

**THE COMPANIES ACT 2006  
PRIVATE COMPANY LIMITED BY SHARES  
WRITTEN RESOLUTION  
OF  
BAXTERS CONTRACTORS LIMITED (COMPANY)**

CIRCULATION DATE:

*4<sup>th</sup> April*

2017

Pursuant to Chapter 2 of Part 13 of the Companies Act 2006 (Act), the Directors of the Company propose that the following resolution (Resolution) is passed as a special resolution:

**SPECIAL RESOLUTION**

**THAT** the Articles of Association in the form attached hereto (**New Articles**) be and are hereby adopted as the new articles of association of the Company, in substitution for and to the exclusion of the existing Articles of Association of the Company.

**AGREEMENT**

Please read the notes attached to this document before signifying your agreement to the Resolution.

The undersigned, being the persons entitled to vote on the Resolution on the Circulation Date, hereby irrevocably agree to the Resolution.

Signed by **JEAN CATHERINE BAXTER**

*JOBAXTER*

Date

*4<sup>th</sup> April 2017*

Signed by **JAMES BAXTER**

*James Baxter*

Date

*4<sup>th</sup> April 2017*

Signed by **LEE JAMES BAXTER**

*LEE BAXTER*

Date

*4<sup>th</sup> April 2017*

Signed by **JAMES VAN BAXTER**

*James Van Baxter*

Date

*4<sup>th</sup> April 2017*

FRIDAY



\*A63U9P8N\*  
A30 07/04/2017 #17  
COMPANIES HOUSE

Signed by **SUSAN ANGELA WARD**

Date

A handwritten signature in black ink, appearing to read 'Susan Angela Ward', written over a horizontal dotted line.

4<sup>th</sup> April 2017

## NOTES:

1. If you agree to the Resolution, please sign and date this document to confirm your agreement and then return it to the Company using one of the following methods:
  - **By Hand:** delivering the signed copy to the Company's registered office; or
  - **Post:** returning the signed copy by post to Company's registered office.
2. 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.
3. Once you have indicated your agreement to the Resolution, you may not revoke your agreement.
4. The Resolution set out above will lapse if the required majority of eligible members have not signified their agreement to it within 28 days of the Circulation Date. If you agree to the Resolution please ensure that your agreement reaches us before that date.
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 NUMBER 01725117**

**ARTICLES OF ASSOCIATION**

**OF**

**BAXTERS CONTRACTORS LIMITED**



## TABLE OF CONTENTS

1.	Interpretation .....	3
2.	Unanimous Decisions .....	6
3.	Calling a Directors' Meeting .....	6
4.	Quorum for Directors' Meetings .....	6
5.	Casting Vote .....	6
6.	Transactions or Other Arrangements With the Company .....	6
7.	Directors' Conflicts of Interest .....	7
8.	Records of Decisions to be Kept.....	9
9.	Number of Directors.....	9
10.	Appointment of Directors .....	9
11.	Appointment and Removal of Alternate Directors .....	9
12.	Rights and Responsibilities of Alternate Directors.....	10
13.	Termination of Alternate Directorship.....	10
14.	Secretary .....	11
15.	Share Capital.....	11
16.	Share transfers: general .....	11
17.	Pre-emption Rights on the Transfer of Shares .....	12
18.	Permitted Transfers .....	14
19.	Compulsory Transfers .....	15
20.	Valuation .....	17
21.	Further issue of shares: authority.....	18
22.	Further Issues of Shares: pre-emption rights .....	18
23.	Purchase of Own Shares .....	18
24.	Quorum for General Meetings .....	19
25.	Voting .....	19
26.	Poll Votes .....	19
27.	Proxies .....	19
28.	Means of Communication to be Used .....	19
29.	Indemnity.....	20
30.	Insurance.....	21

**THE COMPANIES ACT 2006**  
**PRIVATE COMPANY LIMITED BY SHARES**  
**ARTICLES OF ASSOCIATION**  
**OF**  
**BAXTERS CONTRACTORS LIMITED**  
**(THE COMPANY)**

(Adopted by special resolution passed on 4<sup>m</sup> April 2017)

**INTRODUCTION**

**1. INTERPRETATION**

1.1 The following definitions and rules of interpretation apply in these Articles:

**A Director:** has the meaning given in article 10.1;

**A Shareholder:** a holder of A Shares from time to time;

**A Shares:** A ordinary shares of £1 each in the capital of the Company;

**Act:** means the Companies Act 2006;

**appointor:** has the meaning given in article 11.1;

**Articles:** means the Company's articles of association for the time being in force;

**B Shares:** B ordinary shares of £1 each in the capital of the Company;

**Bad Leaver:** means a Departing Employee Shareholder who becomes a Departing Employee Shareholder in circumstances where he is not a Good Leaver;

**Business Day:** means any day other than a Saturday, Sunday or public holiday in England on which banks in London are open for business;

**C Shares:** C ordinary shares of £1 each in the capital of the Company;

**Conflict:** has the meaning given in article 7.1;

**Continuing Shareholders:** has the meaning given in article 17.6;

**D Shares:** D ordinary shares of £1 each in the capital of the Company;

**Deemed Transfer Notice:** means a Transfer Notice that is deemed to have been served under any provision of these Articles;

**Departing Employee Shareholder:** means an Employee Shareholder who ceases to be an employee of the Company (other than by reason of death);

**Employee Shareholder:** means a shareholder who is, or has been, an employee of the Company;

**eligible director:** means 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);

**Fair Value:** means in relation to shares, as determined in accordance with article 20;

**Family Trust:** means in relation to a shareholder, a trust set up wholly for the benefit of that shareholder and/or that shareholder's Privileged Relations;

**Good Leaver:** means an Employee Shareholder who becomes a Departing Employee Shareholder by reason of:

- (a) retirement at normal retiring age, permanent disability or permanent incapacity through ill-health; or
- (b) redundancy (as defined in the Employment Rights Act 1996); or
- (c) dismissal by the Company which is determined by an employment tribunal or at a court of competent jurisdiction from which there is no right to appeal, to be unfair or wrongful or constructive (other than where such finding is purely on procedural grounds);

**Model Articles:** means 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;

**Original Shareholders:** mean the holders of A Shares, B Shares, C Shares and D Shares on the date of the adoption of these Articles;

**Permitted Transfer:** means a transfer of shares made in accordance with article 18;

**Permitted Transferee:** means in relation to a shareholder, any of his Privileged Relations or the trustees of his Family Trust(s);

**Privileged Relation:** means a spouse of a shareholder and the shareholders children and grandchildren (including step and adopted children and grandchildren);

**Proposed Sale Price:** has the meaning given in article 17.1

**Sale Shares:** has the meaning given in article 17.1;

**Seller:** has the meaning given in article 17.1;

**Termination Date:** means:

- (a) where employment ceases by virtue of notice given by the employer to the employee, the date on which such notice expires; or

- (b) where a contract of employment is terminated by the employer and a payment is made in lieu of notice, the date on which notice of termination was served; or
- (c) in any other case, the date on which the employment or holding of office is terminated.

**Transfer Notice:** has the meaning given in article 17.1;

**Valuers:** an independent firm of accountants jointly appointed by the Company and the Seller or, in the absence of agreement between the Company and the Seller on the identity of the expert within 20 Business Days of the service of a Transfer Notice, an independent firm of accountants appointed by the President, for the time being, of the Institute of Chartered Accountants in England and Wales (in each case acting as an expert and not as an arbitrator).

- 1.2 Save as otherwise specifically 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.
- 1.3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.4 A reference in these Articles to an "article" is a reference to the relevant article of these Articles unless expressly provided otherwise.
- 1.5 Unless expressly provided otherwise, a reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time.
- 1.6 A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.
- 1.7 Any words following the terms including, include, in particular, for example or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.8 Where the context permits, other and otherwise are illustrative and shall not limit the sense of the words preceding them.
- 1.9 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by, or are inconsistent with, these Articles.
- 1.10 Articles 6(2), 7, 8, 9(1), 11(2) and (3), 13, 14(1), (2), (3) and (4), 16, 17, 26(5), 36, 38, 44(2), 52 and 53 of the Model Articles shall not apply to the Company.
- 1.11 Article 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".
- 1.12 In article 25(2)(c) of the Model Articles, the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity".

- 1.13 Article 27(3) of the Model Articles shall be amended by the insertion of the words ", subject to article 10," after the word "But".
- 1.14 Article 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 article 28(2) of the Model Articles," after the words "the transmittee's name".
- 1.15 Articles 31(1)(a) to (c) (inclusive) of the Model Articles shall be amended by the deletion, in each case, of the words "either" and "or as the directors may otherwise decide". Article 31(d) of the Model Articles shall be amended by the deletion of the words "either" and "or by such other means as the directors decide".

## **2. UNANIMOUS DECISIONS**

- 2.1 A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.
- 2.2 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.
- 2.3 A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

## **3. CALLING A DIRECTORS' MEETING**

- 3.1 Any director may call a directors' meeting 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.

## **4. QUORUM FOR DIRECTORS' MEETINGS**

- 4.1 Subject to article 4.2, the quorum for the transaction of business at a meeting of directors is any two eligible directors, which must include at least one A Director.
- 4.2 For the purposes of any meeting (or part of a meeting) held pursuant to article 7 to authorise a director's conflict only, if there is only one eligible director in office other than the conflicted director(s), the quorum for such meeting (or part of a meeting) shall be one eligible director.

## **5. CASTING VOTE**

- 5.1 If the numbers of votes for and against a proposal at a meeting of directors are equal, the chairman or other director chairing the meeting shall have a casting vote.
- 5.2 The post of chairman will be held by an A Director. If the chairman for the time being is unable to attend any meeting of the board of directors, the A Shareholders shall be entitled to appoint another director to act as chairman at the meeting.

## **6. TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY**

- 6.1 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:
- 6.1.1 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;
  - 6.1.2 shall be an eligible director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such existing or proposed transaction or arrangement in which he is interested;
  - 6.1.3 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 existing or proposed transaction or arrangement in which he is interested;
  - 6.1.4 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;
  - 6.1.5 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
  - 6.1.6 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 transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such 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.

## 7. DIRECTORS' CONFLICTS OF INTEREST

- 7.1 The directors may, in accordance with the requirements set out in this article, authorise any matter or situation proposed to them by any director which would, if not authorised, involve a director (an **Interested Director**) breaching his duty under section 175 of the Act to avoid conflicts of interest (**Conflict**).
- 7.2 Any authorisation under this article 7 will be effective only if:
- 7.2.1 to the extent permitted by the Act, the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of these Articles or in such other manner as the directors may determine;

- 7.2.2 any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director or any other interested director; and
  - 7.2.3 the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's and any other interested director's vote had not been counted.
- 7.3 Any authorisation of a Conflict under this article 7 may (whether at the time of giving the authorisation or subsequently):
- 7.3.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
  - 7.3.2 provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict;
  - 7.3.3 provide that the Interested Director shall or shall not be an eligible director in respect of any future decision of the directors in relation to any resolution related to the Conflict;
  - 7.3.4 impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit;
  - 7.3.5 provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a director of the Company) information that is confidential to a third party, he will not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence; and
  - 7.3.6 permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the directors and be excused from reviewing papers prepared by, or for, the directors to the extent they relate to such matters.
- 7.4 Where the directors authorise a Conflict, the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the directors in relation to the Conflict.
- 7.5 The directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, prior to such revocation or variation, in accordance with the terms of such authorisation.
- 7.6 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 directors 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.

## **8. RECORDS OF DECISIONS TO BE KEPT**

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

## **9. NUMBER OF DIRECTORS**

- 9.1 The number of directors (other than alternate directors) shall not be subject to a maximum but shall not be less than two.

## **10. APPOINTMENT OF DIRECTORS**

- 10.1 Each A Shareholder shall (provided that he holds at least 15% in nominal value of the shares in issue from time to time (excluding any shares for the time being held in treasury) have the right to appoint and maintain in office one natural person as a director of the Company (including himself) (an **A Director**) and to remove any director so appointed by him and, upon his removal whether by his appointor or otherwise, to appoint another person to act as a director in his place.
- 10.2 An appointment or removal in accordance with clause 10.1 shall be made by giving notice in writing to the Company and, in the case of removal of a director, to the director being removed. The appointment or removal takes effect on the date on which the notice is received by the Company or, if a later date is given in the notice, on that date.
- 10.3 If any director shall die or be removed from or vacate office for any cause, the A Shareholder that appointed him (or any transmittee of such A Shareholder) shall appoint in his place another person to be a director.

## **11. APPOINTMENT AND REMOVAL OF ALTERNATE DIRECTORS**

- 11.1 Any director (**appointor**) may appoint as an alternate any other director, or any other person to:
- 11.1.1 exercise that directors powers; and
  - 11.1.2 carry out that director's responsibilities,
- in relation to the taking of decisions by the directors, in the absence of the alternate's appointor.
- 11.2 Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor.
- 11.3 The notice must:
- 11.3.1 identify the proposed alternate; and
  - 11.3.2 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.

## **12. RIGHTS AND RESPONSIBILITIES OF ALTERNATE DIRECTORS**

- 12.1 An alternate director has the same rights in relation to any decision of the directors as the alternate's appointor.
- 12.2 Except as the Articles specify otherwise, alternate directors:
- 12.2.1 are deemed for all purposes to be directors;
  - 12.2.2 are liable for their own acts and omissions;
  - 12.2.3 are subject to the same restrictions as their appointors; and
  - 12.2.4 are not deemed to be agents of or for their appointors,
- and, in particular (without limitation), each alternate director shall be entitled to receive notice of all meetings of directors.
- 12.3 A person who is an alternate director but not a director:
- 12.3.1 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);
  - 12.3.2 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
  - 12.3.3 shall not be counted as more than one director for the purposes of article 12.3.
- 12.4 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 directors (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.
- 12.5 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.

## **13. TERMINATION OF ALTERNATE DIRECTORSHIP**

- 13.1 An alternate director's appointment as an alternate terminates:
- 13.1.1 when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
  - 13.1.2 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;

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

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

#### **14. SECRETARY**

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

#### **15. SHARE CAPITAL**

15.1 Except as otherwise provided in these Articles, the A Shares, B Shares, C Shares and D Shares shall rank *par passu* in all respects but shall constitute separate classes of shares and the directors shall have complete discretion to declare a dividend in respect of one class of shares but not another and to declare a different level of dividend in respect of different classes of shares.

15.2 On the transfer of any share as permitted by these Articles:

15.2.1 a share transferred to a non-shareholder shall remain of the same class as before the transfer; and

15.2.2 a share transferred to a shareholder shall automatically be redesignated on transfer as a share of the same class as those shares already held by the shareholder.

If no shares of a class remain in issue following a redesignation under this article, these Articles shall be read as if they do not include any reference to that class or to any consents from, or attendance at any meeting or votes to be cast by, shareholders of that class or directors appointed by that class.

#### **16. SHARE TRANSFERS: GENERAL**

16.1 In these Articles, reference to the transfer of a share includes the transfer, assignment or other disposal of a beneficial or other interest in that share, or the creation of a trust or encumbrance over that share, and reference to a share includes a beneficial or other interest in a share.

16.2 No shareholder shall transfer any share except:

16.2.1 a shareholder may transfer all (but not some only) of his shares in the Company for cash in accordance with the procedure set out in article 17, or

16.2.2 in accordance with article 18; or

16.2.3 in accordance with article 19; or

16.2.4 with the prior written consent of all of the A Shareholders.

16.3 Subject to article 16.4, the directors must register any duly stamped or certified exempt transfer made in accordance with these Articles and shall not have any

discretion to register any transfer of shares which has not been made in compliance with these Articles.

16.4 The directors may, as a condition to the registration of any transfer of shares in the Company (whether to a Permitted Transferee or otherwise) require the transferee to execute and deliver to the Company a deed under which the transferee agrees to be bound by the terms of any shareholders' agreement (or similar document) in force between the shareholders in such form as the directors may reasonably require (but not so as to oblige the transferee to have any obligations or liabilities greater than those of the proposed transferor under any such agreement or other document) If any such condition is imposed in accordance with this article 16.4, the transfer may not be registered unless that deed has been executed and delivered to the Company's registered office by the transferee.

16.5 Any transfer of shares by way of a sale that is required to be made under these Articles shall be deemed to include a warranty that the transferor sells the shares with full title guarantee.

## 17. PRE-EMPTION RIGHTS ON THE TRANSFER OF SHARES

17.1 Except where the provisions of article 18 or article 19 apply or if all of the A Shareholders determine otherwise in writing pursuant to article 16.2.4, a Shareholder (**Seller**) wishing to transfer his shares (**Sale Shares**) must give notice in writing (a **Transfer Notice**) to the Company giving details of the proposed transfer including:

17.1.1 if he wishes to sell the Sale Shares to a third party, the name of the proposed buyer; and

17.1.2 the price (in cash) at which he wishes to sell the Sale Shares (**Transfer Price**).

17.2 If a Seller serves a Transfer Notice (or Deemed Transfer Notice), unless the board of directors (acting with the prior written consent of all of the A Shareholders) resolves otherwise, any Permitted Transferee of that Seller to whom shares have been transferred in accordance with article 18.1 is also deemed to have served a Transfer Notice in respect of all his shares on the same date as the Seller's Transfer Notice is served or deemed to have been served (in the case of a Deemed Transfer Notice).

17.3 Once given (or deemed to have been given) under these Articles, a Transfer Notice may not be withdrawn.

17.4 A Transfer Notice (or Deemed Transfer Notice) constitutes the Company the agent of the Seller for the sale of the Sale Shares in accordance with the provisions of these Articles.

17.5 As soon as practicable following the receipt of a Transfer Notice, the board of directors shall offer the Sale Shares for sale in the manner set out in the remaining provisions of this Article at the Transfer Price. Each offer shall be in writing and give details of the number and Transfer Price of the Sale Shares offered.

- 17.6 The board of directors shall offer the Sale Shares to all shareholders other than the Seller (the **Continuing Shareholders**), inviting them to apply in writing within the period from the date of the offer to the date 20 Business Days after the offer (both dates inclusive) (the **Offer Period**) for the maximum number of Sale Shares they wish to buy.
- 17.7 If:
- 17.7.1 at the end of the Offer Period, the total number of Sale Shares applied for is equal to or exceeds the number of Sale Shares, the board of directors shall allocate the Sale Shares to each Continuing Shareholder who has applied for Sale Shares in the proportion which his existing holding of shares bears to the total number of shares held by those Continuing Shareholders who have applied for Sale Shares. Fractional entitlements shall be rounded down to the nearest whole number (save where such rounding would result in not all Sale Shares being allocated, in which case the allocation of any such fractional entitlements among the Continuing Shareholders who have applied for Sale Shares shall be determined by the board of directors). No allocation shall be made to a Continuing Shareholder of more than the maximum number of Sale Shares which he has stated he is willing to buy;
- 17.7.2 not all Sale Shares are allocated following allocations in accordance with article 17.7.1, but there are applications for Sale Shares that have not been satisfied, the board of directors shall allocate the remaining Sale Shares to such applicant(s) in accordance with the procedure set out in article 17.7.1. The procedure set out in this article 17.7.2 shall apply on any number of consecutive occasions until either all Sale Shares have been allocated or all applications for Sale Shares have been satisfied; and
- 17.7.3 at the end of the Offer Period, the total number of Sale Shares applied for is less than the number of Sale Shares, the board of directors shall allocate the Sale Shares to the Continuing Shareholders in accordance with their applications. The balance (the **Surplus Shares**) shall be dealt with in accordance with article 17.11.
- 17.8 If allocations under article 17.7 have been made in respect of some or all of the Sale Shares, the board of directors shall give written notice of allocation (an **Allocation Notice**) to the Seller and each Continuing Shareholder to whom Sale Shares have been allocated (each an **Applicant**). The Allocation Notice shall specify the number of Sale Shares allocated to each Applicant, the amount payable by each Applicant for the number of Sale Shares allocated to him (**Consideration**) and the place and time for completion of the transfer of the Sale Shares (which shall be at least 10 Business Days, but not more than 20 Business Days, after the date of the Allocation Notice).
- 17.9 On the date specified for completion in the Allocation Notice, the Seller shall, against payment of the Consideration, execute and deliver a transfer of the Sale Shares allocated to such Applicant, in accordance with the requirements specified in the Allocation Notice.
- 17.10 If the Seller fails to comply with article 17.9:

17.10.1 the Chairman of the Company (or, failing him, one of the other directors, or some other person nominated by a resolution of the Board) may, as agent on behalf of the Seller:

- (i) complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicants;
- (ii) receive the Consideration and give a good discharge for it (and no Applicant shall be obliged to see to the distribution of the Consideration); and
- (iii) (subject to the transfers being duly stamped) enter the Applicants in the register of members as the holders of the Sale Shares purchased by them; and

17.10.2 the Company shall pay the Consideration into a separate bank account in the Company's name on trust (but without interest) for the Seller until he has delivered his certificate(s) for the relevant Sale Shares or an indemnity, in a form reasonably satisfactory to the board of directors, in respect of any lost certificate, together, in either case, with such other evidence (if any) as the board of directors may reasonably require to prove good title to those Sale Shares, to the Company.

17.11 If an Allocation Notice does not relate to all of the Sale Shares then, subject to article 17.12 and within four weeks following service of the Allocation Notice, the Seller may transfer the Surplus Shares to any person at a price at least equal to the Transfer Price.

17.12 The Seller's right to transfer Sale Shares under article 17.11 does not apply if the board of directors reasonably considers that:

17.12.1 the transferee is a person (or a nominee for a person) who is a competitor with (or an Associate of a competitor with) the business of the Company; or

17.12.2 the sale of the Sale Shares is not bona fide or the price is subject to a deduction, rebate or allowance to the transferee; or

17.12.3 the Seller has failed or refused to provide promptly information available to the Seller and reasonably requested by the board of directors to enable it to form the opinion mentioned above.

17.13 The restrictions imposed by this Article may be waived in relation to any proposed transfer of Sale Shares with the consent of shareholders who, but for the waiver, would or might have been entitled to have such Sale Shares offered to them in accordance with this Article.

## **18. PERMITTED TRANSFERS**

- 18.1 A shareholder (an **Existing Shareholder**) may transfer up to all of the issued shares held by that shareholder to any of his Permitted Transferees without being required to follow the steps set out in article 17.
- 18.2 Any shareholder holding shares as a result of a Permitted Transfer made by an Existing Shareholder in accordance with this article 18 may, at any time, transfer his shares back to that Existing Shareholder or to another Permitted Transferee of such Existing Shareholder, without being required to follow the steps set out in article 17.
- 18.3 If a Permitted Transfer has been made to a Privileged Relation of the Existing Shareholder, that Privileged Relation shall within 20 Business Days of ceasing to be a Privileged Relation of the Existing Shareholder (whether by reason of divorce, dissolution of a civil partnership or otherwise but not by reason of death) execute and deliver to the Company a transfer of the shares held by him to the Existing Shareholder (or, if so directed by the Existing Shareholder, to a Permitted Transferee of the Existing Shareholder) for such consideration as may be agreed between them, failing which he shall be deemed to have given a Transfer Notice in respect of the shares in accordance with article 17 and article 19.2.
- 18.4 On the death or bankruptcy of a Privileged Relation (other than a joint holder), his personal representatives or trustee in bankruptcy (as the case may be) shall, unless the board of directors (acting with the prior written consent of all of the A Shareholders) resolves otherwise, offer the shares held by the Privileged Relation for transfer to the Existing Shareholder or, if so directed by the Existing Shareholder, to a Permitted Transferee of the Existing Shareholder, within 20 Business Days after the grant of probate or the making of the bankruptcy order (as the case may be), for such consideration as may be agreed between the Existing Shareholder and the personal representatives or trustee in bankruptcy (as the case may be). If:
- 18.4.1 a transfer of the shares has not been executed and delivered within 20 Business Days of the grant of probate or the making of the bankruptcy order (as the case may be); or
- 18.4.2 the Existing Shareholder is himself the subject of a bankruptcy order,
- the personal representatives or trustee in bankruptcy shall be deemed to have given a Transfer Notice in respect of the shares in accordance with article 17 and article 19.2.
- 18.5 If a Permitted Transfer has been made to the trustees of a Family Trust, the trustees of that Family Trust shall within 20 Business Days of that Family Trust ceasing to be wholly for the benefit of the Settlor and/or the Settlor's Privileged Relations execute and deliver to the Company a transfer of the shares held by them or the Family Trust to the Existing Shareholder or, if so directed by the Existing Shareholder, to a Permitted Transferee of the Existing Shareholder, for such consideration as may be agreed between them, failing which the trustees shall be deemed to have given a Transfer Notice in respect of the shares in accordance with article 17 and article 19.2.

## 19. **COMPULSORY TRANSFERS**

- 19.1 Subject to article 18.4, a shareholder is deemed to have served a Transfer Notice under article 17.1 immediately before any of the following events (unless the board of directors (acting with the prior written consent of all of the A Shareholders) resolves otherwise):
- 19.1.1 an order being made for the shareholder's bankruptcy; or
  - 19.1.2 an arrangement or composition with any of the shareholders creditors being made; or
  - 19.1.3 the shareholder having a disqualification order made against him under the Company Directors Disqualification Act 1986; or
  - 19.1.4 the happening in relation to a shareholder of any event analogous to any of the above in any jurisdiction in which he is resident, carries on business or has assets; or
  - 19.1.5 the shareholder lacking capacity (under section 2 of the Mental Capacity Act 2005) to make decisions in relation to the Company or his shareholding; or
  - 19.1.6 the shareholder's death; or
  - 19.1.7 the shareholder (being an Employee Shareholder) (other than an A Shareholder) becoming a Departing Employee Shareholder (a **Compulsory Employee Transfer**). For the purpose of this article 19.1.7, the Transfer Notice is deemed to have been served on the relevant Termination Date; or
  - 19.1.8 the shareholder committing a material or persistent breach of any shareholders' agreement to which he is a party in relation to the shares in the Company which if capable of remedy has not been so remedied to the reasonable satisfaction of the board of directors within 20 Business Days of being requested to do so by the board of directors.
- 19.2 The Deemed Transfer Notice has the same effect as a Transfer Notice, except that:
- 19.2.1 the Deemed Transfer Notice takes effect on the basis that it does not identify a proposed buyer or state a price for the Sale Shares and, subject to article 19.2.2 and article 19.2.3, the price for the Sale Shares shall be the aggregate Fair Value of those shares, determined by the Valuers in accordance with article 20;
  - 19.2.2 the price for the Sale Shares in respect of a Compulsory Employee Transfer shall, where the Departing Employee Shareholder is:
    - (a) a Bad Leaver, be restricted to a maximum of the lower of the aggregate subscription or transfer price paid by the Departing Employee Shareholder in respect of the Sale Shares, including any share premium, and the aggregate Fair Value of such Sale Shares; and
    - (b) a Good Leaver, be the aggregate Fair Value of such Sale Shares;

- 19.2.3 the price for the Sale Shares in respect of a transfer as a result of paragraph 19.1.8 shall be restricted to a maximum of the lower of the aggregate subscription or transfer price paid by the Departing Employee Shareholder in respect of the Sale Shares, including any share premium, and the aggregate Fair Value of such Sale Shares; and
- 19.2.4 if the Continuing Shareholders do not accept the offer of shares comprised in the Deemed Transfer Notice within 20 Business Days of receipt of the Valuers' determination of the Fair Value, the Seller does not have the right to sell the Sale Shares to a third party and the Company shall be entitled (but not obliged) to purchase the Sale Shares.
- 19.3 A Deemed Transfer Notice under article 19.1.7 or article 19.1.8 shall, save in the case of article 19.1.7 where the relevant shareholder is a Good Leaver, immediately and automatically revoke:
- 19.3.1 a Transfer Notice served by the relevant shareholder or any of his Permitted Transferees (and any Transfer Notices deemed to have been served by any of his Permitted Transferees under article 17.2) before the occurrence of the relevant event giving rise to the Deemed Transfer Notice under article 19.1.7 or article 19.1.8 (as the case may be); and
- 19.3.2 a Deemed Transfer Notice deemed to be served by the relevant shareholder under any of the events set out in article 19.1.1 to article 19.1.6 (inclusive) (and any Transfer Notices deemed to have been served by any of his Permitted Transferees) before the occurrence of the relevant event giving rise to the Deemed Transfer Notice under article 19.1.7 or article 19.1.8 (as the case may be).
- 19.4 If the Seller fails to complete a transfer of Sale Shares as required under this article 19, the Company is irrevocably authorised to appoint any person it nominates for the purpose as agent to transfer the Sale Shares on the Seller's behalf and to do anything else that the Company may reasonably require to complete the sale, and the Company may receive the purchase price in trust for the Seller and give a good discharge for it.

## **20. VALUATION**

- 20.1 The Valuers shall be requested to determine the Fair Value within 15 Business Days of their appointment and to notify the Company and the Seller in writing of their determination.
- 20.2 The Fair Value for any Sale Share shall be the price per share determined in writing by the Valuers on the following bases and assumptions:
- 20.2.1 valuing each of the Sale Shares as a proportion of the total value of all the issued shares in the capital of the Company determined by reference to the value of the aggregate assets less the aggregate liabilities of the Company with no value being attributed to goodwill;
- 20.2.2 if the Sale Shares are less than one-half of the issued shares, the Valuers shall reduce the value to such extent as they consider appropriate to reflect

the fact that they constitute a minority holding and if the Sale Shares represent one-half or more of the issued shares, the Valuers shall increase the value by such amount as they consider appropriate to reflect the control they confer;

20.2.3 the Sale Shares are sold free of all encumbrances;

20.2.4 the sale is taking place on the date the Valuers were requested to determine the Fair Value; and

20.2.5 to take account of any other factors that the Valuers reasonably believe should be taken into account.

20.3 The shareholders are entitled to make submissions to the Valuers and will provide (or procure that the Company provides) the Valuers with such assistance and documents as the Valuers reasonably require for the purpose of reaching a decision, subject to the Valuers agreeing to give such confidentiality undertakings as the shareholders may reasonably require.

20.4 To the extent not provided for by this article 20, the Valuers may, in their reasonable discretion, determine such other procedures to assist with the valuation as they consider just or appropriate, including (to the extent they consider necessary), instructing professional advisers to assist them in reaching their valuation.

20.5 The Valuers shall act as expert and not as arbitrator and their written determination shall be final and binding on the shareholders (in the absence of manifest error or fraud).

20.6 The cost of obtaining the Valuers' valuation shall be borne by the Company and the Seller equally or in such other proportions as the Valuers direct.

## **21. FURTHER ISSUE OF SHARES: AUTHORITY**

21.1 Save to the extent authorised by these Articles, or authorised from time to time by an ordinary resolution of the shareholders, 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.

## **22. FURTHER ISSUES OF SHARES: PRE-EMPTION RIGHTS**

22.1 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.

22.2 Subject to section 551 of the Act, any equity securities shall be at the disposal of the directors 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.

## **23. PURCHASE OF OWN SHARES**

23.1 Subject to the Act but without prejudice to any other provision of these Articles, the Company may purchase its own shares in accordance with Chapter 4 of Part 18 of

the Act, including (without limitation) out of capital up to any amount in a financial year not exceeding the lower of:

23.1.1 £15,000; and

23.1.2 the nominal value of 5% of the Company's fully paid share capital at the beginning of each financial year of the Company.

## **24. QUORUM FOR GENERAL MEETINGS**

24.1 The quorum at any general meeting of the Company, or adjourned general meeting, shall be two persons present in person or by proxy which must include at least one A Shareholder.

24.2 No business shall be transacted by any general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on.

## **25. VOTING**

25.1 At a general meeting, on a show of hands every shareholder who is present in person or by proxy shall have one vote, unless the proxy is himself a shareholder entitled to vote, on a poll every shareholder present in person or by proxy shall have one vote for each share of which he is the holder, and on a vote on a written resolution every shareholder has one vote for each share of which he is the holder.

## **26. POLL VOTES**

26.1 A poll may be demanded at any general meeting by any qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting.

26.2 Article 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 article.

## **27. PROXIES**

27.1 Article 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".

27.2 Article 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 directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that article.

## **28. MEANS OF COMMUNICATION TO BE USED**

28.1 Subject to article 28.2, any notice, document or other information shall be deemed served on, or delivered to, the intended recipient:

- 28.1.1 if delivered by hand, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or
  - 28.1.2 if sent by fax, at the time of transmission; or
  - 28.1.3 if sent by pre-paid United Kingdom first class post, recorded delivery or special delivery to an address in the United Kingdom, at 9.00 am on the second Business Day after posting; or
  - 28.1.4 if sent or supplied by e-mail, one hour after the notice, document or information was sent or supplied; or
  - 28.1.5 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; and
  - 28.1.6 if deemed receipt under the previous paragraphs of this article 28.1 would occur outside business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of deemed receipt), at 9.00 am on the day when business next starts in the place of deemed receipt. For the purposes of this article, all references to time are to local time in the place of deemed receipt.
- 28.2 To prove service, it is sufficient to prove that:
- 28.2.1 if delivered by hand the notice was delivered to the correct address; or
  - 28.2.2 if sent by fax, a transmission report was received confirming that the notice was successfully transmitted to the correct fax number; or
  - 28.2.3 if sent by post, the envelope containing the notice was properly addressed, paid for and posted; or
  - 28.2.4 if sent by e-mail, the notice was properly addressed and sent to the e-mail address of the recipient.

## **29. INDEMNITY**

- 29.1 Subject to article 29.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:
  - 29.1.1 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 in the actual or purported execution and/or discharge of his duties, or in relation to them, 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

29.1.2 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 29.1.1 and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

29.2 This article 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.

29.3 In this article:

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

29.3.2 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), but excluding in each case any person engaged by the Company (or associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor).

### **30. INSURANCE**

30.1 The directors 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.

30.2 In this article:

30.2.1 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), but excluding in each case any person engaged by the Company (or associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor);

30.2.2 "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

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