

Company number 01472970.

PRIVATE COMPANY LIMITED BY SHARES

WRITTEN RESOLUTION

of

A.G. PARFETT & SONS LIMITED (Company)

31 May 2017

Under Chapter 2 of Part 13 of the Companies Act 2006, the directors of the Company propose that the following resolution is passed as a special resolution (Resolution).

#### RESOLUTION


THAT the draft articles of association attached to this resolution be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the Company's existing articles of association.

#### AGREEMENT

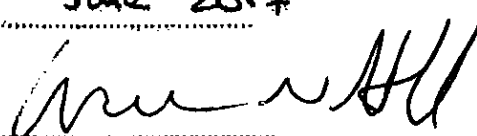
Please read the notes at the end of this document before signifying your agreement to the Resolution.

The undersigned, a person entitled to vote on the Resolution on the Circulation Date above, hereby irrevocably agrees to the Resolution:

Signed for and on behalf of PARFETTS  
EMPLOYEE TRUST LIMITED

  
Director **STEPHEN PARFETT**

1<sup>st</sup> June 2017  
Date

  
Director

1 June 2017  
Date

WEDNESDAY



\*R69JZH6\*  
RM 28/06/2017 #66  
COMPANIES HOUSE

## **NOTES**

1. If you agree with the Resolution, please indicate your agreement by signing and dating this document where indicated above and returning it to the Company using one of the following delivery methods:

- **By hand:** delivering the signed copy to the Company at Didsbury Road, Stockport, Cheshire, SK4 2JP.
- **Post:** returning the signed copy by post to the Company at Didsbury Road, Stockport, Cheshire, SK4 2JP.
- **By email:** delivering a signed copy by email to [steve.parfett@parfetts.co.uk](mailto:steve.parfett@parfetts.co.uk)

If you do not agree to the Resolution, you do not need to do anything. You will not be deemed to agree if you fail to reply.

2. Once you have indicated your agreement to the Resolution, you may not revoke your agreement.

3. Unless by the date 28 days from the Circulation Date, sufficient agreement is received for the Resolution to pass, it will lapse. If you agree to the Resolution, please ensure that your agreement reaches us before or during this date.

4. In the case of joint holders of shares, only the vote of the senior holder who votes will be counted by the Company. Seniority is determined by the order in which the names of the joint holders appear in the register of members.

5. If you are signing this document on behalf of a person under a power of attorney or other authority please send a copy of the relevant power of attorney or authority when returning this document.

**Company No. 01472970**

**A Private Company Limited by Shares**

## Articles of Association

### A.G. Parfett & Sons Limited

(Adopted by Special Resolution on 1 June 2017))

**Company No. 01472970**

**Private Company Limited by Shares**

**Articles of Association**

**A.G. Parfett & Sons Limited**

**(Incorporated on 15 January 1980)**

**Field Fisher Waterhouse LLP 35 Vine Street London EC3N 2AA**

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## **1. Preliminary**

### **1.1 Interpretation**

- (a) In these Articles the following expressions have the following meanings unless the context otherwise requires:

**“A Ordinary Share”** A Share of that name having the rights set out in Article 2.2;

**“A Ordinary Share Value”** the value of an A Ordinary Share established by determining:

- (i) Market Value; and
- (ii) the amount that would be paid in respect of an A Ordinary Share on a Share Sale or Liquidation under Article 2.2(c) if the Aggregate Consideration was equal to such Market Value;

**“Accounts Date”** the date in each year by reference to which the Company prepares its annual financial statements, which at the date of adoption of these Articles is 30 June;

**“Act”** the Companies Act 2006 in so far as the same may be in force, and as the same may be amended, extended, consolidated or re-enacted by or under any other enactment from time to time;

**“Aggregate Consideration”** the aggregate amount (in whatever form, be it cash, loan notes, shares in the purchaser or any other form) to be paid for all Shares the subject of a Share Sale and to the extent that it is not in

cash payable immediately, the present value of which is determined by the Directors.

**“Bad Leaver”**

a person who is a Leaver and who has committed any action or omission amounting to gross misconduct which would entitle the Company (or other Group Company which is his employer) to terminate his employment without notice;

**“Company”**

A.G. Parfett & Sons Limited, a company incorporated in England with registered number 01472970;

**“Control”**

has the meaning given in section 995 Income Tax Act 2007;

**“Controlling Interest Requirement”** has the meaning given to that term (words not capitalised) by section 236M of the Taxation of Chargeable Gains Act 1992, that is to say:

- (i) the EOT Trustees hold more than 50% of the ordinary share capital of the Company; and
- (ii) the EOT Trustees have powers of voting which, on all matters affecting the Company as a whole would, if exercised, yield a majority of the votes capable of being exercised on them; and
- (iii) the EOT Trustees are entitled to more than 50% of the profits of the Company available for distribution to its equity holders; and



(iv) the EOT Trustees would be entitled, on a winding up of the Company, to more than 50% of the assets of the Company available for distribution to its equity holders; and

(v) there are no provisions in any agreement or instrument affecting the Company's constitution or management or its shares or securities whereby any of the conditions in (i) to (iv) above can cease to be satisfied without the consent of the EOT Trustees

**"Directors"** the directors for the time being of the Company or a quorum of such directors present at a meeting of the directors;

**"Employees' Committee"** a committee constituted pursuant to Article 6;

**"Employee Trust"** the EOT and any other trust which in relation to the Company is or is part of an employees' share scheme as defined in section 1166 of the Act;

**"EOT"** the Parfett's Employee Ownership Trust established by the Company on 2 April 2008;

**"EOT Trustees"** the trustees from time to time of the EOT, acting in that capacity;

**"Expert"** an independent chartered accountant or expert share valuer appointed by agreement between the Directors and the person for whose Shares a Share Value is to be determined or, failing such agreement within 7 days of it becoming necessary to appoint such person a firm of chartered

accountants or valuers appointed for this purpose on the the Directors by the President for the time being of the Institute of Chartered Accountants in England and Wales;

<b>"Group"</b>	the Company together with its Group Companies
<b>"Group Company"</b>	a subsidiary of the Company;
<b>"Leaver"</b>	<ul style="list-style-type: none"><li>(i) any Shareholder who ceases, or has ceased, to be a Relevant Employee;</li><li>(ii) any person who becomes entitled to any Shares on the death of a Shareholder;</li><li>(iii) any person who becomes entitled to any Shares on the bankruptcy of a Shareholder (if an individual) or the receivership, administrative receivership, administration, liquidation or other arrangement for the winding-up (whether solvent or insolvent) of a Shareholder (if a company);</li><li>(iv) any Shareholder holding Shares as a nominee for any person who ceases, or who has ceased, to be a Relevant Employee;</li></ul>
<b>"Leaving Date"</b>	the date when a person becomes a Leaver;
<b>"Liquidation"</b>	means the winding up of the Company under the Insolvency Act 1986;
<b>"Model Articles"</b>	means the model articles for private companies limited by shares set out at Schedule 1 to The Companies (Model Articles) Regulations 2008 (SI 2008/3229) as in force on the date when these Articles become binding on the Company, and

reference to a numbered Model Article is to the relevant article of the Model Articles;

**“Market Value”**

means Net Asset Value;

**“Net Asset Value”**

either (i) the value of the consolidated net assets of the Group at the Accounts Date of the statutory accounts most recently approved by the Directors and the Company’s auditors or (ii), if there is such a value for such accounts, the Restated Net Asset Value **provided that** in either case the value shall be adjusted to remove any increase or decrease as a result of a revaluation in the statutory accounts of the Company’s freehold or leasehold land and buildings;

**“Ordinary Share”**

a Share of that name having the rights set out in Article 2.2;

**“Ordinary Share Value”**

the value of an Ordinary Share established by determining:

- (i) Market Value; and
- (ii) the amount that would be paid in respect of an Ordinary Share on a Share Sale or Liquidation under Article 2.2(c) if the Aggregate Consideration was equal to such Market Value

**“Relevant Employee”**

- (i) an employee of the Company or any Group Company; and/or
- (ii) a director of the Company or any Group Company;

**"Restated Net Asset Value"** the Restated Net Asset Value (if any) as determined under Article 1.1(c) in relation to the statutory accounts most recently approved by the Directors and the Company's auditors;

**"Shareholder"** a person who holds Shares;

**"Share Sale"** a sale of all the issued Shares (in one transaction or a series of transactions) which will result in the buyer of those Shares and persons acting in concert with him together acquiring control of the Company, except where the members and the proportion of Shares in the acquiring entity held by each of them following completion of the sale are as to at least 90 per cent of the shares the same as the members and their shareholdings in the Company immediately before the sale;

**"Shares"** shares in the capital of the Company of whatever class; and

**"Share Value"** either A Ordinary Share Value or Ordinary Share Value.

- (b) In these Articles, unless the contrary intention appears, words importing the singular number include the plural number and vice versa, words importing one gender include all genders, words importing persons include corporations and the expression **"paid up"** includes credited as paid up.
- (c) Unless the Shareholders unanimously resolve otherwise the Company shall procure that the Company's auditors (or an Expert) shall certify in respect of each of the Company's statutory accounts as are relevant for the definition of Net Asset Value:
  - (i) whether or not the value of the consolidated net assets of the Group at the Accounts Date is different (whether higher or lower) than it would have

been if such statutory accounts had been prepared according to the same accounting practices, policies and standards and financial reporting framework as the Company's financial statements for the year ended 30 June 2016; and

- (ii) if there is a difference what the value of the consolidated net assets would have been (and such value is the "**Restated Net Asset Value**").

## 1.2 Applicability of Model Articles

- (a) The Model Articles shall apply to the Company save as inconsistent with these Articles.
- (b) 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.

## 1.3 Status of the Company

The Company is a private company.

# 2. Shares

## 2.1 Share capital

The share capital of the Company at the date of the adoption of these Articles is £24,000 divided into 20,000 Ordinary Shares of £1 each and 4,000 A Ordinary Shares of £1 each.

## 2.2 Rights of the Shares

None of the provisions in this Article shall have the effect of the EOT ceasing to meet the Controlling Interest Requirement, and the rights of the A Ordinary Shares shall be deemed to be varied to the extent necessary to ensure that it continues to meet the Controlling Interest Requirement.

(a) *Voting*

- (i) Each holder of an Ordinary Share and each holder of an A Ordinary Share shall be entitled to receive notice of, and attend, general meetings of the Company's members.
- (ii) On a poll:
  - (A) the holders of the Ordinary Shares shall, as a class, be entitled to 90% of the votes cast by all members. Where there is more than one person holding Ordinary Shares, the number of votes that each member may cast shall be in proportion to the number of Ordinary Shares held by that person (rounded to the nearest whole number of votes); and
  - (B) the holders of the A Ordinary Shares shall, as a class, be entitled to 10% of the votes cast by all members. Where there is more than one person holding A Ordinary Shares, the number of votes that each member may cast shall be in proportion to the number of A Ordinary Shares held by that person (rounded to the nearest whole number of votes);

(b) *Dividends*

- (i) The Ordinary Shares and the A Ordinary Shares shall each confer on their holders the right to receive such dividend per Share as the Directors may from time to time declare in respect of the Shares of either class. Neither class shall confer an entitlement to receive the same dividend as that declared on the Shares of the other class. Notwithstanding the preceding provision of this article, the holder(s) of the Ordinary Shares shall at all times be entitled to more than 50% of the profits available for distribution to Shareholders at that time and no dividend shall be declared or paid unless the amount declared in respect of the Ordinary Shares will represent more than 50% of such profits.
- (ii) In Model Article 30(4), the words "the terms on which shares are issued" are replaced with "the rights attached to any shares".

- (iii) In Model Articles 31(1)(a) to (c) (inclusive), the words "either" and "or as the directors may otherwise decide" are deleted, and in Model Article 31(d) the words "either" and "or by such other means as the directors decide" are deleted.
- (iv) In Model Article 32(a), the words "the terms on which the share was issued" are replaced with "the rights attached to the share".

(c) *Return of capital or sale*

Upon a Share Sale or Liquidation:

- (i) where the Market Value is less than or equal to £24 million the Aggregate Consideration shall be distributed or paid simultaneously as follows:
  - (A) as to £1 per A Ordinary Share, to the holders of the A Ordinary Shares; and
  - (B) as to the balance, to the holders of the Ordinary Shares in such form as the same is received, realised or otherwise available for distribution, such distribution or payment to be made to each holder of Ordinary Shares in proportion to the number of Ordinary Shares held by him.
- (ii) where the Market Value exceeds £24 million, the excess of such Aggregate Consideration above that referred to in Article 2.2(c)(i), up to a maximum of £4.5 million, shall be distributed or paid simultaneously as follows:
  - (A) as to 0.008% per A Ordinary Share, to the holders of the A Ordinary Shares; and
  - (B) as to the balance (and after deducting expenses of the Share Sale or Liquidation), to the holders of the Ordinary Shares in proportion to the number of Ordinary Shares held by each holder

in each case in such form as the same is received, realised or otherwise available for distribution.

- (iii) where the Market Value exceeds £28.5 million (the “Second Participation Hurdle”), the excess of such Aggregate Consideration above that referred to in Article 2.2(c)(i) and (ii) (up to a maximum of £21.5 million) shall be distributed or paid simultaneously as follows:

- (A) as to 0.0025% per A Ordinary Share plus £25 per A Ordinary Share, to the holders of the A Ordinary Shares in proportion to the number of A Ordinary Shares held by each holder; and

- (B) as to the balance, (and after deducting expenses of the Share Sale or Liquidation) to the holders of the Ordinary Shares in proportion to the number of Ordinary Shares held by each holder

in each case in such form as the same is received, realised or otherwise available for distribution.

- (iv) where the Market Value exceeds £50 million, Article 2.2(c) (i), (ii) or (iii) shall not apply and the total Aggregate Consideration shall be distributed or paid as follows:

- (A) as to 0.0025% per A Ordinary Share, to the holders of the A Ordinary Shares; and

- (B) as to the balance, (and after deducting expenses of the Share Sale or Liquidation) to the holders of the Ordinary Shares in proportion to the number of Ordinary Shares held by each holder

in each case in such form as the same is received, realised or otherwise available for distribution.

(d) *Conversion of A Ordinary Shares*

- (i) If any A Ordinary Shares are acquired by the EOT, they shall convert into such number of Ordinary Shares as have the same aggregate value as that



of the A Ordinary Shares so acquired, which shall be determined by reference to A Ordinary Share Value and Ordinary Share Value at the date of acquisition.

(e) *Put option relating to the A Ordinary Shares*

(i) Subject to Article 2.2(e)(ii), on or after the earlier of:

(A) 31 October 2020; and

(B) the date when the Second Participation Hurdle is achieved,

a holder of A Ordinary Shares shall have the right to serve notice on the Company requiring the Company (subject to its ability to do so under the Act) to purchase (or otherwise to use all reasonable endeavours to procure that another person purchases) each A Ordinary Share registered in his name at a price per A Ordinary Share equal to the A Ordinary Share Value, as either agreed between the Directors (not including the A Ordinary Share holder if he is a Director) and the A Ordinary Share holder or if not agreed within twenty one days of the serving of notice as determined by an Expert as if the circumstances in Article 2.2(c) applied. The Company shall complete the purchase (or use its reasonable endeavours to procure completion of the purchase) within sixty days of A Ordinary Share value having been determined.

(ii) A holder of A Ordinary Shares shall have no right to serve notice under Article 2.2(e)(i) if the Company is at the same time entitled to serve notice under Article 2.2(f).

(f) *Compulsory transfer of A Ordinary Shares*

(i) Within the period commencing on the relevant Leaving Date and expiring at midnight on the first anniversary of such date, Company may serve a notice on a Leaver notifying him that he is required to transfer any A Ordinary Shares registered in his name or in which he has a beneficial interest, either to the Company, the EOT or any other Employee Trust.

- (ii) The serving of notice under Article 2.2(f)(i) shall oblige that Leaver to transfer his A Ordinary Shares to the person specified, at such time as the Company may specify, but:
  - (A) where the Leaving Date is after 31 October 2018, the transfer shall take place on 31 October 2020; and
  - (B) where the price payable is A Ordinary Share Value the time for transfer shall be after it has been determined under Article 2.2(f)(iv).
- (iii) If the Leaving Date occurs on or before 31 October 2018:
  - (A) where the Leaver is a Bad Leaver, the price payable to the Leaver shall be the par value of the A Ordinary Shares; or
  - (B) where the Leaver is not a Bad Leaver, the price payable to the Leaver shall be the price originally paid (or deemed to have been paid) for the A Ordinary Shares.
- (iv) If the Leaving Date occurs after 31 October 2018, the price payable to the Leaver per A Ordinary Share shall be equal to the A Ordinary Share Value at the Leaving Date as either agreed between the Directors (not including the Leaver if he is a Director) and the Leaver or if not agreed within twenty days of the serving of notice as determined by an Expert as if the circumstances in Article 2.2(c) applied.
- (v) If the Leaver defaults in transferring any A Ordinary Shares, the Company may receive the purchase money and may nominate some person to execute an instrument of transfer of the Shares in the name and on behalf of the Leaver and thereafter, when such instrument has been duly stamped, the Company shall cause the name of the transferee to be entered in the register of members as the holder of such Shares and shall hold the purchase money on trust (without interest) for the Leaver. The receipt of the Company for the purchase money shall be a good discharge to the proposed transferee (who shall not be bound to see to the application

thereof) and, after his name has been so entered in the register of members, the validity of the proceedings shall not be questioned by any person. In the case of an acquisition of Shares by the Company, if the Seller defaults in transferring any Shares, the Company may nominate some person to execute an instrument of transfer of such Shares in the name and on behalf of the Leaver and thereafter, when such instrument has been duly stamped, the Company shall cause such share capital to be cancelled in accordance with the Act and shall hold the purchase money on trust (without interest) for the Leaver.

- (vi) The provisions of this Article 2.2(f) shall where they apply override the transfer provisions of Article 3.2 and 3.3.

## 2.3 Authority to allot Shares

- (a) Notwithstanding any other provision of these Articles, and subject to any direction or authority contained in any resolution of the Company, the Directors are generally and unconditionally authorised (for the purpose of section 551 of the Act) to allot relevant securities provided that this authority:
  - (i) shall permit the Directors only to allot a maximum of 4,000 A Ordinary Shares; and
  - (ii) shall expire on the fifth anniversary of the date of the adoption of these Articles, save that the Directors may, after the expiry of the authority hereby granted, allot relevant securities in pursuance of an offer or agreement made by the Company before such authority expired.

## 2.4 Disapplication of pre-emption rights

- (a) Sections 561 and 562 of the Act do not apply to an allotment of equity securities by the Company.
- (b) Unless otherwise determined by the Company by special resolution and subject to Article 2.4(c), any original shares for the time being unissued and any new shares from time to time to be created shall, before they are issued, be offered to the members in proportion, as nearly as may be, to the number of shares held by

them. Such offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of such time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may, subject to these Articles, dispose of the same in such manner as they think most beneficial to the Company. The Directors may, in like manner, dispose of any such new or original shares as aforesaid, which, by reason of the proportion borne by them to the number of persons entitled to such offer as aforesaid or by reason of any other difficulty in apportioning the same, cannot in the opinion of the Directors be conveniently offered in the manner hereinbefore provided.

- (c) Article 2.4(b) shall not apply to the issue of up to 4,000 A Ordinary Shares after the date of adoption of these Articles.

## 2.5 Variation of rights

The rights attached to any class of Shares may, subject to the provisions of the Act, be varied either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. The provisions of these Articles relating to general meetings of the Company shall, so far as applicable, apply to every such separate general meeting.

## 2.6 Share certificates

Every member, upon becoming the holder of any Shares in the Company, shall be entitled without payment to one certificate for all the Shares of each class held by him (and, upon transferring a part of his holding of Shares of any class, to a certificate for the balance of such holding) or several certificates each for one or more of his Shares upon payment for every certificate after the first of such reasonable sum as the Directors may determine. Every certificate shall be either signed by two directors or by a director and the Secretary or sealed with the seal of the Company and shall specify the number, class and distinguishing numbers (if any) of the Shares to which it relates and the amount or respective amounts paid up thereon. The Company shall not be bound to issue more than one certificate for Shares held jointly by several persons and delivery of a certificate to

one joint holder shall be a sufficient delivery to all of them. Model Article 24 shall not apply to the Company

## **2.7 Capitalisation of profits and reserves**

- (a) The Company in general meeting may on the recommendation of the Directors and subject to paragraph (b) below resolve to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or profit and loss or share premium account or any other amount which is available for distribution and is not required for payment of a dividend on any Shares carrying a preferential right to dividend and to resolve that such sum be applied either in or towards paying up any amount for the time being unpaid on any Shares held by the members of the Company who would have been entitled to such sum if distributed by way of dividend and in the same proportions or paying up in full unissued Shares or debentures of the Company to be allotted and distributed credited as fully paid up to and amongst such members in the proportion aforesaid, or partly in the one way and partly in the other, and the Directors shall give effect to such resolution. Model Article 36 shall not apply to the Company.
- (b) A share premium account or a capital redemption reserve and any reserve or profit and loss account which is not available for distribution may, for the purposes of this Article, only be applied in paying up in full unissued Shares to be allotted to members of the Company as fully paid bonus Shares.

## **3. Transfer of Shares**

### **3.1 Powers of Directors**

- (a) The Directors shall decline to register any transfer of any Share other than a transfer made pursuant to the provisions of this Article 3.
- (b) The Directors may also refuse to register a transfer of a Share on which the Company has a lien. Model Article 26(5) shall not apply to the Company.

### 3.2 Permitted Transfers and Prohibited Transfers

- (a) Ordinary Shares may be transferred:
  - (i) by any member, being an individual, to his parent(s), brother(s), sister(s), spouse, child(ren), step-child(ren) or remoter issue (whether natural or adopted) (“**Relatives**”) or any Relative, widow, widower of such Relative and the trustees of a trust whose beneficiaries do not include anyone other than the member, and his Relatives (a “**Family Trust**”);
  - (ii) by any person entitled to Shares by transmission to the Relatives of, or the trustees of a Family Trust of, the member from whom he derives his entitlement;
  - (iii) by the trustee(s) of a Family Trust to any beneficiary of that Family Trust or, on any change of trustee(s), to the new trustee(s) of that Family Trust;
  - (iv) by a member to the trustee(s) of an Employee Trust;
  - (v) by the trustee(s) of any Employee Trust to the new trustee(s) of such Employee Trust ; or
  - (vi) by any member or any person entitled to Shares by transmission to any other person with the consent in writing of all members.
- (b) If a Relative holding Shares transferred to him or her under Article 3.2(a)(i) ceases to be a Relative of the member from whom he or she took a transfer of those Shares, the Relative shall without delay notify the Company that such event has occurred and shall simultaneously retransfer his or her Shares to the member from whom he or she took a transfer of those Shares.
- (c) If any trust whose trustees hold Shares ceases to be a Family Trust the trustees shall without delay notify the Company that such event has occurred and shall give a Transfer Notice (as defined in Article 3.3(b)) in respect of those Shares and, if the trustees fail to give a Transfer Notice within 30 days of the occurrence of that event, they shall be deemed to have served the Company with a Transfer

Notice in respect of the Shares 30 days after the occurrence of that event and the provisions of Article 3.5(c) shall apply to those Shares.

- (d) A Ordinary Shares may be transferred pursuant to Article 2.2 (e) or (f) or Article 3.6 but not otherwise.

### 3.3 Pre-emption rights on transfer

- (a) Except in the case of a transfer expressly authorised by Article 3.2, no person shall be entitled to dispose of any interest in any Shares prior to 28 February 2017.
- (b) On or after 28 February 2017, except in the case of a transfer expressly authorised by Article 3.2 and save where Article 3.6 applies, no person shall be entitled to dispose of any interest in any Ordinary Shares without first offering them for transfer to the other holders of the Ordinary Shares (**Offerees**). The offer shall be made by the proposing transferor by notice in writing to the Company (a "**Transfer Notice**") and may be in respect of all or some only of the Shares held by him (the "**Offer Shares**").
- (c) The Transfer Notice shall specify the Offer Shares and the price at which they are offered (the "**Prescribed Price**") and shall constitute the Directors as the agents of the proposing transferor for the sale of the Offer Shares to the Offerees at the Prescribed Price. The Transfer Notice may contain a provision that, unless all the Offer Shares are sold under this Article, none shall be sold. The Transfer Notice may not be revoked unless that provision applies or the Directors otherwise agree.
- (d) Within 14 days after the Transfer Notice is received by the Company, the Directors shall give notice to the Offerees (other than the proposing transferor) of the number and description of the Offer Shares and the Prescribed Price, inviting each of them to notify the Company within 30 days whether he is willing to purchase any and, if so, what maximum number, of Offer Shares.
- (e) On the expiry of the 30 day period referred to in paragraph (c) the Directors shall allocate the Offer Shares to those Offerees who have applied to purchase Shares and (if the number of Shares for which those Offerees have applied exceeds the

number available) the allocation shall be made so far as practicable in proportion to the nominal amount of Ordinary Shares held by each of those Offerees but shall not in the case of any Offeree exceed the number of Offer Shares for which he has applied. If the Transfer Notice contains a provision that, unless all the Offer Shares are sold under this Article, none shall be sold, no allocation of the Offer Shares shall be made under this paragraph unless all the Offer Shares are allocated.

- (f) The Directors shall promptly give details of the allocation in writing to the proposing transferor and each Offeree who has stated his willingness to purchase Offer Shares and, within 7 days after such details are given, the Offerees to whom the allocation has been made shall be bound to pay the purchase price for the Offer Shares allocated to them respectively and the proposing transferor shall be bound, on payment of the purchase price, to transfer the Offer Shares to the respective purchasers.
- (g) If in any case a proposing transferor, after having become bound to transfer any Shares to a purchaser, shall make default in transferring the Shares, the Directors may authorise some person to execute on behalf of and as attorney for the proposing transferor any necessary transfers and may receive the purchase money and shall thereupon cause the name of the purchaser to be entered in the register of members of the Company as the holder of such Shares and hold the purchase money in trust for the proposing transferor but without interest. The receipt of the Company for the purchase money shall be a good discharge to the purchaser and after the name of the purchaser has been entered in the register of members of the Company the validity of these transactions shall not be questioned by any person.
- (h) Where more than one Offeree has stated his willingness to purchase Offer Shares and through no default of the proposing transferor any purchase is not duly completed, the Directors shall forthwith notify all the other Offerees who have stated their willingness to purchase Offer Shares and if, within 7 days of such notice being given, those other Offerees shall not between them duly complete the purchase of the Shares in respect of which there has been default in completion the provisions of paragraph (h) shall apply.



- (i) If, following the expiry of the 30 day period referred to in paragraph (c), any of the Offer Shares have not been allocated under paragraph (d), or if paragraph (g) applies, the proposing transferor may at any time within a period of 90 days after the expiry of the 30 or 7 day period (as appropriate) transfer the Offer Shares not allocated to any person and at any price (being not less than the Prescribed Price) provided that:
- (i) the Directors may require to be satisfied that those Shares are being transferred under a bona fide sale for the consideration stated in the transfer without any deduction, rebate or allowance to the purchaser and, if not so satisfied, may refuse to register that transfer; and
  - (ii) if the Transfer Notice contains a provision that, unless all the Offer Shares are sold under this Article, none shall be sold, he shall be entitled to transfer all but not some only of the Offer Shares, except where paragraph (g) applies, where he shall be entitled to transfer only those Shares in respect of which there has been default in completion.
- (j) If a member or other person entitled to transfer an Ordinary Share at any time attempts to deal with or dispose of any interest in his Ordinary Shares otherwise than in accordance with this Article or Articles 3.2 or 3.4, he shall be deemed immediately before the attempt to have served the Company with a Transfer Notice in respect of those Shares and the provisions of Article 3.5(c) shall apply to those Shares.
- (k) The member wishing to sell the Offer Shares shall not, if the Offer Shares are not acquired by other members of the Company pursuant to this Article, sell the Offer Shares at a price less than the Prescribed Price or otherwise on less favourable terms without making another offer in accordance with paragraph (a).

### 3.4 Application to personal representatives

- (a) Where a holder of Ordinary Shares who is an individual (a “**Deceased Shareholder**”) dies and his Shares in the Company are not transferred in accordance with Articles 3.2 or 3.3 before the end of the Relevant Period (as defined in paragraph (b)), the Directors may, and on the application of any other

member shall, by notice in writing addressed to the personal representatives of the Deceased Shareholder and served at his address appearing in the register of members, require that his personal representatives give a Transfer Notice in respect of his Shares and, if they fail to give a Transfer Notice within 30 days from the date of service of the notice by the Directors, or if the Deceased Shareholder has no personal representatives, a Transfer Notice shall be deemed to have been given 30 days after the date of service of the notice by the directors and the provisions of Article 3.5(c) shall apply to the Shares. In the case of a Transfer Notice or deemed Transfer Notice referred to in this Article 3.4(a), the Prescribed Price shall be either:

- (i) as the personal representatives of the Deceased Shareholder and the Directors may agree; or
  - (ii) in the absence of such agreement within 30 days from the date of service of the notice by the Directors (or such longer period as the personal representatives and the Directors may agree or, if there are not personal representatives, as the Directors may decide) the Fair Price (as defined in paragraph (c)) as at the date on which the Transfer Notice is given or deemed to have been received by the Company.
- (b) For the purposes of paragraph (a) the “**Relevant Period**” means the period of 12 months from the death of the Deceased Shareholder or, if probate is not granted in respect of the Deceased Shareholder's estate before the expiry of 6 months after his death, the period from his death until the expiry of 6 months from the date of the grant of probate or, if shorter, the period from his death until the expiry of 15 months from the date of his death.
- (c) The “**Fair Price**” means the price which the Expert states in writing to be in his opinion the fair value of the Shares on a sale as between a willing seller and a willing purchaser (taking no account of whether the Shares comprise a minority holding or carry control of the Company) and, if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so. In stating the Fair Price the Expert (whose charges shall be borne by the Company) shall be considered to be acting as an expert and not as an arbitrator and his decision shall be final and binding on the parties.

### 3.5 Powers of enforcement of pre-emption rights

- (a) For the purposes of ensuring that a transfer of Shares is made in accordance with these Articles or that no circumstances have arisen whereby a Transfer Notice is required to be given, the Directors may from time to time require any member or the personal representatives of any Deceased Shareholder or the liquidator of any corporate member or any person named as transferee in any transfer lodged for registration to furnish to the Company such information and evidence as the Directors may think fit regarding any matter which they may deem relevant to such purpose. Failing such information or evidence being furnished to the satisfaction of the Directors within a reasonable time after request the Directors shall be entitled to refuse to register the transfer in question or, if no transfer is in question, to require by notice in writing that a Transfer Notice be given in respect of any Shares concerned. If no Transfer Notice is given within 30 days from the date of service of the notice by the Directors, a Transfer Notice shall be deemed to have been given in respect of those Shares 30 days after the date of service of the notice by the Directors and the provisions of paragraph (c) shall apply to those Shares.
- (b) Any direction, whether by way of renunciation, nomination or otherwise, by a member entitled to an allotment of Shares, to the effect that such Shares or any of them be allotted or issued to some person other than himself shall for the purposes of these Articles be deemed to constitute a transfer of the Shares comprised in such direction and the provisions of this Article and Articles 3.3 and 3.4 shall apply accordingly.
- (c) If a Transfer Notice is deemed to have been given in respect of Shares under Articles 3.3(d), 3.3(j), 3.4(a) or paragraph (a) of this Article the provisions of Article 3.3 shall apply to those Shares save that:
  - (i) except in the case of a Transfer Notice deemed to have been given under Article 3.4(a) the Prescribed Price shall be the Fair Price ascertained in accordance with Article 3.4(c) as at the date on which the Transfer Notice is deemed to have been given; and

- (ii) the period of 14 days referred to in Article 3.3(d) shall run from the date on which the Prescribed Price is ascertained; and
- (iii) Article 3.3 shall not apply to any Shares in respect of which a transfer in accordance with Article 3.2 has been lodged for registration before the Prescribed Price has been ascertained.

### 3.6 Drag along

- (a) In Article 3.6 a Qualifying Offer shall mean an offer in writing by or on behalf of any person (**Offeror**) to any Shareholders to acquire such number of Shares as will give the Offeror Control of the Company.
- (b) If the holders of not less than 50.1% in nominal value of the Shares then in issue (**Accepting Shareholders**) wish to accept the Qualifying Offer, then the provisions of this Article shall apply.
- (c) The Accepting Shareholders shall give written notice to the remaining holders of the Shares (**Other Shareholders**) of their wish to accept the Qualifying Offer (**Drag Along Notice**) and the Other Shareholders shall thereupon become bound to accept the Qualifying Offer and to transfer their Shares (**Called Shares**) to the Offeror (or his nominee) with full title guarantee on the date specified by the Accepting Shareholders. The Drag Along Notice shall specify:
  - (i) that the Other Shareholders are required to transfer all their Called Shares pursuant to this Article 3.6;
  - (ii) the person to whom the Called Shares are to be transferred;
  - (iii) the purchase price payable for the Called Shares which shall be determined in accordance with Article 2.2(c); and
  - (iv) the proposed date of the transfer.
- (d) If any Other Shareholder shall not, within five Business Days of being required to do so, execute and deliver transfers in respect of the Shares held by him and deliver the certificate(s) in respect of the same (or a suitable indemnity in lieu

thereof), then any Accepting Shareholder shall be entitled to execute, and shall be entitled to authorise and instruct such person as he thinks fit to execute, the necessary transfer(s) and indemnities on the Other Shareholder's behalf and, against receipt by the Company (on trust for such Shareholder) of the consideration payable for the relevant Shares, deliver such transfer(s) and certificate(s) or indemnities to the Offeror (or his nominee) and register such Offeror (or his nominee) as the holder thereof and, after such registration, the validity of such proceedings shall not be questioned by any person.

- (e) Upon any person, following the issue of a notice pursuant to Article 3.6(c), becoming a member of the Company pursuant to the exercise of a pre-existing option to acquire shares in the company (**New Member**), a notice shall be deemed to have been served upon the New Member on the same terms as the previous notice who shall thereupon be bound to sell and transfer all such shares acquired by him to the Offeror or as the Offeror may direct and the provisions of this Article shall apply mutatis mutandis to the New Member save that completion of the sale of such shares shall take place forthwith upon the notice being deemed served on the New Member.

#### **4. Matters requiring consent of Members**

The Company shall not carry out any of the following unless or until determined by special resolution:

- (a) the sale of either all or a substantial part of the business of the Company;
- (b) the alteration of any provision of the memorandum of association of the Company or these Articles;
- (c) the institution of any proceedings for, or the passing of any resolution for the winding up or administration of the Company;
- (d) the Company incurring an obligation to do any of the foregoing.

## **5. Proceedings at General Meetings**

### **5.1 Quorum**

No business shall be transacted at any general meeting unless the requisite quorum is present at the commencement of the business and also when such business is voted upon. For so long as there shall be two or more members of the Company then one or more members present in person or by proxy or (if a corporation) by a duly authorised representative who are entitled to more than 10% of the votes that may be cast by all members shall be a quorum and for so long as there shall be only one member then one member present in person or by proxy or (if a corporation) by a duly authorised representative shall be a quorum.

### **5.2 Chairman**

- (a) The chairman at every general meeting of the Company shall be a director appointed from time to time to act as such by the holders of the majority of the Shares.
- (b) If for any reason a chairman has not been so appointed, then in respect of each general meeting of the Company a chairman shall be appointed by the majority of the holders of Shares present at such meeting in person or by proxy or (being a corporation) by a duly authorised representative. Model Article 39 shall not apply to the Company.

## **6. Employees' Committee**

### **6.1 The Employees' Committee shall:**

- (a) represent fully and openly to the Directors the views and interests of all employees of the Company;
- (b) act as a channel of communication between the Directors and the employees of the Company;

- (c) receive reports from the Directors as the Directors think fit which it will consider (in consultation with all employees of the Company as appropriate) and feed back comments to the Directors; and
- (d) generally help the Directors achieve the active participation of employees in the development of the Company and to sustain the Company as a company in which shares are held for the benefit of employees by the EOT.

6.2 The constitution of the Employee Committee shall be approved and published by the Directors and may be amended from time to time by the Directors. The constitution shall provide for the appointment of a chairman or other individual as the representative of the Employee Committee and the Directors may rely on such chairman or other individual as the representative of the Employee Committee. Any amendments to the constitution must be approved in advance by a majority of the members of the Employee Committee.

## **7. Powers of Directors to borrow money**

The Directors may exercise all powers of the Company to borrow or raise money or to guarantee and to mortgage or charge its undertaking, property, assets and rights and uncalled capital or any part thereof and, subject to the provisions of the Act, to create and issue debentures, debenture stock, mortgages, charges and other securities, whether outright or as security for any debt, liability or obligation of the Company or of any third party.

## **8. Board of Directors**

### **8.1 Number of Directors**

There shall be no maximum number of Directors and the minimum number of Directors shall be one.

### **8.2 Appointment of Directors**

The Directors may appoint any person who is willing to act to be a director either to fill a vacancy or as an additional director. Model article 17 shall not apply to the Company.

### 8.3 Automatic disqualification as Director

The office of a director shall be vacated if:

- (a) by notice in writing to the Company, the occupant of such office resigns such office;
- (b) he shall for more than 6 months have been absent without permission of the Directors from meetings of the Directors held during that period, unless he shall have appointed an alternate director who has not been similarly absent during such period;
- (c) he becomes bankrupt or enters into any arrangement with his creditors generally;
- (d) he is prohibited from being a director by an order made under any provision of the Act or any other Act of Parliament;
- (e) he becomes of unsound mind; or
- (f) he is removed from office under section 168 of the Act.

Model Article 18 shall not apply to the Company.

### 8.4 No obligatory retirement of Directors

Directors shall not be liable to retire by rotation.

### 8.5 Managing or executive Directors

- (a) The Directors may from time to time appoint one or more of their number to an executive office (including that of managing director, manager or any other salaried office) for such period and upon such terms as shall be thought fit, and subject to the provisions of any agreement entered into in any particular case, may revoke such appointment. A director so appointed to any executive office shall (without prejudice to any claim he may have for damages for breach of any contract of service between him and the Company) *ipso facto* cease to hold such



office if he ceases from any cause to be a director. Model Article 19 shall not apply to the Company.

- (b) The managing director, manager or other executive officer as aforesaid shall receive such remuneration whether by way of salary, commission or participation in profits or otherwise (either in addition to or in lieu of his remuneration as a director), as the Directors may determine.
- (c) The Directors may entrust to and confer upon a managing director, manager or other executive officer as aforesaid any of the powers exercisable by them upon such terms and conditions with such restrictions as they think fit and may from time to time withdraw, alter or vary all or any of such powers.

#### **8.6 No shareholding qualification**

A director shall not be required to hold any share qualification, but nevertheless shall be entitled to attend and speak at any general meeting of the Company and at any separate general meeting of the holders of any class of Shares.

#### **9. Assistant Company Secretary**

The Directors may appoint one or more persons as they may think fit, to be an assistant Secretary to the Company and each such person shall have full power to act in the place of the Secretary to the Company and shall be appointed for such term, at such remuneration and upon such conditions as the Directors may think fit; and any assistant Secretary so appointed may be removed by the Directors.

#### **10. Interests of Directors**

- (a) Subject to the provisions of the Act, a director may be interested directly or indirectly in any contract or arrangement or in any proposed contract or arrangement with the Company or with any other company in which the Company may be interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of auditors of the Company or any subsidiary thereof) relating to the Company or any such other company and he or any firm of which he is a member may act in a professional capacity for the Company or any

such other company and be remunerated therefore. Model Article 14 shall not apply to the Company.

- (b) A director may vote, at any meeting of the Directors or of any committee of the Directors, on any resolution, notwithstanding that it in any way concerns or relates to a matter in which he has, directly or indirectly, any kind of interest whatsoever, and if he shall vote on any such resolution as aforesaid his vote shall be counted; and in relation to any such resolution as aforesaid he shall (whether or not he shall vote on the same) be taken into account in calculating the quorum present at the meeting.
- (c) The Directors shall have power to authorise any other matter which would or might give rise to any breach of the duty of a director under section 175 of the Act to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company. For this purpose any reference to a conflict of interest includes a conflict of interest and duty and a conflict of duties.

#### **11. Alternate Directors**

- (a) Each director shall have the power to nominate any other director or any person approved for that purpose by a resolution of the directors to act as alternate director at meetings of the Directors in his place during his absence and, at his discretion, to revoke such nomination.
- (b) Any appointment or removal of an alternate director shall be effected by an instrument in writing delivered at the registered office of the Company and signed by the appointor.
- (c) An alternate director shall be entitled to receive notice of meetings of the Directors and to attend and vote at any such meeting and to perform thereat all the functions of his appointor. An alternate director shall have one vote for each director he represents, in addition to his own vote if he is a director, but he shall not be counted more than once in the quorum. If his appointor is for the time being absent from the United Kingdom or otherwise not available the appointee's signature to any resolution in writing of the Directors shall be as effective as the

signature of his appointor. An alternate director shall be deemed to be a director for the purpose of signing instruments to which the seal is affixed and Model Article 49(4) shall be modified accordingly. Save as aforesaid, an alternate director shall not have power to act as a director nor shall he be deemed to be a director for the purposes of these Articles.

- (d) An alternate director shall be entitled to contract and be interested in and benefit from contracts or arrangements with the Company and to be repaid expenses and to be indemnified under Article 13.1 to the same extent *mutatis mutandis* as if he were a director, but he shall not be entitled to receive from the Company in respect of his appointment as alternate director any remuneration, except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct.
- (e) An alternate director shall *ipso facto* cease to be an alternate director if his appointor ceases for any reason to be a director.

## **12. Proceedings of Directors**

### **12.1 Power to regulate own proceedings**

Subject to the provisions of these Articles and the Act, the Directors shall regulate their meetings as they think fit. Model Articles 7 and 8 shall not apply to the Company.

### **12.2 Notice of meetings**

Notices of meetings of the Directors shall be given to all directors and to any alternate directors appointed by them.

### **12.3 Quorum**

For so long as there shall be more than one Director two directors shall be a quorum. If however there is only one Director he may exercise all the powers and authorities vested in the directors by these Articles. Model Article 11 shall not apply to the Company.

#### 12.4 Voting

- (a) Questions arising at a meeting of the Directors shall be decided by a majority of votes.
- (b) If the numbers of votes for and against a proposal are equal, the chairman (or other director chairing the meeting) does not have a casting vote. Model Article 13 does not apply.

#### 12.5 Written resolutions of Directors

- (a) If not taken at a Directors' meeting, decisions of the Directors must take the form of a resolution in writing, copies of which have been signed by a majority of eligible Directors or to which a majority of all eligible Directors have otherwise indicated agreement in writing, provided that the eligible Directors signing or indicating agreement to the resolution would have formed a quorum at a Directors' meeting.
- (b) References in Article 12.5(a) to eligible Directors are to directors that would have been entitled to vote on the matter and have their votes counted if it had been proposed as a resolution at a Directors' meeting.

#### 12.6 Meetings by telephone/video conference

Any director may participate in a meeting of the Directors or a committee of the Directors by means of a conference telephone, video conferencing facility or similar communications equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at such meeting and shall be entitled to vote and be counted in the quorum. Such meeting shall be deemed to take place where the largest group of those participating is assembled, or, if there is no such group, where the chairman of the meeting is located. Model Article 10 shall not apply to the Company.

### **13. Directors' benefits**

#### **13.1 Indemnity and insurance**

Every director or other officer of the Company may, to the extent permitted by the Act, be indemnified out of the assets of the Company against any liability incurred by him in the execution of, or in relation to, his duties. This indemnity shall not apply to any liability to the extent that it is recovered from any other person and the indemnity is subject to such director or other officer taking all reasonable steps to effect such recovery, so that the indemnity shall not apply to the extent that an alternative right of recovery is capable of being enforced. Subject to the Act, no director or other officer shall be liable for any loss or damage which may happen to, or be incurred by, the Company in the execution of, or in relation to, his duties. This Article does not require the Company to purchase and maintain for any such director or other officer insurance against any such liability, but does not restrict the Company from doing so. Model Articles 52 and 53 shall not apply.

#### **13.2 Retirement Benefits**

The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any other salaried office or place of profit with the Company or to his widow or dependents and make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.