

**COMPANY NUMBER: 04503206**

**ORDINARY AND SPECIAL RESOLUTIONS**

**of**

**A J BELL HOLDINGS LIMITED (Company)**

**Passed on 12 December 2017**

At an annual general meeting of the Company duly convened and held at Trafford House, Chester Road, Manchester M32 0RS on 12 December 2017 at 11.00 am, the following resolution was duly passed as a special resolution.

**Special resolution**

**Adoption of Articles of Association**

That the articles of association that have been signed by the Chairman of this annual general meeting for identification purposes and which were made available for inspection during normal business hours (excluding Saturdays, Sundays and bank holidays) at Trafford House, Chester Road, Manchester M32 0RS from the date of the notice of this annual general meeting and which were also made available for inspection at this annual general meeting at least 15 minutes prior to the start of the meeting and up until the close of the meeting, be adopted as the articles of association of the Company in substitution for and to the exclusion of the existing articles of association.

Signed ..... 

Company Secretary



Company Number: 04503206



**Articles of Association**

**of**

**AJ Bell Holdings Limited**

Trafford House  
Chester Road  
Manchester  
M32 0RS  
Ref: CBR

*W. Hutton*

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**THE COMPANIES ACT 2006**

**PRIVATE COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**

**OF**

**AJ BELL HOLDINGS LIMITED**

**(Adopted on 12 December 2017)**

## **AGREED TERMS**

### **1. Interpretation**

1.1 In these Articles, the following words have the following meanings

<b>Act</b>	the Companies Act 2006.
<b>Acting in Concert</b>	has the meaning given to it in the City Code of Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended).
<b>Adoption Date</b>	the date of adoption of these Articles.
<b>Allocation Notice</b>	has the meaning given in article 33.19.
<b>A Non-Voting Shares</b>	means A non-voting ordinary shares of 0.1 pence each in the capital of the Company from time to time.
<b>Applicant</b>	has the meaning given in article 33.19.
<b>Appointor</b>	has the meaning given in article 11.1.
<b>Articles</b>	the Company's articles of association for the time being in force.
<b>Asset Sale</b>	the disposal by the Group (whether in one transaction or a series of transactions) of the whole or substantially the whole of its business and assets.

<b>Auditors</b>	the auditors or accountants of the Company for the time being or if they are unwilling or unable to act or if the Board determines in relation to the reference in question that another firm of accountants should act, a firm of chartered accountants nominated by the Board.
<b>Bad Leaver</b>	an Employee Shareholder who becomes a Leaver other than a Good Leaver or a Deemed Good Leaver.
<b>Base Value</b>	the amount Determined by the Board on or before the first Date of Issue of any class of Plan Share as being the current value of the Company below which that class of Plan Share shall not be entitled to participate in any Exit Value under article 14 and in relation to the issue of the B Non Voting Shares shall be designated as the <b>B Base Value</b> and <b>C Base Value</b> , <b>D Base Value</b> , <b>E Base Value</b> and <b>F Base Value</b> shall be construed accordingly.
<b>Board</b>	the board of directors of the Company from time to time, including any committee appointed by the directors.
<b>B Non-Voting Shares</b>	means B non-voting ordinary shares of 0.1 pence each in the capital of the Company from time to time.
<b>Business Day</b>	any day (other than a Saturday, Sunday or public holiday in the United Kingdom) on which clearing banks in the City of London are generally open for business.
<b>Calculation Date</b>	the date as of which the Fair Plan Value is to be determined for any purpose of these Articles being (unless otherwise stated): <ul style="list-style-type: none"> <li>a) the Termination Date of a Leaver; or</li> <li>b) in the case of a Transfer Notice given or deemed given otherwise than by a Leaver, the date on which the Transfer Notice concerned is given or, in the case of a Deemed Transfer Notice, is deemed to have been given; or</li> <li>c) if not covered by one of the foregoing, such date as shall be Determined by the Board.</li> </ul>

<b>Called Shareholder</b>	has the meaning given in article 36.1.
<b>Called Shares</b>	has the meaning given in article 36.1.
<b>Civil Partner</b>	in relation to an individual Shareholder, a civil partner as defined in the Civil Partnerships Act 2004.
<b>C Non-Voting Shares</b>	means C non-voting ordinary shares of 0.1 pence each in the capital of the Company from time to time.
<b>Common Law Partner</b>	in relation to an individual Shareholder, an individual whom the Board Determine to be a common-law partner of that individual Shareholder.
<b>Company</b>	A J Bell Holdings Limited.
<b>Competitor</b>	a person (or a nominee for a person) whom the Board Determine to be a competitor (or a member of the same group of companies as a competitor) of the business or any material part of the business of any Group Company
<b>Conflict</b>	has the meaning given in article 8.1.
<b>Controlling Interest</b>	an interest in shares giving to the holder or holders control of the Company within the meaning of section 1124 of the Income and Corporation Tax Act 2010.
<b>Compulsory Sale Notice</b>	has the meaning given in article 35.2.
<b>Connected Persons</b>	as defined sections 1122 and 1123 of the Corporation Tax Act 2010.
<b>Date of Issue</b>	the date on which the relevant share is issued by the Company.
<b>Deferred Shares</b>	means deferred shares of 0.1 pence each in the capital of the Company from time to time carrying the rights set out in article 12.2.

**Deemed Good Leaver**

in relation to any Non-Voting Share or Relevant Non Voting Share which is not an Excluded Share, an Employee Shareholder who becomes a Leaver more than 10 years after the Date of Issue to him of the relevant share shall in relation to those shares (but not any other shares he may hold) be deemed to be a Good Leaver except:

- (a) if he becomes a Leaver as a result of dismissal for conduct which the Board Determine to have constituted gross misconduct or such that it would otherwise entitle his employer to dismiss him by summary notice without compensation; or
- (b) if the Board Determine that he has in any capacity, whether on his own behalf, or on behalf of, or jointly with, any other person, at any time during the period of six months from his Termination Date:
  - (i) worked or assisted in any way, a business which is a Competitor; or
  - (ii) entered into any agreement or arrangement under the terms of which he is committed to work for, or assist in any way, a business which is a Competitor following the expiry of such period of six months from his Termination Date.

**Deferred Share Notice**

a Deferred Share notice given in accordance with article 12.

**Deemed Transfer notice**

a transfer notice that is deemed to have been given by any provisions of these Articles.

**Determined**

as determined (in the absolute discretion of the Determiner) in writing by the Board or such other person as the Board shall appoint for that purpose and **Determine**, **Determiner** and **Determination** shall be construed accordingly) and any such Determination shall be final and binding for the purposes of the relevant provisions of these Articles.

**D Non-Voting Shares**

means D non-voting ordinary shares of 0.1 pence each in the capital of the Company from time to time.

<b>Drag Along Notice</b>	has the meaning given in article 36.2.
<b>Drag Along Option</b>	has the meaning given in article 36.1.
<b>Drag Along Seller</b>	has the meaning given in article 36.1.
<b>Drag Along Seller's Shares</b>	has the meaning given in article 36.2.
<b>Eligible Director</b>	any 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).
<b>Eligible Employee</b>	any employee of the Group who is offered the opportunity to subscribe for Plan Shares by the Board from time to time.
<b>EMI Scheme</b>	the Enterprise Management Incentive scheme established by the Company on 28 June 2005.
<b>Employee Shareholder</b>	a Shareholder holding Relevant Non Voting Shares and/or Plan Shares who is an employee or director of any member of the Group.
<b>Employees Share Scheme</b>	as defined by section 1166 of the Act.
<b>Employee Trust</b>	the employee benefit trust known as The AJ Bell Holdings Employee Benefit Trust established by the Company by a trust deed dated 26 June 2013 and of which AJ Bell EBT Limited (company number 07942182) is the sole trustee as at the Adoption Date.
<b>E Non-Voting Shares</b>	means E non-voting ordinary shares of 0.1 pence each in the capital of the Company from time to time.
<b>Equity Shares</b>	together the Priority Shares and Plan Shares.
<b>Excluded Shares</b>	any share issued to an Employee Shareholder (or a former Employee Shareholder) after 30 November 2016 as a result of the exercise of an option granted to him under the EMI Scheme.
<b>Exit</b>	a Share Sale, an Asset Sale or a Listing.
<b>Exit Value</b>	means on a:



- a) Listing, the value at the Listing Value of the then issued ordinary shares of the Company (other than those issued under the Listing arrangements to raise new money);
- (b) Share Sale, the Sale Proceeds under and the subject of the terms of the Share Sale,
- (c) distribution of assets under article 14 on liquidation, capital reduction or otherwise or following an Asset Sale, the value of the Remaining Assets.

**Fair Plan Value**

means:

- a) the amount that the holder of the relevant class of Plan Share would be entitled to receive under article 14.2 if there had been a Share Sale on the Calculation Date for a consideration equal to the Base Value as Determined by the Board for the purposes of these Articles on the last Valuation Date prior to the Calculation Date; or
- b) if the Board Determines that in relation to the calculation in question it is not appropriate to use that value or if no such Determination was made in the period of 12 month's immediately preceding the Calculation Date, then the Fair Value of the relevant class of Plan Share as agreed or determined in accordance with article 34..

**Fair Value**

the value for each Sale Share determined in accordance with article 34.

**Fair Value Plan Share**

a Plan Share in relation to which as at the relevant Calculation Date:

- a) the Base Value as Determined by the Board for the purposes of these Articles on the last Valuation Date prior to that Calculation Date or, if no such Determination was made in the period of 12 month's immediately preceding that Calculation Date, the notional Exit Value as agreed or determined in

accordance with article 34, exceeded the Hurdle Value for that class of Plan Share; and

- b) cannot be required to be redesignated into a Deferred Share by reason of any failure to meet any related Performance Conditions

<b>Family Company</b>	in relation to an individual shareholder, a company (as defined in section 1(1) of the Act) in which that individual Shareholder ( <b>Founder</b> ) and/or the Founder's Privileged Relations hold the whole of the issued share capital (or in the case of an unlimited company without share capital, of which they are the only members) and (in either case) which they alone control.
<b>Family Trust</b>	in relation to an individual Shareholder, a trust or settlement set up wholly for the benefit of that individual Shareholder ( <b>Settlor</b> ) and/or the Settlor's Privileged Relations.
<b>Financial Year</b>	in relation to a company has the meaning given in section 390 of the Companies Act.
<b>Fifth Offer Period</b>	has the meaning given in article 33.1633.8
<b>Fifth Surplus Shares</b>	has the meaning given in article 33.17.333.11.2.
<b>First Offer Period</b>	has the meaning given in article 33.8.
<b>F Non-Voting Shares</b>	means F non-voting ordinary shares of 0.1 pence each in the capital of the Company from time to time
<b>Fourth Offer Period</b>	has the meaning given in article 33.14.
<b>Fund Manager</b>	a person whose principal business is to make, manage or advise upon investments in securities.
<b>Good Leaver</b>	<p>an Employee Shareholder who becomes a Leaver as a result of:</p> <ul style="list-style-type: none"><li>(a) death; or</li><li>(b) any other reason and is Determined by the Board to be a Good Leaver for the purposes of these Articles.</li></ul>
<b>Group</b>	the Company and its Subsidiaries (if any) from time to time

References to a **Group Company** are to any one or more of those companies.

**Holding Company**

has the meaning given in section 1159 of the Act.

**Hurdle Value**

the amount Determined by the Board on or before the first Date of Issue of the relevant class of Plan Share as being the value of the Company that must be exceeded at the time of an Exit (as increased by an amount equal to the aggregate amount of the New Issue Proceeds in respect of any Priority Shares issued after the Date of Issue of the relevant Plan Shares) before that class of Plan Shares is entitled to participate in the Exit Value under article 14 and which in relation to the issue of the B Non Voting Shares shall be designated as the **B Hurdle Value** and **C Hurdle Value**, **D Hurdle Value**, **E Hurdle Value** and **F Hurdle Value** shall be construed accordingly.

**Initial Surplus Shares**

has the meaning given in article 33.9.2.

**Interested Director**

has the meaning given in article 8.1.

**Investment Fund**

a fund or other entity whose business is managed by a Fund Manager.

**Issue Price**

in respect of any share, the subscription price paid (or agreed to be paid in cash or non-cash consideration) in respect of that share, including any share premium.

**Leaver**

an Employee Shareholder ceasing for whatever reason (including death) to be an employee or director of any member of the Group and as a consequence no longer being an employee or director of any member of the Group.

**Listing**

the successful application and admission of all or any of the shares in the capital of the Company (or the shares of any entity (including any new Holding Company of the Group or any Group Company) which owns substantially all of the assets of the Group at the time), or securities representing such shares (including American depositary receipts, American depositary shares and/or other instruments) to the official list of the UK Listing Authority or on the AIM market operated by the London Stock Exchange plc, or the

NASDAQ National Stock Market or the NASDAQ Stock Market Inc or to any other recognised investment exchange (as defined in Section 285 of the Financial Services and Markets Act 2000 (as amended)).

<b>Listing Value</b>	in the event of a Listing, the value of a share (or the share capital into which it has been converted or re-designated or attributable to it at the time of the Listing), as determined by reference to the price at which the ordinary shares of the Company are to be issued or (as appropriate) placed or, in the case of an offer for sale by tender, by reference to the applicable striking price, as part of the Listing arrangements.
<b>Majority</b>	Shareholders who for the time being hold Ordinary Shares in the Company that together confer a simple majority of the total voting rights exercisable in general meetings of the Company.
<b>Minimum Transfer Condition</b>	has the meaning given in article 33.2.4.
<b>Model Articles</b>	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 Adoption Date.
<b>New Issue Proceeds</b>	the amount of the Issue Price in relation to any Priority Share issued by the Company.
<b>Non-Voting Shares</b>	non-voting ordinary shares of 0.1 pence each in the capital of the Company from time to time.
<b>Ordinary Shares</b>	voting ordinary shares of 0.1 pence each in the capital of the Company from time to time.
<b>Original Shareholder</b>	has the meaning given in article 32 1.
<b>Performance Condition</b>	any condition that makes the entitlement of Plan Shares to participate in the Exit Value under article 14 and/or otherwise to receive value in excess of the Issue Price of the Plan Shares or certain of them conditional on the meeting of prescribed performance criteria which are Determined by the

	Board on or before the Date of Issue of the relevant Plan Shares.
<b>Permitted Transfer</b>	a transfer of shares in accordance with article 32.
<b>Permitted Transferee</b>	in relation to a Shareholder who is: <ul style="list-style-type: none"> <li>a) an individual, any of his Privileged Relations, Family Trusts or the trustees of those Family Trusts or Family Companies; and</li> <li>b) an Investment Fund, any nominee of the Fund Manager that manages that Investment Fund.</li> </ul>
<b>Plan Shares</b>	together such of the B Non-Voting Shares, C Non-Voting Shares, D Non-Voting Shares, E Non-Voting Shares and F Non-Voting Shares as are in issue from time to time and <b>Plan Share</b> shall be construed accordingly.
<b>Priority Shares</b>	together the Ordinary Shares, Non Voting Shares and Relevant Non Voting Shares.
<b>Privileged Relation</b>	the spouse, Civil Partner, widow or widower of a Shareholder and the Shareholder's children and grandchildren (including step and adopted children), and step and adopted children of the Shareholder's children.
<b>Proposed Buyer</b>	has the meaning given in article 36.1.
<b>Proposed Exit</b>	has the meaning given in article 37.
<b>Proposed Sale Price</b>	has the meaning given in article 33.2.3.
<b>Relevant Non Voting Shares</b>	together the A Non Voting Shares, X Non Voting Shares and Y Non Voting Shares
<b>Remaining Assets</b>	has the meaning given in article 14.1.
<b>Restricted Shares</b>	has the meaning given in article 35 5.
<b>Sale Proceeds</b>	means the consideration payable (including any deferred and/or contingent consideration) whether in cash or otherwise to those Shareholders selling shares under a Share Sale (less any fees and expenses payable by the selling Shareholders under that Share Sale).

<b>Sale Shares</b>	has the meaning given in article 33 2.1.
<b>Second Surplus Shares</b>	has the meaning given in article 33.11.2.
<b>Seller</b>	has the meaning given in article 33.2.
<b>share</b>	a share of any class in the capital of the Company and <b>shares</b> shall be construed accordingly.
<b>Share Sale</b>	the sale of (or the grant of a right to acquire or to dispose of) any shares (in one transaction or as a series of transactions) which would, if completed, result in the buyer of those shares (or grantee of that right) and persons Acting in Concert with him together acquiring a Controlling Interest, except where the identities of the shareholders in the buyer and the proportion of shares of the buyer held by each of them following completion of the sale are the same (or which the Board Determines to be substantially the same) as the identities of the Shareholders and their respective shareholdings in the Company immediately before the sale.
<b>Shareholder</b>	a holder for the time being of any share or shares and <b>Shareholders</b> shall be construed accordingly.
<b>Subsidiary</b>	in relation to a company wherever incorporated (a holding company) means "subsidiary" as defined in section 1159 of the Act and any other company which is itself a subsidiary (as so defined) of a company which is itself a subsidiary of such holding company. Unless the context requires otherwise, the application of the definition of Subsidiary to any company at any time shall apply to the company as it is at that time.
<b>Termination Date</b>	has the meaning given in article 35 6.
<b>Third Offer Period</b>	has the meaning given in article 33.12.
<b>Third Surplus Shares</b>	has the meaning given in article 33.13.3.
<b>Transfer Notice</b>	has the meaning given in article 33.233.2.1.
<b>Transfer Price</b>	has the meaning given in article 34.1.

**Valuation Date** such date each year as the Board determine to be that on which an annual valuation of any one or more classes of the Plan Share should be carried out for the purposes of these Articles and which will normally be during December.

**Writing or written** the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise, save that, for the purposes of article 33 and article 36, "writing" or "written" shall not include the sending or supply of notices, documents or information in electronic form (other than by fax).

**X Non-Voting Shares** means X non-voting ordinary shares of 0.1 pence each in the capital of the Company from time to time.

**Y Non-Voting Shares** means Y non-voting ordinary shares of 0.1 pence each in the capital of the Company from time to time.

- 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 but excluding any statutory modification of them not in force on the date when these Articles become binding on the Company.
- 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 Any phrase introduced by the terms "**including**", "**include**", "**in particular**" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 1.6 Save as expressly provided otherwise in these Articles, any reference to any statutory provision shall be deemed to include a reference to each and every statutory amendment, modification, re-enactment and extension thereof for the time being in force.
- 1.7 A reference in these Articles to a holder, or the holder(s), of shares, Priority Shares or any other class of shares, as the case may be shall, in each case, be deemed to exclude any member holding shares in treasury.

## **2. Adoption of the Model Articles**

- 2.1 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles or are inconsistent with these Articles, and, subject to any such modifications, exclusions or inconsistencies, shall together with these Articles constitute the articles of association of the Company to the exclusion of any other articles or regulations set out in any statute or in any statutory instrument or other subordinate legislation.
- 2.2 Articles 6(2), 8, 9(1), 11 to 14 (inclusive), 16, 17, 21, 22, 26(5), 27 to 29 (inclusive), 30(4), 36, 38, 39, 43, 44(2) and 50 to 53 (inclusive) of the Model Articles shall not apply to the Company.
- 2.3 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".
- 2.4 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".
- 2.5 Articles 31(a) to (d) (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".

## **DIRECTORS**

### **3. Directors' meetings**

- 3.1 Any decision of the directors must be taken at a meeting of directors in accordance with these Articles or must be a decision taken in accordance with article 4.
- 3.2 Subject as provided in these Articles, the directors may participate in directors' meetings for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.
- 3.3 All decisions made at any meeting of the directors or of any committee of the directors shall be made only by resolution and resolutions at any meeting of the directors or committee of the directors shall be decided by a majority of votes.
- 3.4 If at any time at or before any meeting of the directors or of any committee of the directors a majority of the directors participating should request that the meeting be adjourned or reconvened to another time or date (whether to enable further consideration to be given to any matter or for other directors to participate or for any other reason, which need not be stated) then such meeting shall be adjourned or reconvened accordingly, and no business shall be conducted at that meeting after such a request has been made. No meeting of directors may be adjourned pursuant to this article more than once.
- 3.5 The provisions of article 6 shall apply equally to meetings of any committee of the directors as to meetings of the directors.



#### **4. Unanimous decisions of directors**

- 4.1 A decision of the directors is taken in accordance with this article 4 when all Eligible Directors indicate to each other by any means that they share a common view on a matter.
- 4.2 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.
- 4.3 A decision may not be taken in accordance with this article if the Eligible Directors would not have formed a quorum at a directors' meeting to vote on the matter in accordance with article 6.

#### **5. Calling a directors' meeting**

- 5.1 Subject to article 6, any director may call a meeting of directors by giving not less than five Business Days' notice of the meeting (or such shorter period of notice as agreed in writing by all of the directors) to each director or by authorising the Company secretary (if any) to give such notice.
- 5.2 Notice of any directors' meeting must be accompanied by:
  - 5.2.1 an agenda specifying in reasonable detail the matters to be raised at the meeting; and
  - 5.2.2 copies of any papers to be discussed at the meeting.
- 5.3 Matters not on the agenda, or business conducted in relation to those matters, may not be raised at a meeting of directors unless a majority of directors agree in writing.

#### **6. Quorum for directors' meetings**

Subject to article 8.2, the quorum at any meeting of the directors (including adjourned meetings) shall be two directors. No business shall be conducted at any meeting of the directors unless a quorum is participating at the beginning of the meeting and also when that business is voted on. If a quorum is not participating within 30 minutes of the time specified for the relevant meeting in the notice of the meeting then the meeting shall be adjourned for 5 Business Days at the same time and place and notice of the adjourned meeting shall be given to the directors as soon as is reasonably practicable after the date of the relevant meeting. If a quorum is not present at any such adjourned meeting within 30 minutes of the time specified, then those Eligible Directors present will constitute a quorum.

## **7. Chairing of directors' meetings**

The chairman shall be appointed by a majority of the directors. The chairman shall not have a casting vote. If the chairman for the time being is unable to attend any meeting of the board of directors, the directors present by a simple majority vote shall be entitled to appoint another director to act as chairman at the meeting.

## **8. Directors' interests**

8.1 The directors may, in accordance with the requirements set out in this article 8, authorise any matter or situation proposed to them by any director which would, if not authorised, involve a director (the **Interested Director**) breaching his duty under section 175 of the Act to avoid conflicts of interest (**Conflict**).

8.2 Any authorisation under this article 8 will be effective only if:

8.2.1 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;

8.2.2 any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director and for the purposes of this article 8 the quorum at any meeting of the directors shall be two Eligible Directors; and

8.2.3 the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted.

8.3 Any authorisation of a Conflict under this article 8 may (whether at the time of giving the authorisation or subsequently):

8.3.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;

8.3.2 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;

8.3.3 provide that the Interested Director will or will not be an Eligible Director in respect of any future decision of the directors in relation to any resolution related to the Conflict;

8.3.4 impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit;

- 8.3.5 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
- 8.3.6 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
- 8.4 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.
- 8.5 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.
- 8.6 A director, notwithstanding his office, may be a director or other officer of, employed by, or otherwise interested (including by the holding of shares) in, the shareholder who appointed him as a director of the Company, or any other member of such shareholder's Group, and no authorisation under article 8.1 shall be necessary in respect of any such interest.
- 8.7 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the directors in accordance with these Articles or by the Company in general meeting (subject in each case to any terms and conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.
- 8.8 Subject to sections 177(5) and 177(6) of the Act, a director who is in any way, whether directly or indirectly, interested in a proposed transaction or arrangement with the Company shall declare the nature and extent of his interest to the other directors before the Company enters into the transaction or arrangement in accordance with the Act.
- 8.9 Subject to sections 182(5) and 182(6) of the Act, a director who is in any way, whether directly or indirectly, interested in a transaction or arrangement that has been entered into by the Company shall declare the nature and extent of his interest to the other directors as soon as is reasonably practicable in accordance with the Act, unless the interest has already been declared under article 8.8.
- 8.10 Subject, where applicable, to any terms and conditions imposed by the directors in accordance

with article 8.3, and provided a director 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:

- 8.10.1 may be a party to, or otherwise interested in, any such transaction or arrangement with the Company, or in which the Company is otherwise (directly or indirectly) interested;
- 8.10.2 shall be an Eligible Director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such transaction or arrangement or proposed transaction or arrangement in which he is interested;
- 8.10.3 shall be entitled to vote at a meeting of directors (or of a committee of directors) or participate in any unanimous decision, in respect of such transaction or arrangement or proposed transaction or arrangement in which he is interested;
- 8.10.4 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;
- 8.10.5 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
- 8.10.6 shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

## **9. Records of decisions to be kept**

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.

## **10. Appointment and removal of directors**

- 10.1 Any person who is willing to act as a director of the Company, and is permitted by law to do so, may be appointed to be a director of the Company by:

- 10.1.1 a decision of the directors; or

10.1.2 a Majority.

10.2 Any director may at any time be removed from office by a Majority.

10.3 Any appointment or removal of a director by a Majority pursuant to this article 10 shall be in writing and signed by or on behalf of the holder or holders of a Majority and served on the Company at its registered office, marked for the attention of the Company secretary or delivered to a duly constituted meeting of the directors of the Company Any such appointment or removal shall take effect when received by the Company or at such later time as shall be specified in such notice

## **11. Alternate directors**

11.1 Any director (other than an alternate director) (**Appointor**) may with the prior written approval of the Board appoint any person (whether or not a director) to be an alternate director to exercise that director's powers, and carry out that director's responsibilities, in relation to the taking of decisions by the directors, in the absence of the alternate's Appointor. In these Articles, where the context so permits, the term "director" shall include an alternate director appointed by a director. A person may be appointed an alternate director by more than one director.

11.2 Any appointment or removal of an alternate director must be effected by notice in writing to the Company signed by the Appointor, or in any other manner approved by the directors.

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 he is willing to act as the alternate of the director giving the notice.

11.4 An alternate director has the same rights, in relation to any decision of the directors, as the alternate's Appointor.

11.5 Except as the Articles specify otherwise, alternate directors:

11.5.1 are deemed for all purposes to be directors;

11.5.2 are liable for their own acts and omissions;

11.5.3 are subject to the same restrictions as their Appointors; and

11.5.4 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 and of all meetings of committees of directors of which his Appointor

is a member.

11.6 A person who is an alternate director but not a director:

11.6.1 may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's Appointor is not participating), and

11.6.2 may participate in a unanimous decision of the directors (but only if his Appointor is an Eligible Director in relation to that decision, and does not himself participate).

11.7 A director who is also an alternate director is entitled, in the absence of his Appointor, to a separate vote on behalf of his Appointor, in addition to his own vote on any decision of the directors (provided that his Appointor is an Eligible Director in relation to that decision).

11.8 An alternate director may be paid expenses and may be indemnified by the Company to the same extent as if he were a director but shall not be entitled to receive from the Company any remuneration in his capacity as an alternate director except such part (if any) of the remuneration otherwise payable to the alternate's Appointor as the Appointor may by notice in writing to the Company from time to time direct.

11.9 An alternate director's appointment as an alternate terminates:

11.9.1 when the alternate's Appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;

11.9.2 on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's Appointor, would result in the termination of the Appointor's appointment as a director; or

11.9.3 when the alternate director's Appointor ceases to be a director for whatever reason.

## **SHARES AND DISTRIBUTIONS**

### **12. Share capital**

12.1 The authorised share capital of the Company as at the Adoption Date is £110,000 divided into 77,518,446 Ordinary Shares, 900,000 Non-Voting Shares and 8,860,518 A Non-Voting Shares, 1,000,000 B Non Voting Shares, 1,000,000 C Non Voting Shares, 1,000,000 D Non Voting Shares, 1,000,000 E Non Voting Shares and 1,000,000 F Non Voting Shares, 8,860,518 X Non Voting Shares and 8,860,518 Y Non Voting Shares.

12.2 Deferred Shares shall:

12.2.1 on a return of capital on winding up or otherwise, including one under article 14.1, entitle the holder of the share only to the repayment of the amount paid up or

credited as paid up on the share after payment in respect of each Equity Share of the amount paid up on such share plus £25,000,000;

- 12.2.2 not otherwise permit the holder of the share to receive or participate in any way in the profits or assets of the Company;
- 12.2.3 not entitle the holder of the share to participate in any pre-emptive offer of shares on transfer or otherwise or any right (whether under options, warrants, on conversion of any indebtedness or otherwise) to call for the allotment or issue of shares in the Company for subscription or purchase; and
- 12.2.4 not entitle the holder of the share to receive notice of or attend and vote at any general meeting of the Company.

12.3 If:

- 12.3.1 at any time any Plan Share has become liable to forfeiture by reason of any failure to meet any applicable Performance Condition, and/or
- 12.3.2 on an Exit the Hurdle Value applicable to any Plan Share is not achieved; or
- 12.3.3 the holder of the Plan Share so agrees,

the Company may issue a Deferred Share Notice in respect of that Plan Share in accordance with article 12.4 and if it does so upon the date on which such Deferred Share Notice is issued the Plan Share concerned shall automatically be redesignated as a Deferred Share.

- 12.4 A Deferred Share Notice shall be in writing and dated with its date of issue (being its effective date) and specify the share or shares to be redesignated as Deferred Shares and shall be given to the holder of the share or shares in accordance with article 53.
- 12.5 The holder of any share which is redesignated as a Deferred Share shall promptly (and in any event within 10 Business Days of receipt or deemed receipt under these Articles of a Deferred Share Notice) surrender to the Company the certificate for the share which is redesignated.
- 12.6 The Company shall amend the register of members to reflect the redesignation of any share under this article 12 and make any necessary filings in respect of such redesignation at Companies House.
- 12.7 The Company may at any time appoint any person to execute on behalf of the holders of any Deferred Shares a transfer of those shares (and/or any agreement to transfer such shares) to such person as the Board may Determine as custodian of such shares and/or to purchase the same (in accordance with the provisions of the Act) in any such case for an aggregate price not exceeding 1 pence for all of the Deferred Shares then in issue without obtaining the sanction

of the holders of those shares and pending such transfer and/or purchase to retain the certificate for such Deferred Shares.

### **13. Income**

- 13.1 Except as otherwise provided in these Articles, any profits distributed by the Company in any Financial Year or period shall be distributed amongst the holders of the Priority Shares pro rata to the number of Priority Shares held by them respectively.
- 13.2 No dividend shall be paid or declared on or in respect of any Plan Shares except to the extent they have an entitlement under article 14 to receive a distribution on a return of assets on liquidation, capital reduction or otherwise or following an Asset Sale

### **14. Capital**

- 14.1 On a return of assets on liquidation, capital reduction or otherwise (other than a conversion or purchase of shares), the assets of the Company remaining after the payment of its liabilities (**Remaining Assets**) shall be applied (to the extent that the Company is lawfully able to do so), subject to articles 14.6, in the following order of priority:

14.1.1 first:

14.1.1.1 if the Exit Value does not exceed the B Hurdle Value, in distributing to the holders of the Priority Shares pro rata according to the number of Priority Shares held by them respectively a sum equal to the Exit Value, or

14.1.1.2 if the Exit Value exceeds the B Hurdle Value, in distributing to the holders of the Priority Shares pro rata according to the number of Priority Shares held by them respectively a sum equal to the B Base Value; and

14.1.2 second, if the Exit Value exceeds the B Hurdle Value, in distributing to the holders of the Priority Shares and the B Non Voting Shares (as if they all constituted shares of the same class) pro rata according to the number of shares held by them respectively a sum equal to the amount by which the Exit Value exceeds the B Base Value but (if any sums falls due for distribution under article 14.1.3) does not exceed the C Base Value; and

14.1.3 third, if the Exit Value exceeds the C Hurdle Value, in distributing to the holders of the Priority Shares, the B Non Voting Shares and the C Non Voting Shares (as if they all constituted shares of the same class) pro rata according to the number of shares held by them respectively a sum equal to the amount by which the Exit Value



exceeds the C Base Value but (if any sums falls due for distribution under article 14.1.4) does not exceed the D Base Value; and

14.1.4 fourth, if the Exit Value exceeds the D Hurdle Value, in distributing to the holders of the Priority Shares, the B Non Voting Shares, the C Non Voting Shares and the D Non Voting Shares (as if they all constituted shares of the same class) pro rata according to the number of shares held by them respectively a sum equal to the amount by which the Exit Value exceeds the D Base Value but (if any sums falls due for distribution under article 14.1.5) does not exceed the E Base Value; and

14.1.5 fifth, if the Exit Value exceeds the E Hurdle Value, in distributing to the holders of the Priority Shares, the B Non Voting Shares, the C Non Voting Shares, the D Non Voting Shares and the E Non Voting Shares (as if they all constituted shares of the same class) pro rata according to the number of shares held by them respectively a sum equal to the amount by which the Exit Value exceeds the E Base Value but (if any sums falls due for distribution under article 14.1.6) does not exceed the F Base Value; and

14.1.6 thereafter, if the Exit Value exceeds the F Hurdle Value, in distributing to the holders of the Priority Shares, the B Non Voting Shares, the C Non Voting Shares, the D Non Voting Shares, the E Non Voting Shares and the F Non Voting Shares (as if they all constituted shares of the same class) pro rata according to the number of shares held by them respectively a sum equal to the amount by which the Exit Value exceeds the F Base Value,

provided that if any class of Plan Share is issued with a Base Value that is less than the Base Value which applied to an earlier issue or issues of Plan Shares then the above order of priority shall be adjusted in the manner Determined by the Board to reflect the respective Base Values applicable to each class of Plan Shares in ascending order instead of the order of issue.

14.2 On a Share Sale, the Sale Proceeds shall be distributed in the order of priority set out in article 14.1 as though the Sale Proceeds were the Remaining Assets on a return of assets. The Directors shall not register any transfer of shares if the Sale Proceeds are not distributed in that manner (save in respect of any shares not sold in connection with that Share Sale) provided that, if the Sale Proceeds are not settled in their entirety upon completion of the Share Sale and/or are subject to adjustment (whether under a price adjustment or warranty or indemnity or otherwise) after the completion of the Share Sale then (unless otherwise agreed or directed by the Board):

14.2.1 the directors may register the transfer of the relevant shares, provided that the Sale Proceeds due on the date of completion of the Share Sale have been distributed in the order of priority set out in article 14.1 and no account of any such post-completion

payment or adjustment shall be taken in determining the Sale Proceeds except when and to the extent it is paid, and

- 14.2.2 all necessary adjustments and allocations and (where relevant) refunds of the consideration shall be made to give effect to article 14.1, and
- 14.2.3 each Shareholder shall take any reasonable action (to the extent lawful and within its control) required by the Board to ensure that the balance of the Sale Proceeds are distributed in the order of priority set out in article 14.1, including:
  - 14.2.3.1 in the case of Share Sale involving less than 100% of the issued share capital, grossing up the amount of the Sale Proceeds as if all of the shares in issue were being sold to ascertain whether the Hurdle Value has been exceeded; and
  - 14.2.3.2 if the Sale Proceeds are not settled in their entirety upon completion of the Share Sale and/or are subject to adjustment, making provision for the Hurdle Value to be reassessed when any such adjustment is made.
- 14.3 On a Listing, the Exit Value attributable to the shares that form part of the share capital to which the Exit Value relates shall be allocated between such classes of share in the order of priority set out in article 14.1 as though the Sale Proceeds were the Remaining Assets on a return of assets and immediately prior to and conditional upon such Listing taking place the Shareholders shall enter into such reorganisation as may be required by the Board under article 37.
- 14.4 On an Asset Sale, the surplus assets of the Company remaining after payment of its liabilities shall be distributed (to the extent that the Company is lawfully permitted to do so) in the order of priority set out in article 14.1 as though the Sale Proceeds were the Remaining Assets on a return of assets, provided always that if it is not lawful for the Company to distribute its surplus assets in accordance with the provisions of these Articles, each Shareholder shall (to the extent lawful and within its control) take any reasonable action required by the Board (including, but without prejudice to the generality of this article 14.4, such action as may be necessary to put the Company into voluntary liquidation so that article 14.1 applies).
- 14.5 For the purposes of this article 14:
  - 14.5.1 if any consideration payable includes non-cash consideration, that non-cash-consideration shall be distributed amongst the Shareholders on the basis set out in article 14.1;

- 14.5.2 the Company shall procure that any part paid shares are fully paid up immediately prior to any distribution or other allocation being made to the Shareholders, and
- 14.5.3 no Plan Share shall be entitled to participate in any Exit Value under this article 14:
- 14.5.3.1 at any time when it may become liable to forfeiture by reason of any failure to meet any applicable Performance Condition; and/or
- 14.5.3.2 if the Exit Value does not exceed the related Hurdle Value.
- 14.6 If any Deferred Shares become eligible to participate in the Exit Value in accordance with their rights, such amounts shall be distributed as and when the entitlement arises in priority to any remaining entitlement of the Equity Shares
- 14.7 Any dispute regarding the application of and/or any entitlements under this article 14 shall be resolved by Determination.

## **15. Adjustment Events**

- 15.1 The Board may Determine by written notice to the Company to rebase or adjust the Hurdle Value applicable to any class of Plan Share or Plan Shares and/or its or their entitlement under article 14.1 to take account of any acquisition or disposal by or out of the Group of any company or business or assets or new financing or refinancing arrangements affecting any Group member or Listing which does not involve all of the issued shares (or other objective change in circumstances) (each an **Adjustment Event** and '**Adjustment Events**' shall be construed accordingly) to the extent taking place after the date of issue of the relevant shares, provided that rebasing or adjustment is made on a just and reasonable basis and also with a view to ensuring, so far as practicable, that the holders of the Plan Share(s) concerned are not disadvantaged or benefited by the Adjustment Event or Adjustment Events involved and its or their effects.
- 15.2 Any rebasing or adjustment under article 15.1 shall be notified by the Company in writing to the holder(s) of the Plan Shares concerned as soon as reasonably practicable after it is made.

## **16. Powers to issue different classes of shares**

- 16.1 Subject to these Articles, but without prejudice to the rights attached to any existing share, the Company may issue shares with such rights or restrictions as may be determined by ordinary resolution.
- 16.2 The Company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares.

**17. Company not bound by less than absolute interests**

Except as required by law, no person is to be recognised by the Company as holding any share upon any trust, and except as otherwise required by law or the articles, the Company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

**18. Company's lien over partly paid shares**

18.1 The Company has a lien ("the Company's lien") over every share which is partly paid for any part of:

18.1.1 that share's nominal value, and

18.1.2 any premium at which it was issued,

which has not been paid to the Company, and which is payable immediately or at some time in the future, whether or not a call notice has been sent in respect of it

18.2 The Company's lien over a share:

18.2.1 takes priority over any third party's interest in that share, and

18.2.2 extends to any dividend or other money payable by the Company in respect of that share and (if the lien is enforced and the share is sold by the Company) the proceeds of sale of that share.

18.3 The directors may at any time decide that a share which is or would otherwise be subject to the Company's lien shall not be subject to it, either wholly or in part

**19. Enforcement of the Company's lien**

19.1 Subject to the provisions of this article 19, if.

19.1.1 a lien enforcement notice has been given in respect of a share, and

19.1.2 the person to whom the notice was given has failed to comply with it,

the Company may sell that share in such manner as the directors decide.

19.2 A lien enforcement notice:

19.2.1 may only be given in respect of a share which is subject to the Company's lien, in respect of which a sum is payable and the due date for payment of that sum has passed;

- 19.2.2 must specify the share concerned;
  - 19.2.3 must require payment of the sum payable within 14 days of the notice;
  - 19.2.4 must be addressed either to the holder of the share or to a person entitled to it by reason of the holder's death, bankruptcy or otherwise; and
  - 19.2.5 must state the Company's intention to sell the share if the notice is not complied with.
- 19.3 Where shares are sold under this article 19:
- 19.3.1 the directors may authorise any person to execute an instrument of transfer of the shares to the purchaser or a person nominated by the purchaser, and
  - 19.3.2 the transferee is not bound to see to the application of the consideration, and the transferee's title is not affected by any irregularity in or invalidity of the process leading to the sale.
- 19.4 The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the lien) must be applied:
- 19.4.1 first, in payment of so much of the sum of which the lien exists as was payable at the date of the lien enforcement notice,
  - 19.4.2 second, to the person entitled to the shares at the date of the sale, but only after the certificate for the shares sold has been surrendered to the Company for cancellation or a suitable indemnity has been given for any lost certificates, and subject to a lien equivalent to the Company's lien over the shares before the sale for any money payable in respect of the shares after the date of the lien enforcement notice.
- 19.5 A statutory declaration by a director or the Company secretary that the declarant is a director or the Company secretary and that a share has been sold to satisfy the Company's lien on a specified date:
- 19.5.1 is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share, and
  - 19.5.2 subject to compliance with any other formalities of transfer required by these Articles or by law, constitutes a good title to the share.

## **20. Call notices**

- 20.1 Subject to these Articles and the terms on which shares are allotted, the directors may send a

notice (a "**call notice**") to a member requiring the member to pay the Company a specified sum of money (a "**call**") which is payable in respect of shares which that member holds at the date when the directors decide to send the call notice.

20.2 A call notice:

20.2.1 may not require a member to pay a call which exceeds the total sum unpaid on that member's shares (whether as to the share's nominal value or any amount payable to the Company by way of premium);

20.2.2 must state when and how any call to which it relates it is to be paid; and

20.2.3 may permit or require the call to be paid by instalments.

20.3 A member must comply with the requirements of a call notice, but no member is obliged to pay any call before 14 days have passed since the notice was sent.

20.4 Before the Company has received any call due under a call notice the directors may:

20.4.1 revoke it wholly or in part, or

20.4.2 specify a later time for payment than is specified in the notice,

by a further notice in writing to the member in respect of whose shares the call is made.

**21. Liability to pay calls**

21.1 Liability to pay a call is not extinguished or transferred by transferring the shares in respect of which it is required to be paid.

21.2 Joint holders of a share are jointly and severally liable to pay all calls in respect of that share.

21.3 Subject to the terms on which shares are allotted, the directors may, when issuing shares, provide that call notices sent to the holders of those shares may require them:

21.3.1 to pay calls which are not the same, or

21.3.2 to pay calls at different times

**22. When call notice need to be issued**

22.1 A call notice need not be issued in respect of sums which are specified, in the terms on which a share is issued, as being payable to the Company in respect of that share (whether in respect of nominal value or premium).

22.1.1 on allotment;

22.1.2 on the occurrence of a particular event; or

22.1.3 on a date fixed by or in accordance with the terms of issue.

22.2 But if the due date of payment of such a sum has passed and it has not been paid, the holder of the share concerned is treated in all respects as having failed to comply with a call notice in respect of that sum, and is liable to the same consequences as regards the payment of interest and forfeiture.

### **23. Failure to comply with call notice: automatic consequences**

23.1 If a person is liable to pay a call and fails to do so by the call payment date:

23.1.1 the directors may issue a notice of intended forfeiture to that person, and

23.1.2 until the call is paid, that person must pay the Company interest on the call from the call payment date at the relevant rate.

23.2 For the purposes of this article:

23.2.1 the “**call payment date**” is the time when the call notice states that a call is payable, unless the directors give a notice specifying a later date, in which case the “call payment date” is that later date:

23.2.2 the “**relevant rate**” is:

23.2.2.1 the rate fixed by the terms on which the share in respect of which the call is due was allotted;

23.2.2.2 such other rate as was fixed by the call notice which required payment of the call, or has otherwise been determined by the directors; or

23.2.2.3 if no rate is fixed in either of these ways, 5 per cent per annum.

23.3 The relevant rate must not exceed by more than 5 percentage points the base lending rate most recently set by the Monetary Policy Committee of the Bank of England in connection with its responsibilities under Part 2 of the Bank of England Act 1998

23.4 The directors may waive any obligation to pay interest on a call wholly or in part.

### **24. Notice of intended forfeiture**

24.1 A notice of intended forfeiture.

24.1.1 may be sent in respect of any share in respect of which a call has not been paid as

required by a call notice;

24.1.2 must be sent to the holder of that share or to a person entitled to it by reason of the holder's death, bankruptcy or otherwise;

24.1.3 must require payment of the call and any accrued interest by a date which is not less than 14 days after the date of the notice;

24.1.4 must state how the payment is to be made; and

24.1.5 must state that if the notice is not complied with, the shares in respect of which the call is payable will be liable to be forfeited.

## **25. Directors' power to forfeit shares**

If a notice of intended forfeiture is not complied with before the date by which payment of the call is required in the notice of intended forfeiture, the directors may decide that any share in respect of which it was given is forfeited, and the forfeiture is to include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.

## **26. Effect of forfeiture**

26.1 Subject to these Articles, the forfeiture of a share extinguishes:

26.1.1 all interest in that share, and all claims and demands against the Company in respect of it; and

26.1.2 all other rights and liabilities incidental to the share as between the person whose share it was prior to the forfeiture and the Company.

26.2 Any share which is forfeited in accordance with these Articles:

26.2.1 is deemed to have been forfeited when the directors decide that it is forfeited;

26.2.2 is deemed to be the property of the Company; and

26.2.3 may be sold, re-allotted or otherwise disposed of as the directors think fit.

26.3 If a person's shares have been forfeited:

26.3.1 the Company must send that person notice that forfeiture has occurred and record it in the register of members;

26.3.2 that person ceases to be a member in respect of those shares;

26.3.3 that person must surrender the certificate for the shares forfeited to the Company



for cancellation;

- 26.3.4 that person remains liable to the Company for all sums payable by that person under the articles at the date of forfeiture in respect of those shares, including any interest (whether accrued before or after the date of forfeiture); and
- 26.3.5 the directors may waive payment of such sums wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.

- 26.4 At any time before the Company disposes of a forfeited share, the directors may decide to cancel the forfeiture on payment of all calls and interest due in respect of it and on such other terms as they think fit.

## **27. Procedure following forfeiture**

- 27.1 If a forfeited share is to be disposed of by being transferred, the Company may receive the consideration for the transfer and the directors may authorise any person to execute the instrument of transfer.

- 27.2 A statutory declaration by a director or the Company secretary that the declarant is a director or the Company secretary and that a share has been forfeited on a specified date:

- 27.2.1 is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share; and

- 27.2.2 subject to compliance with any other formalities of transfer required by these Articles or by law, constitutes a good title to the share.

- 27.3 A person to whom a forfeited share is transferred is not bound to see to the application of the consideration (if any) nor is that person's title to the share affected by any irregularity in or invalidity of the process leading to the forfeiture or transfer of the share.

- 27.4 If the Company sells a forfeited share, the person who held it prior to its forfeiture is entitled to receive from the Company the proceeds of such sale, net of any commission, and excluding any amount which:

- 27.4.1 was, or would have become, payable; and

- 27.4.2 had not, when that share was forfeited, been paid by that person in respect of that share,

but no interest is payable to such a person in respect of such proceeds and the Company is not required to account for any money earned on them.

## **28. Surrender of shares**

28.1 A member may surrender any share:

28.1.1 in respect of which the directors may issue a notice of intended forfeiture;

28.1.2 which the directors may forfeit; or

28.1.3 which has been forfeited.

28.2 The directors may accept the surrender of any such share.

28.3 The effect of surrender on a share is the same as the effect of forfeiture on that share

28.4 A share which has been surrendered may be dealt with in the same way as a share which has been forfeited.

## **29. Unissued shares**

29.1 Except in accordance with article 29.2, no shares in the Company shall be allotted nor any right to subscribe for or to convert any security into any shares in the Company shall be granted unless they are first offered to the Shareholders in proportion to the number of shares of the same class held by them respectively unless the Company shall in general meeting by special resolution otherwise direct. The offer shall be made by notice specifying the number of shares offered, and limiting a period (not being less than 14 days) within which the offer, if not accepted, will be deemed to be declined. After the expiration of that period, those shares so deemed to be declined shall be offered to those Shareholders who have accepted the offer within that time period in proportion to the number of shares of the same class held by them respectively, such further offer to be made in like terms in the same manner and be limited by a like period as the original offer. Any shares not accepted pursuant to such offer or further offer or not capable of being offered in such manner except by way of fractions of shares and any shares released from the provisions of this article by any such special resolution shall be under the control of the directors who may allot, grant options over or otherwise dispose of them to such persons and on such terms and in such manner as they think fit provided that, in the case of shares not accepted as aforesaid, such shares shall not be disposed of on terms which are more favourable to the persons subscribing for them than the terms on which they were offered for the Shareholders.

29.2 The directors may offer or allot, grant options over or otherwise dispose of shares pursuant to the terms of any Employees Share Scheme which has been approved by the Board on such terms and in such manner as the directors see fit

29.3 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 in accordance

with article 29.2 or where the Company has by special resolution directed otherwise for the purposes of article 29.1 and that allotment otherwise conforms to the requirements of these Articles.

**30. Further issues of shares: authority**

Subject to article 29 and the remaining provisions of this article 30, the directors are generally and unconditionally authorised, for the purpose of section 551 of the Act, to exercise any power of the Company to:

30.1.1 offer or allot;

30.1.2 grant rights to subscribe for or to convert any security into; or

30.1.3 otherwise deal in, or dispose of,

any shares in the Company to any person, at any time and subject to any terms and conditions as the directors think proper.

**30.2 The authorities referred to in article 29:**

30.2.1 shall in the case of an allotment or grant in relation to which the Company has by special resolution directed otherwise for the purposes of article 29.1, be limited to such amount as may from time to time be authorised in writing by such special resolution;

30.2.2 shall in the case of an allotment or grant made in accordance with article 29.2 on or after the Adoption Date, be limited to an amount equal to 10% of the authorised share capital of the Company as at the Adoption Date or such other amount as is authorised by ordinary resolution of the Company in general meeting or in writing by a Majority from time to time

30.2.3 shall only apply insofar as the Company has not, subject to these Articles, renewed, waived or revoked it by ordinary resolution; and

30.2.4 may unless renewed, varied or revoked by the Company only be exercised for a period of five years from the Adoption Date, save that the directors may make an offer or agreement which would, or might, require shares to be allotted after the expiry of such authority (and the directors may allot shares in pursuance of an offer or agreement as if such authority had not expired).

**31. Transfers of shares: general**

31.1 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.

- 31.2 No share shall be transferred, and the directors shall refuse to register a transfer of any share, unless it is made in accordance with these Articles. Subject to article 31.5 and as otherwise provided in these Articles, the directors shall register any duly stamped transfer made in accordance with these Articles, unless they suspect that the proposed transfer may be fraudulent.
- 31.3 If a Shareholder transfers (or purports to transfer) a share other than in accordance with these Articles, he shall be deemed to have immediately served a Transfer Notice in respect of all shares held by him.
- 31.4 Any transfer of a share by way of sale which is required to be made under this article 31, article 33 or article 36 shall be deemed to include a warranty that the transferor sells the share with full title guarantee.
- 31.5 To enable the directors to determine whether or not there has been any transfer (or purported transfer) of shares or if a former Employee Shareholder has begun work for or assisted a business which is a Competitor during the period of six months after his Termination Date the directors may require:
- 31.5.1 any holder (or the legal representatives of a deceased holder); or
  - 31.5.2 any person named as a transferee in a transfer lodged for registration, or
  - 31.5.3 such other person as the directors may reasonably believe to have information relevant to that purpose,
- to provide the Company with any information and evidence that the Directors think fit regarding any matter which they deem relevant to that purpose.
- 31.6 If any such information or evidence referred to in article 31.5 is not provided to enable the directors to determine to their reasonable satisfaction that no breach has occurred, or that as a result of the information and evidence provided the directors are reasonably satisfied that a breach has occurred, the directors shall immediately notify the holder of such shares of that fact in writing and, if the holder fails to remedy that situation to the reasonable satisfaction of the directors within 10 Business Days of receipt of such written notice the directors may, by notice in writing to the relevant holder, determine that a Transfer Notice shall be deemed to have been given in respect of some or all of his shares with effect from the date of service of the notice (or such later date as may be specified in such notice).

31.7 Unless expressly provided otherwise in these Articles, if a Transfer Notice is deemed to have been given under these Articles, the Deemed Transfer Notice shall be treated as having specified that.

31.7.1 it does not contain a Minimum Transfer Condition; and

31.7.2 the Seller wishes to transfer all the shares held by him (including any shares acquired after the date the relevant Transfer Notice is deemed given but before completion of the transfer of shares pursuant to the relevant Transfer Notice)

31.8 Any Transfer Notice served in respect of the transfer of any share which has not completed before the date of service of a Deemed Transfer Notice shall automatically be revoked by the service of a Deemed Transfer Notice.

## **32. Permitted transfers of shares**

32.1 Subject to article 32 3, a Shareholder (**Original Shareholder**) holding:

32.1.1 Relevant Non Voting Shares or Non Voting Shares may transfer all or any of his or its shares to a Permitted Transferee with the prior written consent of Shareholders holding not less than 30% in nominal value of the issued Ordinary Shares;

32.1.2 Ordinary Shares may transfer all or any of his or its shares to a Permitted Transferee.

32.2 Where shares are held by the trustee(s) of a Family Trust, the trustee(s) may transfer Shares to:

32.2.1 the Original Shareholder;

32.2.2 any Privileged Relation(s) of the Original Shareholder,

32.2.3 the trustee(s) of another Family Trust of which the Original Shareholder is the Settlor; or

32.2.4 to the new (or remaining) trustee(s) upon a change of trustee(s) of a Family Trust, without any price or other restriction.

32.3 A transfer of shares may only be made to the trustee(s) of a Family Trust if the Board is satisfied:

32.3.1 with the terms of the trust instrument and, in particular, with the powers of the trustee(s);

32.3.2 with the identity of the proposed trustee(s);

- 32.3 3 that no costs incurred in connection with the setting up or administration of that Family Trust are to be paid by the Company.
- 32.4 Where shares are held by a Family Company, the Family Company may transfer Shares to:
- 32.4.1 the Original Shareholder;
  - 32.4.2 any Privileged Relation(s) of the Original Shareholder;
  - 32.4.3 the trustee(s) of a Family Trust of which the Original Shareholder is the Settlor, or
  - 32.4.4 to another Family Company of which the Original Shareholder is the Founder,
- without any price or other restriction.
- 32.5 The trustee(s) of the Employee Trust may transfer all or any of its shares to the Company or to another Shareholder and a Shareholder may transfer all or any of his or its shares to the trustee(s) of the Employee Trust.
- 32.6 A person becoming entitled to an Ordinary Share or a Non Voting Share in consequence of the death of a Shareholder may, upon such evidence being produced as the directors may properly require, elect either to become the holder of the share or to have a Permitted Transferee of the deceased Shareholder registered as the transferee. If he elects to become the holder he shall give notice to the Company to that effect. If he elects to have a Permitted Transferee of the deceased Shareholder registered he shall execute an instrument of transfer of the share to such transferee. All of the articles relating to the transfer of shares shall apply to the notice or instrument of transfer as if it were an instrument of transfer executed by the Shareholder and the death of the Shareholder had not occurred.
- 32.7 Subject to article 17, any Employee Shareholder may transfer the beneficial ownership (but not the legal ownership) of his shares to a Permitted Transferee or a Common Law Partner with the prior written approval of the Board.
- 32.8 A Permitted Transferee who is a nominee for a Fund Manager that manages an Investment Fund which is a Shareholder may at any time transfer all or any of the shares it holds as a nominee for that Fund Manager to another Permitted Transferee of that Shareholder or to a person to whom that Shareholder, if it were registered as a member, would otherwise be entitled to transfer its shares under these Articles provided that the provisions of this article 32.7 shall not apply in circumstances where the share in question became vested in the nominee in contravention of any provision of these Articles at any time on or after the Adoption Date.
- 32.9 If the Original Shareholder is an individual and a Permitted Transfer of Relevant Non Voting Shares or Non Voting Shares has been made to a Privileged Relation of the Original Shareholder, the Permitted Transferee (or the transmittee(s) of any such person), shall within

20 Business Days of ceasing to be a Privileged Relation of the Original Shareholder (whether by reason of death, divorce or otherwise) either:

32.9.1 execute and deliver to the Company a transfer of the Relevant Non Voting Shares and/or Non Voting Shares held by him to the Original Shareholder (or to any Permitted Transferee of the Original Shareholder) for such consideration as may be agreed between them; or

32.9.2 give a Transfer Notice to the Company in accordance with article 33.2,

failing which a Transfer Notice shall be deemed to have been given in respect of such shares on the expiry of the period set out in this article 32.8. This article 32.8 shall not apply to a transmittee of a Permitted Transferee if that transmittee is also a Permitted Transferee of the Original Shareholder, to the extent that such transmittee is legally or beneficially entitled to those shares.

32.10 Subject to article 32.8, on the death or bankruptcy of a Permitted Transferee holding any class of Relevant Non Voting Shares or Non Voting Shares (other than a joint holder), his personal representatives or trustee in bankruptcy shall execute and deliver to the Company a transfer of the Relevant Non Voting Shares and/or Non Voting Shares held by the Permitted Transferee (without any price or other restriction) within 10 Business Days after the date of the grant of probate or the making of the bankruptcy order. The transfer shall be to the Original Shareholder, if still living (and not bankrupt) or, if so directed by the Original Shareholder, to any Permitted Transferee of the Original Shareholder. If the transfer is not executed and delivered within 10 Business Days of that period, or if the Original Shareholder has died or is bankrupt, the personal representative or trustee in bankruptcy shall be deemed to have given a Transfer Notice.

32.11 If a Family Company to which a share has been transferred ceases to be a Family Company of the Founder (except as a result of the death of the Founder) it must within 10 Business Days of so ceasing, either:

32.11.1 execute and deliver to the Company a transfer of the relevant shares to the Original Shareholder (or to any Permitted Transferee of the Original Shareholder) for such consideration as may be agreed between them; or

32.11.2 give a Transfer Notice to the Company in accordance with article 33.2,

32.12 Notwithstanding any other provision of this article 32:

32.12.1 a transfer made in accordance with article 35 or article 36;

32.12.2 a transfer of any shares approved by all of the Shareholders holding issued Ordinary Shares;

32.12.3 a transfer of any shares to another Shareholder (other than a Permitted Transferee of any Shareholder), and

32.12.4 a transfer of Deferred Shares under article 12

may be made without any price or other restriction and any such transfer shall be registered by the directors

32.13 Notwithstanding any other provision of this article 32, the directors may, in their absolute discretion, and without assigning any reason for doing so, refuse to register the transfer of any share which would otherwise be permitted under these articles if it is a transfer:

32.13.1 of a share on which the Company has a lien;

32.13.2 of a share (not being a fully paid share) to a person of whom they do not approve;

32.13.3 of a share to a person (or a nominee for a person) whom the Board determines to be a competitor (or a member of the same group of companies as a competitor) of the business or any material part of the business of any Group Company;

32.13.4 of a Plan Share which may become liable to forfeiture by reason of any failure to meet any applicable Performance Condition.

### **33. Pre-emption rights on the transfer of shares**

33.1 Except where the provisions of article 32 or 36, apply, any transfer of shares by a Shareholder shall be subject to the pre-emption rights in this article 33.

33.2 A Shareholder who wishes to transfer shares (**Seller**) shall, before transferring or agreeing to transfer any shares, give notice in writing (**Transfer Notice**) to the Company specifying:

33.2.1 subject to article 31.7.2, the number of shares he or it wishes to transfer (**Sale Shares**);

33.2.2 the name of the proposed transferee, if any;

33.2.3 subject to articles 35.3 and 35.4, the price per Sale Share (in cash), if any, at which he or it wishes to transfer the Sale Shares (**Proposed Sale Price**); and

33.2.4 subject to article 31.7.1, whether the Transfer Notice is conditional on all or a specific number of the Sale Shares being sold (**Minimum Transfer Condition**).

33.3 Except in the case of a Deemed Transfer Notice (which may not be withdrawn), where the Transfer Price of the Sale Shares comprised within a Transfer Notice is to be the Fair Value and such Fair Value is less than the Proposed Sale Price the Seller may, within 10 Business



Days of receipt of notification of the Fair Value, withdraw the Transfer Notice. Otherwise, a Transfer Notice may not be revoked.

33.4 A Transfer Notice (or Deemed Transfer Notice) constitutes the Company the agent of the Seller for the sale of the Sale Shares at the Transfer Price.

33.5 As soon as practicable following the later of:

33.5.1 in the case of a:

33.5.1.1 Transfer Notice which is not a Compulsory Sale Notice, receipt of that Transfer Notice (or in the case of a Deemed Transfer Notice, the date such notice is deemed to be served); and

33.5.1.2 Compulsory Sale Notice, six months after the Employee Shareholder's Termination Date; and

33.5.2 the determination of the Transfer Price,

the directors shall (unless the Transfer Notice is withdrawn in accordance with article 33.3) offer the Sale Shares for sale in the manner set out in the remaining provisions of this article 33 at the Transfer Price. Each offer shall be in writing and give details of the number and Transfer Price of the Sale Shares offered.

33.6 The Company shall offer the Sale Shares for sale in the following order of priority:

33.6.1 first, to the trustee(s) of the Employee Trust;

33.6.2 second, subject to the Act, to the Company;

33.6.3 third, to a person or persons and in the proportions agreed by the Board and Shareholders holding not less than 30% in nominal value of the issued Ordinary Shares;

33.6.4 fourth, to the holders of Ordinary Shares; and

33.6.5 fifth, to the holders of Relevant Non Voting Shares (as if they all constituted shares of the same class),

in each case on the basis set out in article 33.7 to article 33.17 (inclusive).

33.7 An offer of Sale Shares made in accordance with article 33.6 shall remain open for acceptance for a period from the date of the offer to the date 20 Business Days after the offer (both dates inclusive).

- 33.8 The directors shall offer the Sale Shares to the trustee(s) of the Employee Trust 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 **First Offer Period**) for the maximum number of Sale Shares they wish to buy.
- 33.9 If:
- 33.9.1 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 directors shall allocate all of the Sale Shares to the trustee(s) of the Employee Trust; and
- 33.9.2 at the end of the First Offer Period, the total number of Sale Shares applied for is less than the number of Sale Shares, the directors shall allocate the Sale Shares to the trustee(s) of the Employee Trust in accordance with their application. The balance (the **Initial Surplus Shares**) shall be dealt with in accordance with article 33.10.
- 33.10 At the end of the First Offer Period, the directors shall offer the Initial Surplus Shares (if any) to the Company, inviting it 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 **Second Offer Period**) for the maximum number of Initial Surplus Shares it wishes to buy.
- 33.11 If:
- 33.11.1 at the end of the Second Offer Period, the number of Initial Surplus Shares applied for is equal to or exceeds the number of Initial Surplus Shares, the directors shall allocate the Initial Surplus Shares to the Company; and
- 33.11.2 at the end of the Second Offer Period, the total number of Initial Surplus Shares applied for is less than the number of Initial Surplus Shares, the directors shall allocate the Initial Surplus Shares to the Company in accordance with its application. The balance (the **Second Surplus Shares**) shall be dealt with in accordance with article 33.12
- 33.12 At the end of the Second Offer Period, the directors shall offer the Second Surplus Shares (if any) to a person or persons agreed by the Board and a Majority, 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 **Third Offer Period**) for the maximum number of Second Surplus Shares they wish to buy.
- 33.13 If:
- 33.13.1 at the end of the Third Offer Period, the number of Second Surplus Shares applied

for is equal to or exceeds the number of Second Surplus Shares, the directors shall allocate the Second Surplus Shares to each person agreed by the Board and a Majority who has applied for Second Surplus Shares in the proportion in which they applied for them. Fractional entitlements shall be rounded down to the nearest whole number (save where such rounding would result in not all Second Surplus Shares being allocated, in which case, the allocation of any such fractional entitlements shall be determined by the directors). No allocation shall be made to a person of more than the maximum number of Second Surplus Shares which he has stated he is willing to buy;

33.13.2 at the end of the Third Offer Period, not all Second Surplus Shares are allocated following allocations in accordance with article 33.13.1, but there are applications for Second Surplus Shares that have not been satisfied, the directors shall allocate the remaining Second Surplus Shares to such applicants in accordance with the procedure set out in article 33.13.1. The procedure set out in this article 33.13.2 shall apply on any number of consecutive occasions until either all of the Second Surplus Shares have been allocated or all applications for Second Surplus Shares have been satisfied; and

33.13.3 at the end of the Third Offer Period, the total number of Second Surplus Shares applied for is less than the number of Second Surplus Shares, the directors shall allocate the Second Surplus Shares to the person or persons agreed by the Board and a Majority in accordance with their applications. The balance (the **Third Surplus Shares**) shall be dealt with in accordance with article 33.14.

33.14 At the end of the Third Offer Period, the directors shall offer the Third Surplus Shares (if any) to those Shareholders holding Ordinary Shares (other than the Seller), 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 **Fourth Offer Period**) for the maximum number of Third Surplus Shares they wish to buy.

33.15 If:

33.15.1 at the end of the Fourth Offer Period, the number of Third Surplus Shares applied for is equal to or exceeds the number of Third Surplus Shares, the directors shall allocate the Third Surplus Shares to each Shareholder holding Ordinary Shares who has applied for Third Surplus Shares in the proportion which his or its existing holding of Ordinary Shares bears to the total number of Ordinary Shares held by all such Shareholders (other than the Seller). Fractional entitlements shall be rounded down to the nearest whole number (save where such rounding would result in not all Third Surplus Shares being allocated, in which case, the allocation of any such fractional entitlements shall be determined by the directors). No allocation shall be

made to a Shareholder of more than the maximum number of Third Surplus Shares which he has stated he is willing to buy;

33.15.2 at the end of the Fourth Offer Period, not all Third Surplus Shares are allocated following allocations in accordance with article 33.15.1, but there are applications for Third Surplus Shares that have not been satisfied, the directors shall allocate the remaining Third Surplus Shares to such applicants in accordance with the procedure set out in article 33.15.1. The procedure set out in this article 33.15.2 shall apply on any number of consecutive occasions until either all of the Third Surplus Shares have been allocated or all applications for Third Surplus Shares have been satisfied; and

33.15.3 at the end of the Fourth Offer Period, the total number of Third Surplus Shares applied for is less than the number of Third Surplus Shares, the directors shall allocate the Third Surplus Shares to the Shareholders holding Ordinary Shares in accordance with their applications. The balance (the **Fourth Surplus Shares**) shall be dealt with in accordance with article 33.16.

33.16 At the end of the Fourth Offer Period, the directors shall offer the Fourth Surplus Shares (if any) to those Shareholders holding Relevant Non Voting Shares (other than the Seller), 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 **Fifth Offer Period**) for the maximum number of Fourth Surplus Shares they wish to buy.

33.17 If:

33.17.1 at the end of the Fifth Offer Period, the number of Fourth Surplus Shares applied for is equal to or exceeds the number of Fourth Surplus Shares, the directors shall allocate the Fourth Surplus Shares to each Shareholder holding Relevant Non Voting Shares who has applied for Fourth Surplus Shares in the proportion which his or its existing holding of Relevant Non Voting Shares bears to the total number of Relevant Non Voting Shares held by all such Shareholders (other than the Seller). Fractional entitlements shall be rounded down to the nearest whole number (save where such rounding would result in not all Fourth Surplus Shares being allocated, in which case, the allocation of any such fractional entitlements shall be determined by the directors). No allocation shall be made to a Relevant Non Voting Shareholder of more than the maximum number of Fourth Surplus Shares which he has stated he is willing to buy;

33.17.2 at the end of the Fifth Offer Period, not all Fourth Surplus Shares are allocated following allocations in accordance with article 33.17.1, but there are applications for Fourth Surplus Shares that have not been satisfied, the directors shall allocate

the remaining Fourth Surplus Shares to such applicants in accordance with the procedure set out in article 33.17.1. The procedure set out in this article 33.17.2 shall apply on any number of consecutive occasions until either all Fourth Surplus Shares have been allocated or all applications for Fourth Surplus Shares have been satisfied; and

33.17.3 at the end of the Fifth Offer Period, the total number of Fourth Surplus Shares applied for is less than the number of Fourth Surplus Shares, the directors shall allocate the Fourth Surplus Shares to the Shareholders holding Relevant Non Voting Shares in accordance with their applications. The balance (the **Fifth Surplus Shares**) shall, subject to article 33.23, be offered to any other person in accordance with article 33.22.

33.18 Where the Transfer Notice contains a Minimum Transfer Condition:

33.18.1 any allocation made under article 33.8 to article 33.17 (inclusive) shall be conditional on the fulfilment of the Minimum Transfer Condition; and

33.18.2 if the total number of Sale Shares applied for under article 33.8 to article 33.17 (inclusive) is less than the number of Sale Shares, the Board shall notify the Seller and all those persons to whom Sale Shares have been conditionally allocated stating that the condition has not been met and that the relevant Transfer Notice has lapsed with immediate effect.

33.19 Where either:

33.19.1 the Transfer Notice does not contain a Minimum Transfer Condition; or

33.19.2 allocations have been made in respect of all the Sale Shares,

the directors shall, when no further offers or allocations are required to be made under article 33.8 to article 33.17 (inclusive), give notice in writing of the allocations of Sale Shares (an **Allocation Notice**) to the Seller and each person to whom Sale Shares have been allocated (each an **Applicant**). The Allocation Notice shall specify the number of Sale Shares allocated to each Applicant and the place and time for completion of the transfer of the Sale Shares (which shall be at least 5 Business Days, but not more than 20 Business Days, after the date of the Allocation Notice).

33.20 On the date specified for completion in the Allocation Notice, the Seller shall, against payment from an Applicant, transfer the Sale Shares allocated to such Applicant, in accordance with any requirements specified in the Allocation Notice.

33.21 If the Seller fails to comply with article 33.20:

- 33.21.1 the chairman (or, failing him, any other director or some other person nominated by a resolution of the directors) may, as agent on behalf of the Seller):
- 33.21.1.1 complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicants;
  - 33.21.1.2 receive the Transfer Price and give a good discharge for it (and no Applicant shall be obliged to see to the distribution of the Transfer Price), and
  - 33.21.1.3 (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
  - 33.21.1.4 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 his certificate(s) for the relevant shares (or an indemnity, in a form reasonably satisfactory to the directors, in respect of any lost certificate, together with such other evidence (if any) as the Board may reasonably require to prove good title to those shares) to the Company.
- 33.22 Where a Transfer Notice lapses pursuant to article 33.18.2 or an Allocation Notice does not relate to all the Sale Shares, then, subject to article 33.23, the Seller may, at any time during the 60 Business Days following the date of lapse of the Transfer Notice, or the date of service of the Allocation Notice as the case may be, transfer the Sale Shares (in the case of a lapsed offer) or the Fifth Surplus Shares (as the case may be) to any person at a price at least equal to the Transfer Price. The sale of the Sale Shares (following the lapse of a Transfer Notice) in accordance with this article 33.22 shall continue to be subject to any Minimum Transfer Condition.
- 33.23 The Seller's right to transfer Shares under article 33.22 does not apply if the directors reasonably consider that:
- 33.23.1 the transferee is a Competitor;
  - 33.23.2 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
  - 33.23.3 the Seller has failed or refused to promptly provide information available to him and reasonably requested to enable the directors to form the opinion referred to in article 33.23.2.

## **34. Valuation**

34.1 Subject to article 34.7, the Transfer Price for each Sale Share the subject of a Transfer Notice (or Deemed Transfer Notice) shall, save where expressly provided otherwise in these Articles, be the price per Sale Share (in cash) agreed between the Board and the Seller on the basis that all of the issued shares are being sold on a Share Sale and the notional Exit Value on such Share Sale (as agreed between the Board and the Seller) is being allocated between the Shareholders in accordance with article 14.2 or, in default of agreement within 15 Business Days of:

34.1.1 in the case of a Transfer Notice which is not a Compulsory Sale Notice, the date of service of the Transfer Notice (or, in the case of a Deemed Transfer Notice, the date on which the Board first has actual knowledge of the facts giving rise to such deemed service), or

34.1.2 in the case of a Compulsory Sale Notice, the date which is six months after the Employee Shareholder's Termination Date,

the Fair Value of each Sale Share.

34.2 The Fair Value shall be the price per Sale Share Determined by the Auditors as being the open market value of each Sale Share the subject of a Transfer Notice (or Deemed Transfer Notice) calculated on the basis that all of the issued shares are being sold on a Share Sale and the notional Exit Value on such Share Sale is being allocated between the Shareholders in accordance with article 14.2 as at.

34.2.1 In the case of:

34.2.1.1 a Transfer Notice which is not a Compulsory Sale Notice, the date of the Transfer Notice; or

34.2.1.2 in the case of a Compulsory Sale Notice, the Employee Shareholder's Termination Date,

and otherwise on the following bases and assumptions:

34.2.2 valuing the Sale Shares as on an arm's-length sale between a willing seller and a willing buyer as at the date the Transfer Notice was served (or deemed served);

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

34.2.4 that the Sale Shares are capable of being transferred without restriction;

34.2.5 valuing the Sale Shares as a rateable proportion of the total value of all the issued class of Shares of which the Sale Shares form part divided by the number of issued shares comprised in that class of shares and assuming a sale of all of the issued shares to which the provisions of article 14 apply.

If any difficulty arises in applying any of these assumptions or bases then the Auditors shall resolve that difficulty in whatever manner they shall in their absolute discretion think fit.

34.3 The directors will give the Auditors access to all accounting records or other relevant documents of the Group, subject to it agreeing such confidentiality provisions as the directors may reasonably impose.

34.4 The Auditors 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).

34.5 The Auditors shall be requested to determine the Fair Value within 15 Business Days of their appointment and to deliver their certificate to the Company. Forthwith upon receipt, the Company shall deliver a copy of the certificate to the Seller.

34.6 The cost of obtaining the Auditors certificate shall be borne by the parties equally unless:

34.6.1 the Seller withdraws the relevant Transfer Notice in accordance with article 33.3; or

34.6.2 in respect of a Deemed Transfer Notice, the Fair Value is less than the price per Sale Share offered to the Seller by the Board before the appointment of the Auditors,

in which case the Seller shall bear the cost.

34.7 The Fair Value of any Plan Share which is offered for sale under article 33.2 other than pursuant to a Compulsory Transfer Notice shall be:

34.7.1 if the share is not a Fair Value Plan Share, the Issue Price for the relevant Plan Share; and

34.7.2 if the share is a Fair Value Plan Share, the Fair Plan Value of the relevant Plan Share.

## **35. Compulsory transfers**

35.1 If a Shareholder becomes bankrupt that Shareholder and any Permitted Transferee of that Shareholder shall be regarded as having given a Deemed Transfer Notice in respect of all the shares held by that Shareholder and/or such Permitted Transferee at such time as the Board may determine.



- 35.2 If an Employee Shareholder becomes a Leaver that Employee Shareholder and any Permitted Transferee of that Employee Shareholder shall be regarded as having given a Deemed Transfer Notice on the Employee Shareholder's Termination Date in respect of all classes of Relevant Non-Voting Shares and/or Plan Shares held by that Employee Shareholder and any such Permitted Transferee (**Compulsory Sale Notice**) and any Transfer Notice served in respect of any of such shares on or by the Employee Shareholder and/or any such Permitted Transferee on or before his Termination Date shall automatically lapse.
- 35.3 Notwithstanding any other provisions of these Articles, the Transfer Price in respect of each Relevant Non Voting Share which is the subject of a Compulsory Sale Notice shall, where the Employee Shareholder is:
- 35.3.1 a Bad Leaver, be restricted to the lower of the Issue Price and the Fair Value of the relevant Relevant Non Voting Share; and
  - 35.3.2 a Good Leaver or a Deemed Good Leaver, be the Fair Value of the relevant Relevant Non Voting Share.
- 35.4 Notwithstanding any other provisions of these Articles, the Transfer Price in respect of each Plan Share which is the subject of a Compulsory Sale Notice shall, where the Employee Shareholder is:
- 35.4.1 a Bad Leaver, be the Issue Price for the relevant Plan Share;
  - 35.4.2 a Good Leaver or a Deemed Good Leaver and the share is not a Fair Value Plan Share, be the Issue Price for the relevant Plan Share; and
  - 35.4.3 a Good Leaver or a Deemed Good Leaver and the share is a Fair Value Plan Share, be the Fair Plan Value of the relevant Plan Share.
- 35.5 Forthwith upon a Transfer Notice being deemed to be served under article 35.1 or article 35.2 the shares subject to the relevant Deemed Transfer Notice (**Restricted Shares**) shall cease to confer on the holder of them any rights:
- 35.5.1 to receive dividends or other distributions otherwise attaching to those shares, or
  - 35.5.2 to participate in any future issue of shares issued in respect of those shares.
- 35.6 For the purpose of this Article 35, the date upon which an Employee Shareholder ceases to hold office or employment (**Termination Date**) shall be:
- 35.6.1 where a contract of employment or directorship is terminated by the relevant member of the Group by giving notice to the employee or director of the termination of the employment or directorship, the date of expiry of that notice (or, if a payment

is made by the relevant member of the Group in lieu of all or part of the notice period required to be given by the relevant member of the Group in respect of such termination, the date the notice period would have expired if no such payment in lieu of notice had been made);

- 35.6.2 where a contract of employment or directorship is terminated by the employee or director by giving notice to the relevant member of the Group of the termination of the employment or directorship, the date of expiry of that notice;
  - 35.6.3 where a member of the Group or employee or director wrongfully repudiates the contract of employment or directorship and the other accepts that the contract of employment or directorship has been terminated, the date of such acceptance;
  - 35.6.4 where a contract of employment or directorship is terminated under the doctrine of frustration, the date of the frustrating event; and
  - 35.6.5 where a contract of employment or directorship is terminated for any reason other than in the circumstances, the date on which the action or event giving rise to the termination occurs.
- 35.7 The provisions of article 35.2 may be waived in whole or in part in any particular case in relation to any proposed transfer of any class of Relevant Non Voting Shares or Non Voting Shares or Plan Shares with the prior written consent of Shareholders holding not less than 30% in nominal value of the issued Ordinary Shares.
- 35.8 Any Non-Voting Share or Relevant Non Voting Share that is transferred to a Shareholder who otherwise only holds Ordinary Shares shall be automatically converted into an Ordinary Share upon registration of the related transfer in accordance with these Articles.

## **36. Drag along**

- 36.1 If a Shareholder or Shareholders (**Drag Along Seller**) wish to transfer not less than 51% of the shares in issue for the time being to a bona fide arm's length purchaser (**Proposed Buyer**), the Drag Along Seller may require the other holder or holders of shares (**Called Shareholder**) to sell and transfer all of his, its or their shares (**Called Shares**) to the Proposed Buyer (or as the Proposed Buyer directs) in accordance with the provisions of this article 36 (**Drag Along Option**)
- 36.2 The Drag Along Seller may exercise the Drag Along Option by giving written notice to that effect to the Called Shareholder (**Drag Along Notice**) at any time before the transfer of not less than 51% of the shares in issue held by the Drag Along Seller (**Drag Along Seller's Shares**) to the Proposed Buyer. The Drag Along Notice shall specify:

- 36.2.1 that the Called Shareholder is required to transfer all of its Called Shares pursuant to this article 36;
  - 36.2.2 the person to whom the Called Shares are to be transferred;
  - 36.2.3 the purchase price payable for the Called Shares (whether such price is in cash, securities or otherwise) which shall attribute a value to each Called Share as if all of the shares in issue were being sold pursuant to a Share Sale to which the provisions of article 14.2 applied; and
  - 36.2.4 the proposed date of the transfer.
- 36.3 Once issued, a Drag Along Notice shall be irrevocable. However, a Drag Along Notice shall lapse if, for any reason, the Drag Along Seller has not sold at least 51% of the shares in issue held by the Drag Along Seller to the Proposed Buyer within 20 Business Days of serving the Drag Along Notice. The Drag Along Seller may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 36.4 No Drag Along Notice shall require the Called Shareholder to agree to any terms except those specifically set out in this article 36.
- 36.5 Completion of the sale of the Called Shares shall take place on the Completion Date. Completion Date means the date proposed for completion of the sale of not less than 51% of the shares in issue by the Drag Along Seller unless:
- 36.5.1 the Drag Along Seller and the Called Shareholder agree otherwise in which case the Completion Date shall be the date agreed in writing by them; or
  - 36.5.2 that date is less than 5 Business Days after the date on which the Drag Along Notice is served, in which case the Completion Date shall be the tenth Business Day after service of the Drag Along Notice.
- 36.6 Neither the proposed sale of not less than 51% of the shares in issue by the Drag Along Seller to the Proposed Buyer nor the sale of the Called Shares by the Called Shareholder shall be subject to the pre-emption provisions set out in article 33.
- 36.7 Within 10 Business Days of the Drag Along Seller serving a Drag Along Notice on the Called Shareholder, the Called Shareholder shall deliver a stock transfer form for the Called Shares, together with the relevant share certificate (or a suitable indemnity for any lost share certificate) to the Company. On the expiration of that 10 Business Day period, the Company shall pay the Called Shareholder, on behalf of the Proposed Buyer, the amounts due pursuant to article 36.2 to the extent that the Proposed Buyer has put the Company in the requisite funds. The Company's receipt for the price shall be a good discharge to the Proposed Buyer. The Company

shall hold the amounts due to the Called Shareholder in trust for the Called Shareholder without any obligation to pay interest.

- 36.8 To the extent that the Proposed Buyer has not, on the expiration of the 10 Business Day period referred to in article 36.7, put the Company in funds to pay the purchase price due in respect of the Called Shares, the Called Shareholder shall be entitled to the return of the stock transfer form and share certificate (or suitable indemnity) for the relevant Called Shares and the Called Shareholder shall have no further rights or obligations under this article 36 in respect of its shares without prejudice to the right of the Drag Along Seller to serve a further Drag-Along Notice.
- 36.9 If a Called Shareholder does not, on completion of the sale of the Called Shares, execute transfer(s) in respect of all of the Called Shares held by him, he shall be deemed to have irrevocably appointed any person nominated for the purpose by the Seller to be his agent to execute all necessary transfer(s) on his behalf, against receipt by the Company (on trust for such holder) of the purchase price payable for the Called Shares, and to deliver such transfer(s) to the Proposed Buyer (or as he may direct) as the holder thereof. After the Proposed Buyer (or its nominee) has been registered as the holder, the validity of such proceedings shall not be questioned by any such person. Failure to produce a share certificate shall not impede the registration of shares under this article 36.9.

### **37. Exit**

In the event of an Exit approved by the Board and a Majority (**Proposed Exit**), all Shareholders shall consent to, vote for, raise no objections to and waive any applicable rights in connection with the Proposed Exit. The Shareholders shall take all applicable actions that are required by the Board to facilitate the Proposed Exit or to give effect to article 14, including anything the Board considers necessary in order to reorganise the share capital of the Company into shares of a class and nominal value appropriate for that purpose and with an Exit Value apportioned as nearly as may be necessary to give effect to article 14, including but not limited to passing any resolutions and providing any consents necessary for that purpose and surrendering share certificates for cancellation and replacement accordingly. If any Shareholder fails to comply with this article 37:

- 37.1 the Company shall be constituted the agent of each defaulting Shareholder for taking such actions as are necessary to effect the Proposed Exit;
- 37.2 the directors may authorise an officer or Shareholder to execute and deliver on behalf of such defaulting Shareholder the necessary documents; and
- 37.3 the Company may receive any purchase money due to the defaulting Shareholder in trust for each defaulting Shareholder,

provided that in no circumstances will the provisions of this article 37 be used for the purpose of giving warranties, indemnities, representations or similar assurances or undertakings on behalf of a Shareholder (including undertakings restricting the sale of shares) to any person whatsoever (including a buyer, financier, sponsor or other person) other than in giving in accordance with this article 37 a warranty as to the authority and power of a Shareholder to sell his shares and that good title to the shares will pass to the buyer free from all liens, charges and encumbrances.

### **38. Procedure for declaring dividends**

- 38.1 The Company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.
- 38.2 A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.
- 38.3 No dividend may be declared or paid unless it is in accordance with members' respective rights.
- 38.4 Unless the members' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each member's holding of shares on the date of the resolution or decision to declare or pay it

### **39. Record Date**

A dividend or distribution, and an allotment or issue of, any shares can be paid or made to the holders of shares shown on the Company's register of members at whatever time on whatever day is stated in the resolution declaring the dividend or providing for the distribution, allotment or issue. If no time is stated in the resolution, the close of business applies. This articles applies whether what is being done is the result of a resolution of the Board or a resolution passed at a general meeting. The date can be before the relevant resolution was passed. This article does not affect the rights between past and present shareholders to payments or other benefits.

### **40. Calculation of dividends**

- 40.1 Except as otherwise provided by the rights attached to shares, all shares in the issued share capital of the Company shall rank equally for dividends irrespective of the amounts paid up on the shares on which the dividend is paid.
- 40.2 If any share is issued on terms providing that it ranks for dividend as from a particular date, that share ranks for dividend accordingly.
- 40.3 If any share is issued on terms providing that it ranks for dividends according to the amounts paid up on the share, then all dividends paid on that share shall be apportioned and paid

proportionately to the amount paid up on that share during any portion or portions of the period in respect of which the dividend is paid. For the purposes of calculating such dividends, no account is to be taken of any amount which has been paid up on any such share in advance of the due date for payment of that amount.

#### **41. Payment of dividends and other distributions**

41.1 Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means:

41.1.1 transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;

41.1.2 sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the shares), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide;

41.1.3 sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide; or

41.1.4 any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.

41.2 In the articles "the distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable.

41.2.1 the holder of the share; or

41.2.2 if the share has two or more joint holders, whichever of them is named first in the register of members; or

41.2.3 if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

#### **42. Deductions from distributions in respect of sums owed to the Company**

42.1 If.

42.1.1 a share is subject to the Company's lien, and

42.1.2 the directors are entitled to issue a lien enforcement notice in respect of it, they may, instead of issuing a lien enforcement notice, deduct from any dividend or other sum

payable in respect of the share any sum of money which is payable to the Company in respect of that share to the extent that they are entitled to require payment under a lien enforcement notice

42.2 Money so deducted must be used to pay any of the sums payable in respect of that share.

42.3 The Company must notify the distribution recipient in writing of:

42.3.1 the fact and amount of any such deduction;

42.3.2 any non-payment of a dividend or other sum payable in respect of a share resulting from any such deduction; and

42.3.3 how the money deducted has been applied.

#### **43. No interest on distribution**

43.1 The Company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:

43.1.1 the terms on which the share was issued, or

43.1.2 the provisions of another agreement between the holder of that share and the Company.

#### **44. Unclaimed distributions**

44.1 All dividends or other sums which are.

44.1.1 payable in respect of shares, and

44.1.2 unclaimed after having been declared or become payable,

may be invested or otherwise made use of by the directors for the benefit of the Company until claimed.

44.2 The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.

44.3 If:

44.3.1 twelve years have passed from the date on which a dividend or other sum became due for payment, and

44.3.2 the distribution recipient has not claimed it,

the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

**45. Non-cash distributions**

45.1 Subject to the terms of issue of the share in question, the Company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).

45.2 For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution:

45.2.1 fixing the value of any assets;

45.2.2 paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and

45.2.3 vesting any assets in trustees.

**46. Waiver of distributions**

46.1 Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the Company notice in writing to that effect, but if:

46.1.1 the share has more than one holder, or

46.1.2 more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or person otherwise entitled to the share

**DECISION MAKING BY SHAREHOLDERS**

**47. Quorum for general meetings**

47.1 The quorum at any general meeting of the Company, or adjourned general meeting, shall be two persons present in person or by proxy and entitled to attend and vote on the business to be transacted or such other number as the Shareholders by may determine in general meeting from time to time

47.2 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.



#### **48. Chairing general meetings**

The chairman of the board of directors shall chair general meetings. If the chairman is unable to attend any general meeting, the Shareholders present at the meeting shall be entitled to appoint another of the directors present at the meeting to act as chairman at the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.

#### **49. Voting**

49.1 At a general meeting, on a show of hands every holder of an Ordinary Share who is present in person or by proxy or by a duly authorised representative shall have one vote, unless the proxy or duly authorised representative is himself a Shareholder entitled to vote; on a poll every holder of an Ordinary Share who is present in person or by proxy or by a duly authorised representative shall have one vote for each Ordinary Share of which he is the holder.

49.2 The holders of the Non-Voting Shares, Relevant Non Voting Shares and Plan Shares shall have no right to receive notice of or to attend, speak or vote at any general meeting of the Company.

#### **50. Poll votes**

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

50.2 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.

#### **51. Proxies**

51.1 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 general meeting (or adjourned meeting) to which they relate"

51.2 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" as a new paragraph at the end of that article.

#### **52. Class rights**

The rights attached to each class of shares may be varied by a special resolution passed by the holders of Ordinary Shares alone.

## **ADMINISTRATIVE ARRANGEMENTS**

### **53. Means of communication to be used**

Subject to article 53.2, any notice, document or other information shall be deemed served on, or delivered to, the intended recipient

- 53.1.1 if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted;
- 53.1.2 if properly addressed and delivered by hand, when it was given or left at the appropriate address;
- 53.1.3 if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied, and
- 53.1.4 if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.

For the purposes of this article, no account shall be taken of any part of a day that is not a working day.

53.2 Any notice, document or other information served on, or delivered to, an intended recipient under article 33 or article 36 (as the case may be) may not be served or delivered in electronic form, or by means of a website.

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

### **54. Indemnity and insurance**

54.1 Subject to article 54.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled.

54.1.1 each relevant officer of the Company shall be indemnified out of the Company's assets against all relevant loss incurred by him as a relevant officer:

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

54.1.1.2 in relation to the Company's activities as a trustee of an occupational pension scheme (as defined in section 235(6) of the Act),

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

54.1.2 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 54.1.1 and otherwise may take action to enable any such relevant officer to avoid incurring such expenditure.

54.2 This article 54 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.

54.3 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

54.4 In this article 54:

54.4.1 a "relevant officer " means any director or other officer or former director or other officer of the Company but excluding in each case any person engaged by the Company as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor, and

54.4.2 a "relevant loss" means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the Company or any pension fund or employees' share scheme of the Company.

## **55. Change of Company Name**

The directors may by a decision taken at a meeting of directors in accordance with these Articles or by a decision taken in accordance with article 4 change the name of the Company.

## December 2017 ICAAP Board update

### Summary

	2017 £'m	ICAAP	2016 £'m	ICAAP
AJ Bell Internal Capital Assessment based on Pillar 2a risks	25.4		19.7	
ICG minimum capital requirement for the Group based on 241% of Pillar 1	27.5		N/A	

The ICG minimum capital requirement has increased from £26.8m to £27.5m following Deloitte's review of the fixed overhead requirement ("FOR") as referred to in the previous two ICAAP update notes and as discussed at the October Board meeting. Deloitte have confirmed that, in their view, whilst the £0.5m Project Vera provision made in the FY17 accounts should remain an allowable deduction in arriving at the FOR, the £1.1m in-specie provision should not.

### Key updates since the previous review

#### *SREP actions (see SREP actions list)*

The actions arising from the SREP letter have now been addressed with the exception of items 3 and 31 which remain under review by Deloitte and do not impact on the overall capital requirement.

#### *Pillar 1*

No changes have been made other than the removal of the deduction of the in specie transfer provision as noted above. This has increased the Pillar 1 FOR to £11.4m. This gives a total capital requirement of £27.5m when multiplied by the 241% ICG, representing approximately a 2% increase on the £26.8m figure presented previously.

#### *Pillar 2a credit risk*

The statutory accounts were reviewed at Audit Committee on 5 December and are being submitted to the Board for approval on 12 December 2018. The accounts confirm the removal of settlement balances from the balance sheet following agreement from KPMG. No further adjustments to Pillar 2a credit risk are therefore proposed.

#### *Pillar 2a operational risk*

Comments raised following the last review have been processed and incorporated into section 6. A summary of the comments is shown in appendix I. A comparison of the Pillar 2a requirement against FY17's ICAAP is shown on the following page in **appendix 1**.

#### *Pillar 2b, wind down plan and liquidity policy*

No significant changes have been made.

### Conclusion and next steps

Hard copies of the ICAAP pack will be distributed at the same time as the EMB/Board papers. It is recommended that the FY18 ICAAP document and resulting consolidated capital requirement is approved by Board and EMB at the meetings scheduled for 12 and 13 December 2018.

R Stott                      6 December 2017

## Appendix 1

### Comparison of the FY18 Pillar 2a requirement against FY17

Pillar 2a risks	FY18 £'000	FY17 £'000	Variance £'000	Key reasons for increases
<b>Operational risks</b>				
Prolonged IT system failure	4,035	3,287	747	Growth in business
Information security risk	3,079	2,733	346	Growth in business
Fraud risk	1,000	1,038	(38)	
Regulatory risk	4,620	4,042	578	Growth in business
Conduct risk	2,500	2,575	(75)	
Stockbroking back office failure risk	3,000	-	3,000	New risk included
Volume overload risk - Project Vera	500	334	166	New risk included
Non-IT material outsourcer risk	1,438	1,442	(3)	
Key personnel risk	400	300	100	Updated assumptions
SIPP - Non standard investments	No capital	No capital		
Risk of scheme sanction charge	No capital	No capital		
Financial control environment	No capital	No capital		
Strategic project risk	No capital	No capital		
Business continuity risk	No capital	No capital		
Single settlement failure	-	85	(85)	
<b>Total operational risks</b>	<b>20,572</b>	<b>15,836</b>	<b>4,736</b>	
<b>Credit and counterparty risks</b>				
Credit risk requirement (as per pillar 1)	3,695	3,012	683	Growth in business
Counterparty risk (as per pillar 1)	19	133	(114)	
Market counterparty failure	1,152	757	395	All counterparties included
	<b>4,867</b>	<b>3,903</b>	<b>964</b>	
Liquidity risk	No capital	No capital		
Market risk	No capital	No capital		
Business risk	No capital	No capital		
	<b>25,439</b>	<b>19,739</b>	<b>5,700</b>	