

**Company number: 03341041**

**THE COMPANIES ACT 1985**

**PRIVATE COMPANY LIMITED BY SHARES**

**Articles of Association**

**of**

**WORLD ARCHIPELAGO  
INTERNET LIMITED**

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**THE COMPANIES ACT 1985**

**PRIVATE COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**

of

**WORLD ARCHIPELAGO INTERNET LIMITED**

(adopted by a written resolution of the Company passed on 2 May 2012)

**1. PRELIMINARY**

The regulations contained in table A in the schedule to the Companies (Tables A to F) Regulations 1985 (as amended) ("**Table A**") shall apply to the Company save insofar as they are excluded or varied by or are otherwise inconsistent with these articles. Regulations 30, 50, 62, 73 to 81 (inclusive), 87 and 89 of Table A shall not apply to the Company and in addition to the remaining regulations of Table A (as varied hereby) the following articles constitute the regulations for the management of the Company

**2. DEFINITIONS AND INTERPRETATION**

2.1 In these articles the following words and expressions shall (except where the context otherwise requires) have the following meanings

"**Act**" means the Companies Act 1985 (as amended by the Companies Act 1989) and every other statutory modification thereof from time to time,

"**Adoption Date**" means the date of adoption of these Articles,

"**A Ordinary Shares**" means the ordinary shares of 0.01 pence each in the capital of the Company having attached thereto the rights set out in these Articles of Association,

"**Bad Leaver**" a Leaver or a Non-executive Director who ceases to be employed by or hold office with the Company and all other Group Companies as a result of

(a) Cause,

(b) the Leaver or Non-executive Director being in breach of any confidentiality, non-competition, non-disclosure or non-solicitation agreement with the Company and/or any Group Company,

(c) the Leaver or Non-executive Director being in breach of any employment agreement or any terms of appointment with the Company and/or any Group Company,

(d) the Leaver or Non-executive Director resigning from his position with the Company and/or any Group Company in order, directly or indirectly, in the sole opinion of the Board, to work with any Competitor,

**“B Ordinary Shares”** means the ordinary shares of 0.01 pence each in the capital of the Company having attached thereto the rights set out in these Articles of Association,

**“Board”** means the board of directors for the time being of the Company,

**“Business Day”** means a day other than Saturday, Sunday or a day on which banks are generally closed in the City of London,

**“Cause”** summary dismissal or termination as a result of gross misconduct, gross negligence and/or dishonesty,

**“Change of Control”** means a transfer or other disposal (whether through a single transaction or a series of transactions) of the legal and/or beneficial interest or title to at least a majority of the Shares in issue to a person (and/or any Connected Person and/or any persons acting in concert with that person as defined in the UK City Code on Takeovers and Mergers),

**“Civil Partner”** means in relation to a Shareholder, a civil partner (as defined in the Civil Partnerships Act 2004) of the Shareholder,

**“Competitor”** any company which the Board considers to be in competition with the Company or any Group Company,

**“Completion Date”** has the meaning ascribed to it in Article 10.2.2.3,

**“Control”** has the meaning ascribed thereto by section 840 of the Income and Corporation Taxes Act 1988 and “controlled” shall be construed accordingly,

**“Directors”** means the directors for the time being of the Company,

**“Effective Termination Date”** means the date on which the contract of employment of the relevant person terminates,

**“Family Trust”** as regards any particular individual Shareholder or deceased or former individual Shareholder, trusts (whether arising under a settlement, declaration of trust or other instrument, or under a testamentary disposition or on an intestacy) under which no immediate beneficial interest in any of the Shares in question is for the time being vested in any person other than the individual Shareholder and/or Privileged Relations of that individual, and so that for this purpose a person shall be considered to be beneficially interested in a Share if such Share or the income thereof is liable to be transferred or paid or applied or appointed to or for the benefit of such person or any voting or other rights attaching thereto are exercisable by or as directed by such person pursuant to the terms of the relevant trusts or in consequence of an exercise of a power or discretion conferred thereby on any person or persons,

**“Founders”** means each of Mark Harvie-Watt and Miranda Harvie-Watt,

**“Good Leaver”** a Leaver who ceases to be employed by or hold office with the Company and all other Group Companies otherwise than as a Bad Leaver,

**“Leaver”** means any person who, not being a Founder or a Non-executive Director, is employed by the Company or a relevant member of the Group (including as a director) from time to time and who ceases to be an employee of the Company or any such member of the Group for whatever reason and does not continue (or is not immediately re-employed) as an employee of the Company or any such member of the Group,

**“Listing”** means the listing or admission to trading of all or any Shares or depositary receipts representing any such shares on or to any Recognised Investment Exchange or Overseas Investment Exchange or NASDAQ or the offering to the public of any such shares or depositary receipts representing any such shares in any jurisdiction,

**“Member”** means any registered holder for the time being of any class of share in the Company,

**“Non- executive Director”** means a non-executive director of the Company or such other person so advised by the Board in writing as being a Non-executive Director for the purposes of these articles of association,

**“Offerees”** shall have the meaning ascribed to it at Article 10 2,

**“Permitted Transfer”** a transfer of Shares authorised by Article 9,

**“Permitted Transferee”** a person, firm or unincorporated association to whom or which Shares have been, or may be, transferred pursuant to a Permitted Transfer,

**“Privileged Relation”** in relation to an individual Shareholder or deceased or former individual Shareholder the sibling, husband or wife, Civil Partner or the widower or widow of such Shareholder and all the lineal descendants and ascendants in direct line of such Shareholder and a husband or wife or Civil Partner or widower or widow or Civil Partner of any of the above persons and for such purposes, a step-child or adopted child or illegitimate child of any person shall be deemed to be his or her lineal descendant,

**“Shareholder”** means a holder of Shares from time to time,

**“Shareholder Majority”** means the holder or holders together from time to time of 50% or more of the A Ordinary Shares,

**“Shares”** means shares in the issued share capital of the Company,

**“Subscription Price”** means, in relation to any Share, the amount paid up or credited as paid up thereon (including the full amount of any premium at which such share was issued or deemed to be issued),

**“Subsidiaries”** means the subsidiaries of the Company from time to time as defined in section 736 of the Act,

**“Unvested Sale Shares”** shall have the meaning ascribed to it at Article 10 2, and

**“Unvested Shares”** shall have the definition ascribed to it at Article 5 1,

- 2 2 Words incorporating the masculine gender only include the feminine and neuter genders and words incorporating the singular number only include the plural and vice versa

- 2 3 Clause headings and margin notes are for ease of reference only and do not affect the construction or interpretation of these articles
- 2 4 References to persons shall include bodies corporate, unincorporated associations and partnerships
- 2 5 References to writing shall include typewriting, printing, lithography, photography and facsimile messages and other modes of reproducing words in a legible and non-transitory form
- 2 6 Words and expressions defined in or for the purposes of the Act or Table A shall have the same meanings in these articles unless the context otherwise requires

### **3. SHARE CAPITAL**

- 3 1 The authorised share capital of the Company at the date of adoption of these articles is £1,200 divided into 10,000,000 A Ordinary Shares and 2,000,000 B Ordinary Shares
- 3 2 The A Ordinary Shares and B Ordinary Shares shall, save as expressly otherwise provided in these articles, rank *pari passu* in all respects
- 3 3 The Company shall have the power to purchase its own Shares (whether issued on terms that they are, or are liable, to be redeemed or not) subject to the requirements of Sections 162 to 170 (inclusive) of the Act
- 3 4 Subject to the provisions of Sections 80 and 159 to 161 (inclusive) of the Act, any Shares may with the sanction of a special resolution be issued on terms that (a) they are, or (b) at the option of the Company or the Shareholder holding any such Shares, they are liable to be, redeemed on such terms and in such manner as the Company before the issue of such Shares may by special resolution determine
- 3 5 The Company shall have power to redeem or purchase its Shares out of capital subject to the provisions of Sections 171 to 177 (inclusive) of the Act

### **4. VOTING RIGHTS**

- 4 1 The A Ordinary Shares shall confer on each holder thereof (in that capacity) the right to receive notice of and to attend, speak and vote at all general meetings of the Company

- 4 2 The B Ordinary Shares shall not carry any voting rights and nor shall they holders thereof (in that capacity) have the right to receive notice of, or attend or speak at, any general meetings of the Company

## 5. VESTING OF SHARES

- 5 1 All Shares held by a Non-executive Director shall, upon their issue to such Non-executive Director, be deemed to be unvested, and shall vest according to the following table (and until any Shares held by the Non-executive Director have so vested, they shall be “**Unvested Shares**”) unless the Board in its absolute discretion resolves to accelerate the vesting of any Unvested Shares in any particular case

|   |   |
|---|---|
| (a) upon such initial date as agreed between the Non-executive Director and the Board | 12.5% of such Unvested Shares shall vest  |
| (b) Thereafter  | The balance of such Unvested Shares shall vest in 7 equal instalments on the last day of every three month period |

- 5 2 Where a Non-executive Director leaves the Company (including any of the Company’s subsidiaries or subsidiary undertakings) or otherwise ceases to be a Non-executive Director as a Bad Leaver, vesting of the remaining Unvested Shares held by the Non-executive Director shall cease on the date of cessation of his employment. In all other circumstances, provided that there has been the prior written unanimous consent of the Board, the remaining Unvested Shares shall continue to vest in accordance with the table at Article 5 1, above

- 5 3 The provisions of Article 10 2 shall apply to any Unvested Shares held by any Non-executive Director upon cessation of his employment

- 5 4 Subject to Article 5 2, any Unvested Shares held by a Non-executive Director shall vest immediately upon the completion of

5 4 1 a Listing, or

5 4 2 a Change of Control

## **6. UNISSUED SHARE CAPITAL**

- 6 1 The Directors are generally and unconditionally authorised for the purposes of section 80 of the Act to allot relevant securities provided that the aggregate nominal value of the relevant securities allotted pursuant to this authority shall not exceed the aggregate nominal value of the relevant securities of the Company at the date of the adoption of these articles and provided also that this authority shall expire on the fifth anniversary of the date of adoption of these articles unless varied or revoked or renewed by the Company in general meeting
- 6 2 Under the authority conferred on them by article 6 1 and at any time before the expiry of such authority the Directors shall be entitled to make or enter into any offer or agreement which may or will require relevant securities to be allotted after the expiry of such authority
- 6 3 The provisions of section 89(1) and 90(1) - (6) (inclusive) of the Act shall not apply to the Company
- 6 4 Unless otherwise determined by special resolution no Shares shall be allotted on terms that the right to take up the Shares allotted may be renounced in favour of, or assigned, to another person and no person entitled to the allotment of a Share may direct that such Share be allotted or issued to any other person

## **7. LIEN**

The Company shall have a first and paramount lien on every Share (whether or not it is a fully paid Share) for all monies (whether presently payable or not) called or payable at a fixed time in respect of that Share and the Company shall also have a first and paramount lien on all Shares (whether fully paid or not) standing registered in the name of any person whether solely or as one of two or more joint holders for all monies presently payable by him or his estate to the Company but the Directors may at any time declare any Share to be wholly or in part exempt from the provisions of this article The Company's lien on a Share shall extend to any dividend or other amount payable in respect thereof

## **8. CALLS**

The liability of any member in default in respect of a call shall be increased by the addition at the end of the first sentence of regulation 18 of the words "and all expenses that may have been incurred by the Company by reason of non-payment of the call"



## 9. PERMITTED TRANSFERS

- 9 1 Any transfer by a Shareholder made in accordance with article 9 2 (a “**Permitted Transfer**”) may be made at any time without restriction (including pre-emption)
- 9 2 A Shareholder who is an individual may transfer the Shares of which he is the holder
- 9 2 1 (provided that such Shares are not held by such individual Shareholder in the capacity of a trustee of any Family Trusts) to a Privileged Relation of such individual Shareholder, or
- 9 2 2 to trustees to be held upon Family Trusts related to such individual Shareholder
- 9 3 Where a person is entitled to Shares in consequence of the death, bankruptcy or insolvency of an individual Shareholder, he may transfer those Shares to any person or trustee to whom such individual Shareholder, if not dead or bankrupt, would be permitted to transfer the same under this article 9 2
- 9 4 Where Shares have been issued to trustees of Family Trusts or transferred under this article 9 2 to trustees of Family Trusts, the trustees and their successors in office may transfer the whole of their interest in and rights in respect of all or any of such Shares
- 9 4 1 to the trustees for the time being of the Family Trust concerned on any change of trustees,
- 9 4 2 to the trustees for the time being of any other trusts being Family Trusts in relation to the same individual Shareholder or deceased or former Shareholder pursuant to the terms of such Family Trusts or to any discretion vested in the trustees of such Family Trusts, or
- 9 4 3 to the relevant Shareholder or former Shareholder or any Connected Person of the relevant Shareholder or deceased or former Shareholder who has thereby become entitled to the Shares proposed to be transferred on the total or partial termination of or pursuant to the terms of the Family Trusts concerned or in consequence of the exercise of any discretion vested in the trustees of such Family Trusts

- 9 5 If and whenever any Shares come to be held by trustees or former trustees otherwise than upon Family Trusts, except in circumstances where a transfer of those Shares is authorised pursuant to Article 9 4 to be and is to be made to the person or persons entitled thereto, it shall be the duty of the trustees holding such Shares to notify the Board in writing that such event has occurred and the trustees shall be bound, if and when required by notice in writing from the Board so to do, to transfer all of their interest in and rights in respect of such Shares back to the relevant former Shareholder, and if no such transfer shall have been presented to the Board for registration within 14 days of such written notice, the registered holder of such Shares shall be deemed to have served a Transfer Notice specifying a Transfer Price equal to the Subscription Price of such Shares, and the provisions of Article 10 ("Transfer of Shares – General") shall apply
- 9 6 If a person to whom Shares have been transferred pursuant to article 9 2 shall cease to be a Privileged Relation of the original Shareholder who transferred the Shares pursuant to Article 9 2 1, it shall be the duty of the person holding such Shares to notify the Board in writing that such event has occurred and such person shall be bound, if and when required by notice in writing from the Directors so to do, to transfer all of its interest in, and rights in respect of its entire holding of Shares back to such original Shareholder or to another Privileged Relation of such original Shareholder and if no such transfer shall have been presented to the Board for registration within 14 days of such written notice, the registered holder of such Shares shall be deemed to have served a Transfer Notice specifying a Transfer Price equal to the Subscription Price of such Shares, and the provisions of Article 10 ("Transfer of Shares – General") shall apply

## **10. TRANSFER OF SHARES - GENERAL**

- 10 1 The Directors shall refuse to register any transfer of a Share unless such transfer is permitted under these articles and in particular the Directors may, in their absolute discretion and without assigning any reason therefor, decline to register any transfer of any Share which would otherwise be permitted hereunder if it is a transfer
- 10 1 1 of a Share on which the Company has a lien,
- 10 1 2 of a Share (not being a fully paid Share) to a person of whom they shall not approve,

10 1 3 of a Share to a bankrupt, a minor or a person of unsound mind,

10 1 4 to a person or entity that the Board consider to be a competitor of the Company

The first sentence of regulation 24 shall not apply

10 2 Subject to Article 8 1, a Shareholder who wishes to transfer Shares (a “**Seller**”) shall, before transferring or agreeing to transfer any Shares, give notice in writing (a “**Transfer Notice**”) to the Company specifying

10 2 1 the number of Shares which he wishes to transfer (the “**Sale Shares**”),

10 2 2 if he wishes to sell the Sale Shares to a third party, the name of the proposed transferee,

10 2 3 the price (in cash) at which he wishes to transfer the Sale Shares (which will be deemed to be Fair Value of the Sale Shares if no cash price is agreed between the Seller and the Board) (the “**Transfer Price**”), and

10 2 4 whether the Transfer Notice is conditional on all or a specific number of the Sale Shares being sold to Shareholders (a “**Minimum Transfer Condition**”)

10 3 No Transfer Notice once given or deemed to have been given under these Articles may be withdrawn

10 4 A Transfer Notice constitutes the Company the agent of the Seller for the sale of the Sale Shares at the Transfer Price

10 5 Following receipt of a Transfer Notice the Board shall offer the Sale Shares for sale to the Shareholders in the manner set out in this Article Each offer must be in writing and give details of the number and Transfer Price of the Sale Shares offered

10 6 **Transfers: First Offer**

10 6 1 The Board shall offer the Sale Shares first to the holders of the A Ordinary Shares (other than the Seller, if applicable) (the “**Continuing Shareholders**”) inviting them to apply in writing within the period from the date of the offer to the date 15 Business Days after the offer (inclusive) (the

**“First Offer Period”**) for the maximum number of Sale Shares they wish to buy

10 6 2 If the Sale Shares are subject to a Minimum Transfer Condition then any allocation made under Articles 10 6 and 10 7 will be conditional on the fulfilment of the Minimum Transfer Condition

10 6 3 If, at the end of the First Offer Period, the number of Sale Shares applied for is equal to or exceeds the number of Sale Shares, the Board shall allocate the Sale Shares to each Continuing Shareholder in the proportion (fractional entitlements being rounded to the nearest whole number) which his existing holding of Shares bears to the total number of Shares held by those Continuing Shareholders who have applied for Sale Shares but no allocation shall be made to a Shareholder of more than the maximum number of Sale Shares which he has stated he is willing to buy

10 6 4 If not all Sale Shares are allocated in accordance with Article 10 6 3 but there are applications for Sale Shares that have not been satisfied those Sale Shares shall be allocated to the relevant applicant(s) in accordance with the procedure set out in Article 10 6 3

10 6 5 If, at the end of the First Offer Period, the number of Sale Shares applied for is less than the number of Sale Shares, the Board shall allocate the Sale Shares to the Continuing Shareholders in accordance with their applications and the balance (the **“Initial Surplus Shares”**) will be dealt with in accordance with Article 10 7

#### 10 7 **Transfers: Second Offer**

10 7 1 At the end of the First Offer Period, the Board shall offer the Initial Surplus Shares to all the Continuing Shareholders inviting them to apply in writing within the period from the date of the offer to the date 5 Business Days after the date of the offer (inclusive) (the **“Second Offer Period”**) for the maximum number of the Initial Surplus Shares they wish to buy

10 7 2 If, at the end of the Second Offer Period, the number of Initial Surplus Shares applied for exceeds the number of Initial Surplus Shares, the Board shall allocate the remaining Initial Surplus Shares to each Continuing Shareholder

in the proportion (fractional entitlements being rounded to the nearest whole number) which his existing holding of Shares bears to the total number of Shares (including Sale Shares) held by those Continuing Shareholders who have applied during the Second Offer Period for Initial Surplus Shares but no allocation shall be made to a Shareholder of more than the maximum number of Initial Surplus Shares which he has stated he is willing to buy

10 7 3 If, at the end of the Second Offer Period, the number of Initial Surplus Shares applied for is less than the number of Initial Surplus Shares, the Board shall allocate the Initial Surplus Shares to the Continuing Shareholders in accordance with their applications and the balance (the “**Second Surplus Shares**”) will be offered to any other person in accordance with Article 10 8 5

#### 10 8 **Completion of transfer of Sale Shares**

10 8 1 If the Transfer Notice includes a Minimum Transfer Condition and the total number of Shares applied for is less than the number of Sale Shares the Board shall notify the Seller and all those to whom Sale Shares have been conditionally allocated under Articles 10 6 and 10 7 stating the condition has not been met and that the relevant Transfer Notice has lapsed with immediate effect

10 8 2 If

10 8 2 1 the Transfer Notice does not include a Minimum Transfer Condition, and

10 8 2 2 allocations have been made in respect of all the Sale Shares, the Board shall, when no further offers are required to be made under Articles 10 6 and 10 7, give written notice of allocation (an “**Allocation Notice**”) to the Seller and each Shareholder to whom Sale Shares have been allocated (an “**Applicant**”) specifying the number of Sale Shares allocated to each Applicant and the place and time (being not less than 10 Business Days nor more than 20 Business Days after the date of the Allocation Notice) for completion of the transfer of the Sale Shares

10 8 3 Upon service of an Allocation Notice, the Seller must, against payment of the Transfer Price, transfer the Sale Shares in accordance with the requirements specified in it

10 8 4 If the Seller fails to comply with the provisions of Article 10 8 3

10 8 4 1 the Chairman of the company or, failing him, one of the directors, or some other person nominated by a resolution of the Board, may on behalf of the Seller

- (a) complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicants,
- (b) receive the Transfer Price and give a good discharge for it, and
- (c) (subject to the transfer being duly stamped) enter the Applicants in the register of Shareholders as the holders of the Shares purchased by them, and

10 8 4 2 the Company shall pay the Transfer Price into a separate bank account in the Company's name on trust (but without interest) for the Seller until he has delivered to the Company his certificate or certificates for the relevant Shares (or an indemnity, in a form reasonably satisfactory to the Board, in respect of any lost certificate)

10 8 5 If an Allocation Notice does not relate to all the Sale Shares then the Seller may, within eight weeks after service of the Allocation Notice, transfer the Second Surplus Shares to any person at a price at least equal to the Transfer Price provided that the sale of the Second Surplus Shares shall continue to be subject to any Minimum Transfer Conditions

#### 10 9 **Waiver of restrictions**

The restrictions imposed by this Article may be waived in relation to any proposed transfer of Shares with

10 9 1 the consent of the Board, and

10 9 2 the consent of a majority of the holders of the A Ordinary Shares

10 10 No fee shall be charged by the Company for the registration of any transfer or any other change relating to or affecting the title to any Share or the right to transfer it or for making any other entry in the register

**10 11 Transfer of Unvested Shares**

Transfers of Unvested Shares shall not be permitted unless such transfer is approved in writing by the Board

**11. COMPULSORY TRANSFERS**

11 1 For the purposes of this Article 11 a Leaver shall include such Leaver's Permitted Transferees In the event that a member becomes a Leaver, the following provisions shall apply

11 1 1 Subject to Article 11 1 3, a Leaver shall (if the Leaver has not already done so) be deemed on the Effective Termination Date to have served a Transfer Notice in respect of the Leaver's entire Shareholding then held by him (or deemed to be held by them) (and in the event that the Leaver holds more than one class of share the Transfer Notice shall be deemed to specify such proportion of the shares of each class thereby held)

11 1 2 If, after the member has become a Leaver, the Leaver acquires any shares (whether upon exercise of options or other rights to acquire shares in the Company or otherwise), the Leaver shall be deemed on the date of acquisition of such shares to have served a separate Transfer Notice in respect of the additional shares acquired by him (and in the event that there is more than one class of share the Transfer Notice shall be deemed to specify such proportion of the shares of each class)

11 1 3 On the deemed service of a Transfer Notice pursuant to Articles 11 1 2 or 11 1 3, the provisions of Article 9 shall apply save that the Transfer Price shall be determined as follows

11 1 3 1 If the Leaver is a Good Leaver, at the higher of the nominal value and Fair Value per Share, and

11 1 3 2 If the Leaver is a Bad leaver, at the lower of the nominal value and Fair Value

11 2 In the event that a Non-executive Director leaves the Company (including any of the Company's subsidiaries or subsidiary undertakings) as a Bad Leaver the Board shall be entitled to serve notice on the Non-executive Director requiring him and his Permitted Transferees (or his personal representatives in the case of his death) ("**Compulsory Sellers**") to offer for sale any Unvested Shares ("**Unvested Sale Shares**"), in the first instance, to the Company, and secondly to the remaining Shareholders (the "**Offerees**")

11 2 1 The Compulsory Sellers shall offer the Unvested Shares to the Offerees free from all liens, charges and encumbrances together with all rights attaching to them on the terms set out in the remaining provisions of this Article 10

11 2 2 The price payable by the Offerees to the Compulsory Seller for each Unvested Sale Shares shall be the lower of the nominal value of the Unvested Shares and their Subscription Price

11 2 3 Within seven days of the Board serving notice on the Compulsory Sellers

11 2 3 1 the Company shall notify the Compulsory Sellers of the number of Unvested Sale Shares to be offered firstly to the Company and secondly, to the Shareholders,

11 2 3 2 the Company shall notify the other Shareholders, if appropriate, of the number of Unvested Sale Shares on offer to them,

11 2 3 3 the Company's notices shall specify the price per share and state a date between 5 and 10 Business Days following service of such notices, on which the sale and purchase of the Unvested Sale Shares is to be completed PROVIDED ALWAYS that where the Offeree is a Company such time period provided shall be extended to such reasonable period as is necessary to permit the Company to



comply with the relevant provisions of the Act (the “**Completion Date**”)

- 11 2 4 By the Completion Date the Compulsory Sellers shall deliver stock transfer forms for the Unvested Sale Shares, with the relevant share certificates, to the Company. On the Completion Date the Company shall pay the Compulsory Sellers, on behalf of the Offerees, the price for the Unvested Sale Shares, to the extent the Offerees have put the Company in the requisite funds. The Company’s receipt for the price shall be a good discharge to the Offerees. The Company shall hold the price in trust for the Compulsory Sellers without any obligation to pay interest.
- 11 2 5 If a Compulsory Seller fails to deliver stock transfer forms for Unvested Sale Shares to the Company by the Completion Date, the Directors may (and shall, if requested by a Shareholder Majority) authorise any Director to transfer the Unvested Sale Shares on the Compulsory Seller’s behalf to each Offeree to the extent the Offeree has, by the Completion Date, put the Company in funds to pay the price for the Unvested Sale Shares offered to him or it. The Directors shall then authorise registration of the transfer once appropriate stamp duty has been paid. The defaulting Compulsory Seller shall surrender his share certificate for the Unvested Sale Shares to the Company. On surrender, he shall be entitled to the price for the Unvested Sale Shares.
- 11 2 6 If and to the extent that the Board does not require the leaving Non-executive Director to offer his Unvested Shares for sale pursuant to Article 11 2, at any time within three months following his departure (or following an earlier notification by the Board that it does not intend to serve a notice pursuant to Article 11 2) a Shareholder Majority shall be entitled to serve notice on the leaving Non-executive Director requiring the Compulsory Sellers to transfer at the lower of Fair Value and the Subscription Price any Unvested Shares to one or more of the Shareholders or their nominees on such other terms as the Shareholder Majority shall direct. Such notice shall specify a date between 5 and 10 Business Days following the service of such notice, on which the sale and purchase of the Unvested Sale Shares is to be completed. The provisions of Articles 11 2 4 and 11 2 5 subject to appropriate modification shall apply to such transfer.

11 2 7 The provisions of Article 9 shall not apply to any transfer made pursuant to this Article 11 2

## 12. VALUATION OF SHARES

12 1 If a Transfer Notice does not specify a Transfer Price or if a Transfer Notice is deemed to have been served then, upon service of the Transfer Notice or, in the case of the deemed service of a Transfer Notice, on the date on which the Board first has actual knowledge of the facts giving rise to such deemed service (or within 5 Business Days thereafter), the Board shall either

12 1 1 appoint expert valuers in accordance with Article 12 2 (the “**Expert Valuers**”) to certify the Fair Value of the Sale Shares, or (if the Fair Value has been certified by Expert Valuers within the preceding 6 months)

12 1 2 specify that the Fair Value of the Sale Shares will be calculated by dividing any Fair Value so certified by the number of Sale Shares to which it related and multiplying such Fair Value by the number of Sale Shares the subject of the Transfer Notice

12 2 The Expert Valuers will be either

12 2 1 the auditors of the Company or, if so specified in the relevant Transfer Notice or if the auditors decline to act for such purposes),

12 2 2 an independent firm of Chartered Accountants to be agreed between the Board and the Seller or failing agreement not later than the date 10 Business Days after the date of service of the Transfer Notice to be appointed by the then President of the Institute of Chartered Accountants in England and Wales on the application of either party

12 3 The “**Fair Value**” of the Sale Shares shall be determined by the Expert Valuer on the following assumptions and bases

12 3 1 valuing the Sale Shares as on an arm's-length sale between a willing seller and a willing buyer,

12 3 2 if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so,

- 12 3 3 that the Sale Shares are capable of being transferred without restriction,
- 12 3 4 valuing the Sale Shares as a rateable proportion of the total value of all the issued Shares without any premium or discount being attributable to the percentage of the issued share capital of the Company which they represent, and
- 12 3 5 reflect any other factors which the Expert Valuers reasonably believe should be taken into account
- 12 4 If any difficulty arises in applying any of these assumptions or bases then the Expert Valuers shall resolve that difficulty in whatever manner they shall in their absolute discretion think fit
- 12 5 The Expert Valuers shall be requested to determine the Fair Value within 20 Business Days of their appointment and to notify the Board of their determination
- 12 6 The Expert Valuers shall act as experts and not as arbitrators and their determination shall be final and binding on the parties (in the absence of fraud or manifest error)
- 12 7 The Board will give the Expert Valuers access to all accounting records or other relevant documents of the Company subject to them agreeing such confidentiality provisions as the Board may reasonably impose
- 12 8 The Expert Valuers shall deliver their certificate to the Company As soon as reasonably practicable thereafter the Company shall deliver a copy of it to the Seller Unless the shares are to be sold under a Transfer Notice, which is deemed to have been served, the Seller may by notice in writing to the Company within 5 Business Days of the service on him of the copy certificate, cancel the Company's authority to sell the Sale Shares
- 12 9 Unless otherwise agreed in writing by the Seller and the Company, the cost of obtaining the certificate shall be paid by the Company unless
- 12 9 1 the Seller cancels the Company's authority to sell, or
- 12 9 2 the sale is pursuant to a Transfer Notice which is deemed to have been served, and the Sale Price certified by the Expert Valuers is less than the

price (if any) offered by the directors to the Seller for the Sale Share before Expert Valuer was instructed,

in which case the Seller shall bear the cost

### **13. DRAG ALONG**

13 1 For the purposes of this article

13 1 1 the expression "Buyer" means a person and any Associate of such person,

13 1 2 the expression "acquire" means to be or become the legal and beneficial owner of Shares, whether directly or indirectly and whether by the issue, transfer, renunciation or conversion of shares or otherwise and whether all at one time or not,

13 1 3 the expression "Associate" means

13 1 3 1 the husband, wife, mother, father, grandmother, grandfather, brother, sister, child (including adopted child) or other lineal descendant of the relevant person,

13 1 3 2 the trustees of any settlement (whether or not set up by the relevant person) under which the relevant person and/or his spouse or children is or is capable of being a beneficiary,

13 1 3 3 any nominee or bare trustee for the relevant person or for any other Associate of the relevant person,

13 1 3 4 if the relevant person is a company, any subsidiary or holding company of the relevant person and any other subsidiary of any such holding company,

13 1 3 5 any person with whom the relevant person or any Associate of the relevant person is connected, the question of whether any such person is so connected falling to be determined for this purpose in accordance with the provisions of section 839 Income and Corporation Taxes Act 1988, and

- 13 1 3 6 any person with whom any relevant person is acting in concert (such expression to have the same definition and meaning as that ascribed thereto in the City Code on Take-overs and Mergers as for the relevant time being current),
- 13 1 4 the expression "**Prescribed Price**" shall mean a price per Share at least equal to the highest price offered by the Buyer for any Share of any class
- 13 2 If an offer is made by a Buyer to acquire the entire issued share capital of the Company, the holders of 51 per cent or more of all of the issued equity share capital of the Company shall have the right ("**Drag Along Right**") to require all of the other holders of Shares ("**Remaining Members**") to accept such offer. The Drag Along Right shall be exercised by the service of notice ("**Drag Along Notice**") on the Remaining Members at the same time as or within 5 Business Days following the making of the offer by the Buyer. The Drag Along Notice shall be accompanied by all other documents to be signed by the Remaining Members to give effect to the transfer. Upon receipt of the Drag Along Notice the Remaining Members shall
- 13 2 1 be required to sell all Shares held by him to the Buyer at the Prescribed Price, and
- 13 2 2 become obliged to deliver up to the Buyer an executed transfer of such Shares and the certificate(s) in respect of the same
- 13 3 If any Remaining Member as is referred to in article 13 2 shall not, within 14 days of becoming required to do so, execute transfers in respect of the Shares held by such Member, then the Directors shall be entitled to, and shall, authorise and instruct such person as they think fit to execute the necessary transfer(s) on his behalf and, against receipt by the Company (on trust for such Member) of the purchase moneys payable for the relevant Shares, deliver such transfer(s) to the Buyer (or its agents) and register the Buyer (or its nominees) as the holder thereof, and after the Buyer (or its nominees) has been registered as the holder the validity of such proceedings shall not be questioned by any person
- 13 4 In calculating the Prescribed Price for the purposes of article 13 1 4 there shall be brought into account any other consideration (in cash or otherwise) received or receivable by any Member or former Member (or any Associate of such Member or former Member) which, having regard to the substance of the relevant transaction as

a whole, can reasonably be regarded as part of the consideration paid (or provided) or payable (or to be provided) for the Shares in question

- 13 5 For the purpose of ensuring that a price offered or proposed to be offered for any Shares is the Prescribed Price the Directors may from time to time require any Member to furnish to the Company such information and evidence as the Directors may reasonably think fit regarding any matter which they deem relevant for such purposes

#### **14. ALTERATION OF SHARE CAPITAL**

Regulation 32 of Table A shall be read and construed as if the word “ordinary” in the first line were replaced by the word “special”

#### **15. NOTICE OF GENERAL MEETINGS**

The Company shall give notice of all general meetings of the Company to each Member whether or not that Member has given to the Company an address within the United Kingdom at which notices may be given to him and regulation 112 of Table A shall be modified accordingly

#### **16. PROCEEDINGS AT GENERAL MEETINGS**

- 16 1 No Business shall be transacted at any meeting unless a quorum is present The quorum requirement shall be two persons entitled to vote on the business to be transacted, each being a member or a proxy for a member, shall be a quorum
- 16 2 If at any duly convened general meeting of the Company a quorum is not present within 30 minutes of the time stated in the notice for the start of the meeting then the Chairman shall adjourn the meeting to a time not less than 7 days from the date of the original meeting At such adjourned meeting, if a quorum is not otherwise present within 15 minutes of the stated time of the meeting then any two members present (in person or by proxy) shall constitute a quorum provided that the only business to be conducted at such meeting shall be as set out in the notice convening the original meeting
- 16 3 A poll may be demanded by any Member present in person or by proxy or (in the case of a corporate Member) by a duly authorised representative and regulation 46 of Table A shall be modified accordingly

16 4 In the case of an equality of votes whether on a show of hands or on a poll the Chairman shall not have a casting vote

16 5 A Director (including an alternate Director) shall not require any shareholding qualification but shall nevertheless be entitled to receive notice of and attend and speak at any general meeting of the Company

## **17. VOTES OF MEMBERS**

17 1 Regulation 54 of Table A shall be read and construed as if the words “or by proxy” were inserted after the words “present in person” in the second line and the words “whether or” were inserted after the words “authorised representative” in the third line

17 2 An instrument appointing a proxy and any authority under which it is executed or a duly certified copy of such authority shall be delivered to the meeting at which the proxy is authorised to vote or at the time and place appointed for the taking of the poll on which the proxy is authorised to vote (as the case may be)

## **18. APPOINTMENT AND NUMBER OF DIRECTORS**

18 1 Unless and until otherwise determined by resolution the number of Directors (other than alternate Directors) shall not be less than two but shall not be subject to any maximum

18 2 All Directors shall be entitled to all reasonable expenses wholly, exclusively and necessarily incurred by them in or about the performance of their duties as directors of the Company, subject to the production of receipts or proof of payment thereof.

## **19. RELEVANT A SHAREHOLDER DIRECTOR**

19 1 In this Article 19, the following words and phrases shall bear the following meanings (unless the context requires otherwise)

“**Relevant A Shareholder**” means any shareholder who from time to time

(a) holds ten per cent Or less by nominal value of all of the A Ordinary Shares in the issue in the capital of the Company, and

(b) who is not employed by the Company

**“Relevant A Shareholder Director”** means a director appointed by a Relevant Shareholder Majority in accordance with the provisions of this Article 19

**“Relevant A Shareholder Majority”** means such Relevant A Shareholders acting together as hold more than 50 per cent in nominal value of all of the Relevant A Shares in issue from time to time

**“Relevant A Shares”** means those A Ordinary Shares which from time to time are registered in the name of a Relevant A Shareholder

19 2 The Relevant A Shareholders shall have the right to appoint and maintain in office one person (being the **“Relevant A Shareholder Director”**) at any one time to act as a non-executive director (and to remove such person from office and, upon so removing them, appoint a substitute in their place) in each case such appointment and removal to be effected only in accordance with the following provisions of this Article 19

19 3 The Relevant A Shareholders shall only be entitled to appoint a Relevant A Shareholder Director following removal or retirement from office of any person previously fulfilling that role A Relevant A Shareholder Majority may remove from office any person appointed as a Relevant A Shareholder Director with immediate effect by service of notice in writing to the Company (served at the registered office of the Company for the attention of the Company Secretary having been signed (either in composite or in counterpart) by each and every shareholder expressed to form part of the Relevant A Shareholder Majority in question) With effect from the date of adoption of this Article 19, the Relevant A Shareholder Director shall be Neil Blackley

19 4 Subject always to there first having been removed or retired from office any incumbent Relevant A Shareholder Director in accordance with this Article 19, the Relevant A Shareholders may appoint one person to act as the Relevant A Shareholder Director in accordance with the following procedure



19 4 1 Within 10 Business Days of retirement or removal of an incumbent Relevant A Shareholder Director, the Board shall

- (a) produce a shortlist of 3 candidates (each of whom shall be referred to as a “**Candidate**” and shall (a) have consented to act as the Relevant A Shareholder Director, (b) be persons with sufficient qualifications and experience to act as a non-executive director, and (c) shall not be a presently serving director) (the “**Shortlist**”),
- (b) publish the identities of the Candidates and brief curriculum vitae on the Company’s website, and
- (c) circulate a voting slip to all Relevant A Shareholders to be returned to the Company within 10 Business Days of circulation by the Company to the Relevant A Shareholders

19 4 2 The Board shall appoint as the Relevant A Shareholder Director that Candidate who received the majority of votes from those votes received from the Relevant A Shareholders in accordance with Article 19 4 1(c)

## **20. ALTERNATE DIRECTORS**

Any Director (other than an alternate Director) may by writing under his hand appoint any other person willing so to act to be an alternate Director and may remove from office an alternate Director so appointed by him

## **21. RETIREMENT BY ROTATION**

The Directors shall not be required to retire by rotation

## **22. DISQUALIFICATION AND REMOVAL OF DIRECTORS**

22 1 The office of Director shall be vacated if any Director

22 1 1 has an order made in respect of him under section 252 of the Insolvency Act 1986 or has a petition presented in respect of him under section 264 of that act or if he makes any arrangements or composition with his creditors generally,

22 1 2 becomes prohibited from being a Director by reason of any order made under section 16 of the Company Directors Disqualification Act 1986 or under any other statute,

22 1 3 in the reasonable opinion of all his co-Directors becomes incapable by reason of mental disorder of discharging his duties as a Director,

22 1 4 resigns his office by written notice to the Company,

22 1 5 shall for more than six months have been absent without the permission of the Directors from the meetings of the Directors held during that period and the Directors resolve that his office shall be vacated

## **23. PROCEEDINGS OF DIRECTORS**

23 1 Subject to article 23 2, the quorum necessary for the transaction of business of the Directors shall be two Directors. A person who holds office as an alternate shall in the absence of his appointor be counted as part of the quorum whether or not he is also a Director and therefore counted as part of the quorum in his own capacity as a Director and regulation 89 of Table A shall be modified accordingly

23 2 If at any duly convened board meeting of the Company a quorum is not present within 30 minutes of the time stated in the notice for the start of the meeting then the Chairman shall adjourn the meeting to a time not less than seven days from the date of the confirmation. At such adjourned meeting, if a quorum is not otherwise present within 15 minutes of the stated time of the meeting then any two Directors present (in person or by alternate) shall constitute a quorum provided that the only business to be conducted at such meeting shall be as set out in the notice convening the original meeting

23 3 The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party. Provided that the amount for the time being remaining undischarged or monies borrowed or secured by the Directors as aforesaid (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not at any time, without the previous sanction of the Company in general meeting, exceed

the nominal amount of the share capital of the Company for the time being issued, but nevertheless no lender or other person dealing with the Company shall be concerned to see or inquire whether this limit is observed. No debt incurred or security given in excess of such limit shall be invalid or ineffectual except in the case of express notice to the lender or the recipient of the security at the time when the debt was incurred or security given that the limit hereby imposed had been or was thereby exceeded.

- 23 4 A Director may vote as a Director on any resolution concerning any contract or arrangement in which he is interested (excluding any appointment to office or employment or consultancy with the Company or any body corporate in which the Director is interested or upon any matter arising thereout) and if he shall so vote his vote shall be counted and he shall be counted in reckoning a quorum when any such contract or arrangement is under consideration and regulations 94 and 97 of Table A shall be modified accordingly.
- 23 5 Any Director enabled to participate in the proceedings of a meeting by means of a communication device (including a telephone and a video conferencing device) which allows all the other Directors present at such meeting (whether in person or by alternate or by means of such type of communication device) to hear at all times all other Directors present at such meeting (whether in person or by alternate or by means of such type of communication device) shall be deemed to be present at such meeting and shall be counted when reckoning a quorum.
- 23 6 In the case of an equality of votes the chairman shall have no second or casting vote and regulation 88 of Table A shall be modified accordingly.

## **24. CAPITALISATION**

Regulation 110 of Table A shall be read and construed as if the words "special resolution" were substituted for the words "ordinary resolution" in the first line thereof.

## **25. SEALS AND EXECUTION OF DOCUMENTS**

- 25 1 The Directors may provide a common seal for the Company and shall have power from time to time to destroy the same and to substitute a new seal in its place. The Directors shall provide for the safe custody of every seal of the Company.

25 2 Documents may only be executed as a deed on behalf of the Company if such execution is authorised by a resolution of the Directors or of a committee of the Directors which authority may be of a general nature and need not apply only to specific documents or transactions. Every document so authorised to be executed as a deed on behalf of the Company shall be signed by one Director and the Secretary or by two Directors (whether or not the Directors have also resolved that the common seal shall also be affixed to such document) or by the Company's duly appointed attorney, pursuant to a validly executed power of attorney.

## **26. INDEMNITY**

Subject to the provisions of the Act and in addition to such indemnity as is contained in regulation 118 of Table A every Director, or officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred by him in or about the execution and discharge of the duties of his office.

## **27. FINANCIAL INFORMATION**

27 1 In this Article 27, the following phrase shall bear the following meaning (unless the context requires otherwise)

**“Financial Quarter”** means each of 31 March, 31 June, 31 September and 31 December

27 2 The Company shall for each Financial Quarter prepare management accounts of the Company with comparisons to budgets and containing trading and profit and loss accounts, balance sheets, cash flow statements and commentary thereon and shall deliver them to Shareholders within six calendar weeks of each Financial Quarter.