account shall be taken of any part of a day that is not a Business Day, save for the purposes of determining whether sufficient notice of a general meeting has been given.

- 22.2 In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by the Act.

23 INDEMNITY

23.1 Subject to article 23.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

23.1.1 each relevant officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer:

(a) in the actual or purported execution and/or discharge of his duties, or in relation to them; and

(b) in relation to the Company's (or any associated company's) activities as trustee of an occupational pension scheme (as defined in section 235(6) of the Act),

including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or any associated company's) affairs; and

23.1.2 the Company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article 23.1.1 and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

23.2 This article 23.2 does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law.

23.3 In this article 23:

23.3.1 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and

23.3.2 a **relevant officer** means any director or other officer or former director or other officer of the Company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act).

24 INSURANCE

24.1 The Board may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant officer in respect of any relevant loss.

24.2 In this article 24:

24.2.1 a **relevant officer** means any director or other officer or former director or other officer of the Company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act);

24.2.2 a **relevant loss** means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the Company, any associated company or any pension fund or employees' share scheme of the Company or associated company; and

24.2.3 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

25 TRANSMISSION OF SHARES

25.1 Regulation 27(3) of the Model Articles shall be amended by the insertion of the words ", subject to article 15" after the word "But".

25.2 Regulation 29 of the Model Articles shall be amended by the insertion of the words: ", or the name of any person(s) named as the transferee(s) in an instrument of transfer executed under regulation 28(2) of the Model Articles," after the words "the transmittee's name".

26 THE COMPANY'S OBJECTS

The Company's objects are unrestricted.

27 LIABILITY OF MEMBERS

The liability of the Members is limited to the amount, if any, unpaid on the Shares held by them.