

Company Number: 04998277

THE COMPANIES ACT 2006 (the "Act")

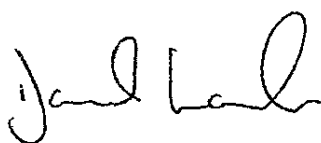
COMPANY LIMITED BY SHARES

RESOLUTIONS  
of  
BOWMAN POWER GROUP LIMITED

(the "Company")

Resolutions 1 is passed as an ordinary resolution of the members of the Company on the 14<sup>th</sup> November 2018, and Resolution 3 below was passed as a special resolution of the members of the Company on 14th November 2018.

- 1 That the directors be and are hereby generally and unconditionally authorised, for the purposes of section 551 of the Act and Article 10.1 of the Company's Articles of Association, to exercise all powers of the Company to allot up to 400,000 Preferred Ordinary Shares of £10 each in the capital of the Company ("**New Shares**"), at a price of £10 per share at any time on or before 30 November 2018. This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 80 of the Companies Act 1985 or section 551 of the Act but without prejudice to any allotment of shares already made or agreed to be made pursuant to such authorities.
- 3 That the pre-emption provisions contained in article 10.5 of the Company's Articles of Association shall not apply to the allotment of any of the New Shares.



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Director, Bowman Power Group Limited



**Company Number: 04998277**

**THE COMPANIES ACT 2006 (the "Act")**

**COMPANY LIMITED BY SHARES**

**RESOLUTIONS**

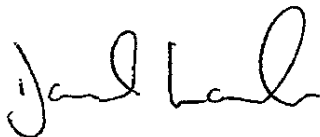
**of**

**BOWMAN POWER GROUP LIMITED**

**(the "Company")**

Resolutions 1 was passed as an ordinary resolution of the members of the Company on the 25<sup>th</sup> October 2018, and Resolution 2 below was passed as a special resolution of the members of the Company on 25th October 2018.

- 1 That the resolution numbered 2 in a set of three written resolutions of the members of the Company circulated on 11<sup>th</sup> September 2018 and passed on 24<sup>th</sup> September 2018 be amended so that the longstop date referred to therein for the issue of the New Shares (as defined therein) shall be changed from 31 October 2018 to 30 November 2018.
- 2 That all references to "Equity Shares" in the definition of Relevant Securities in the Company's Articles of Association be amended to refer to "Shares".



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Director, Bowman Power Group Limited

THE COMPANIES ACT 2006 (the "Act")

COMPANY LIMITED BY SHARES

RESOLUTIONS

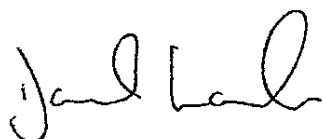
of

BOWMAN POWER GROUP LIMITED

(the "Company")

Resolutions 1 and 3 below were passed as special resolutions of the members of the Company on the 24<sup>th</sup> September 2018, and Resolution 2 below was passed as an ordinary resolution of the members of the Company on 24<sup>th</sup> September 2018.

- 1 That the regulations attached to this written resolution (the "**New Articles**") are approved and be adopted as the new articles of association of the Company in substitution for and to the exclusion of the existing articles of association of the Company.
- 2 That the directors be and are hereby generally and unconditionally authorised, for the purposes of section 551 of the Act and Article 10.1 of the New Articles, to exercise all powers of the Company to allot up to 350,000 Preferred Ordinary Shares of £10 each in the capital of the Company ("**New Shares**"), having the rights and restrictions set out in the New Articles, at a price of £10 per share at any time on or before 31 October 2018. This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 80 of the Companies Act 1985 or section 551 of the Act but without prejudice to any allotment of shares already made or agreed to be made pursuant to such authorities.
- 3 That the pre-emption provisions contained in article 10.5 of the New Articles shall not apply to the allotment of any of the New Shares.



.....  
Director, Bowman Power Group Limited

Company Number: 4998277

**THE COMPANIES ACT 2006  
PRIVATE COMPANY LIMITED BY SHARES  
ARTICLES OF ASSOCIATION  
of**

**BOWMAN POWER GROUP LIMITED**

(Adopted by special resolution passed on the 24<sup>th</sup> September 2018)

**1 INTERPRETATION**

1.1 In these Articles, unless expressly provided otherwise, the following words have the following meanings:

- 1.1.1 "**Act**" means the Companies Act 2006;
- 1.1.2 "**acting in concert**" has the meaning given to it in the City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended);
- 1.1.3 "**Adoption Date**" means the date of adoption of these Articles,
- 1.1.4 "**A Ordinary Shares**" means the A ordinary shares of 1p each in the capital of the Company;
- 1.1.5 "**Appointed Director**" has the meaning given in Article 5.1;
- 1.1.6 "**Articles**" means the Company's articles of association for the time being in force;
- 1.1.7 "**B Ordinary Shares**" means the B ordinary shares of 0.1p each in the capital of the Company;
- 1.1.8 "**Bad Leaver**" means a Departing Employee Option Shareholder who is not a Good Leaver;
- 1.1.9 "**Board**" means the Board of Directors of the Company from time to time;
- 1.1.10 "**Business Day**" means 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;
- 1.1.11 "**C Ordinary Shares**" means the C ordinary shares of 0.0000001p each in the capital of the Company;
- 1.1.12 "**Call**" has the meaning given to it in Article 20.4;
- 1.1.13 "**Call Notice**" has the meaning given to it in Article 20.4;
- 1.1.14 "**Chairman**" has the meaning given to it in Article 5.2;
- 1.1.15 "**Companies Acts**" has the meaning given to it in the Act;
- 1.1.16 "**Company**" means Bowman Power Group Limited (Company number 4998277),

- 1.1.17 "connected" has the meaning given in section 252 of the Act;
- 1.1.18 "**Controlling Interest**" means an interest in Equity Shares conferring on the holder or holders control of the Company within the meaning of section 1124 of the Income and Corporation Taxes Act 2010;
- 1.1.19 "**Conversion Date**" means, in the case of a Conversion Event comprising a Relevant Fund Raise or an Exit, the date of completion of such Conversion Event; or, in the case of a Longstop Conversion, the date falling 10 Business Days after the Longstop Fair Value has been agreed or determined;
- 1.1.20 "**Conversion Event**" means each of a Relevant Fund Raise and an Exit and a Longstop Conversion;
- 1.1.21 "**Conversion Price**" means:
  - 1.1.21.1 on a Relevant Fund Raising, a price per Conversion Share being a 30% discount to the price per Share paid for Shares issued by the Company on the Relevant Fund Raising;
  - 1.1.21.2 on an Exit, a price per Conversion Share calculated as a 30% discount to the aggregated Exit Value divided by the number of Shares in issue at the time the Exit is completed (including all Conversion Shares converted from Preferred Ordinary Shares in connection with the Exit; or
  - 1.1.21.3 on a Longstop Conversion, a price per Conversion Share calculated as a 30% discount to the Longstop Fair Value divided by the aggregate of (i) the number of Shares in issue at the time of the Longstop Date and (ii) all Conversion Shares converted from Preferred Ordinary Shares pursuant to the Longstop Conversion;
- 1.1.22 "**Conversion Rate**" means such numbers of Conversion Shares (rounded up in the case of fractions) for each Preferred Ordinary Share as equals (a) the Issue Price of such Preferred Ordinary Share plus the Preferred Amount in respect of such Preferred Ordinary Share, divided by (b) the Conversion Price of each Conversion Share;
- 1.1.23 "**Conversion Shares**" means C Ordinary Shares;
- 1.1.24 "**Deemed Transfer Notice**" means a Transfer Notice which is deemed to have been served by any of the provisions of these Articles;
- 1.1.25 "**Departing Employee Option Shareholder**" means an Employee Option Shareholder who ceases to be a Director and an employee of the Company or any other Group Company and does not continue as, or thereupon become, a director and/or employee of any other Group Company;
- 1.1.26 "**Directors**" means the directors of the Company from time to time;

- 1.1.27 **"Disposal"** means the disposal by the Company of all, or a substantial part of, its business and assets including by means of an exclusive licence of the Company's technology;
- 1.1.28 **"Eligible Director"** means a Director who would be entitled to vote on the matter at a meeting of Directors (but excluding any Director whose vote is not to be counted in respect of the particular matter);
- 1.1.29 **"Employee Option Scheme(s)"** means any share option scheme adopted by the Company from time to time;
- 1.1.30 **"Employee Option Shareholder"** means an Employee Shareholder who has only become a Shareholder as a result of an exercise of options to acquire Equity Shares pursuant to one of the Employee Option Schemes and has not previously become a Shareholder by purchasing Equity Shares as part of a funding round, but for the avoidance of doubt this definition shall not include any Employee Shareholder who was a Shareholder on or before 10 January 2007;
- 1.1.31 **"Employee Option Shares"** means Equity Shares issued as a result of the exercise of options pursuant to one of the Employee Option Schemes to the Employee Option Shareholder in question and held by:
- 1.1.31.1 the Employee Option Shareholder in question; and
- 1.1.31.2 his or her Permitted Transferees other than those Equity Shares held by such Permitted Transferees that a Shareholder Majority declares itself satisfied were not acquired directly or indirectly from the Employee Option Shareholder or by reason of their relationship with the Employee Option Shareholder (with such declaration not to be unreasonably withheld or delayed);
- 1.1.32 **"Employee Shareholder"** means a Shareholder who is, or has been, a director and/or an employee of any Group Company;
- 1.1.33 **"Employee Shares"** means Equity Shares (other than Employee Option Shares) held by:
- 1.1 33 1 the Employee Shareholder in question; and
- 1.1 33 2 his or her Permitted Transferees other than those Equity Shares held by such Permitted Transferees that a Shareholder Majority declares itself satisfied were not acquired directly or indirectly from the Employee Shareholder or by reason of their relationship with the Employee Shareholder (with such declaration not to be unreasonably withheld or delayed);

- 1.1.34 **"Equity Shares"** means the Ordinary Shares, the A Ordinary Shares, the B Ordinary Shares and any other Shares which are designated as Equity Shares when they are issued, but excluding Preferred Ordinary Shares;
- 1.1.35 **"Excess Securities"** has the meaning given in Article 10.6.3;
- 1.1.36 **"Exit"** means a Share Sale, a Disposal or a Listing,
- 1.1.37 **"Exit Value"** means:
- 1.1.37.1 on a Listing, the value at the Listing Value of the then issued Shares (other than those issued under the Listing arrangements to raise new money); or
- 1.1.37.2 on a Share Sale, the consideration payable for the Shares which are being sold including the cash value of any non-cash consideration, and including any deferred but non-contingent element of such consideration; or
- 1.1.37.3 on a Disposal, the value of the sale proceeds to be distributed to the Shareholders;
- 1.1.38 **"Fair Value"** has the meaning given in Article 14.2;
- 1.1.39 **"Family Trust"** means as regards any particular individual Shareholder (or deceased or former individual Shareholder) trusts (whether arising under a settlement, declaration of trust or other instrument by whomsoever or wheresoever made, or under a testamentary disposition or on an intestacy) under which no immediate beneficial interest in any of the Shares in question is for the time being vested in any person other than the particular Shareholder and/or any of the Privileged Relations of that Shareholder (and so that for this purpose a person shall be considered to be beneficially interested in a Share if such Share or the income thereof is liable to be transferred or paid or applied or appointed to or for the benefit of any such person or any voting or other rights attaching thereto are exercisable by or as directed by any such person pursuant to the terms of the relevant trusts or in consequence of an exercise of a power or discretion conferred thereby on any person or persons);
- 1.1.40 **"Fund Manager"** means a person whose principal business is to make, manage or advise upon investments in securities;
- 1.1.41 **"Good Leaver"** means:
- 1.1.41.1 an Employee Option Shareholder who becomes a Departing Employee Option Shareholder as a result of:
- 1.1.41.1.1 death;

- 1.1.41.1.2 retirement if the relevant Employee Option Shareholder is more than 60 years old at his Termination Date;
- 1.1.41.1.3 redundancy within the meaning of the Employment Rights Act 1996; or
- 1.1.41.1.4 his employing Group Company ceasing to be a member of the Group or the undertaking which he works for being transferred to a person or entity which is not a Group Company; or
- 1.1.41.2 a Departing Employee Option Shareholder whom a majority of the non-executive Directors acting in their absolute and unfettered discretion resolve shall be deemed to be a Good Leaver;
- 1.1.42 **"Group"** means the Company and its subsidiaries (if any) from time to time and Group Company shall be construed accordingly;
- 1.1.43 **"holding company"** has the meaning given in section 1159 of the Act;
- 1.1.44 **"Independent Expert"** means the auditors for the time being of the Company or, if they decline the instruction, an independent firm of accountants appointed by the Company and the Seller (or, in the case of determination of the Longstop Fair Value or the Exit Value on a Share Sale, the Company and the holders of at least 50% of Preferred Ordinary Shares) or, in the absence of agreement between the Company and the Seller (or, in the case of determination of the Longstop Fair Value, the Company and the holders of at least 50% of Preferred Ordinary Shares) on the identity of the expert or its terms of appointment within 10 Business Days of the expiry of the 10 Business Day period referred to in Article 14.2 (or Article 25.4, as appropriate), an independent firm of accountants appointed, and whose terms of appointment are agreed, by the President, for the time being, of the Institute of Chartered Accountants of England and Wales (in each case acting as an expert and not as an arbitrator);
- 1.1.45 **"Issue Price"** means in respect of any Share, the subscription price paid (or agreed to be paid) in respect of that Share, including any share premium;
- 1.1.46 **"Large Shareholder"** means each Shareholder holding (including all Shares held by their Permitted Transferees and Members of the Same Fund Group) 5% or more of the total issued Equity Shares from time to time;
- 1.1.47 **"Lien Enforcement Notice"** has the meaning given in Article 20.3;



- 1.1.48 **"Listing"** means the successful application and admission of all or any of the Equity Shares, or securities representing such Equity Shares to the Official List of the UK Listing Authority or on the AIM market operated by the London Stock Exchange plc, or the Nasdaq Global Market of the Nasdaq Stock Market Inc., or to any recognised investment exchange (as defined in Section 285 of the Financial Services and Markets Act 2000);
- 1.1.49 **"Listing Value"** means in the event of a Listing and as regards a Share, the value of that 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 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;
- 1.1.50 **"Longstop Conversion"** shall occur if no other Conversion Event has occurred before the Longstop Date,
- 1.1.51 **"Longstop Date"** means the second anniversary of the Adoption Date;
- 1.1.52 **"Longstop Fair Value"** has the meaning given in Article 25.4;
- 1.1.53 **"Member of the Same Group"** means as regards any company, a company which is from time to time a holding company or a subsidiary of that company or a subsidiary of any such holding company;
- 1.1.54 **"Member of the Same Fund Group"** means if the Shareholder is a fund, partnership, company, syndicate or other entity whose business is managed by a Fund Manager (an "Investment Fund") or a nominee of that person:
- 1.1.54.1 any participant or partner in or member of any such Investment Fund or the holders of any unit trust which is a participant or partner in or member of any Investment Fund (but only in connection with the dissolution of the Investment Fund or any distribution of assets of the Investment Fund pursuant to the operation of the Investment Fund in the ordinary course of business);
- 1.1.54.2 any Investment Fund managed by that Fund Manager;
- 1.1.54.3 any trustee, nominee or custodian of such Investment Fund and vice versa;
- 1.1.54.4 the Fund Manager of that Investment Fund and vice versa; or
- 1.1.54.5 any Member of the same Group as that Fund Manager;
- 1.1.55 **"Model Articles"** means the model articles for private companies limited by shares contained in Schedule 1 to The Companies (Model

Articles) Regulations 2008 (SI 2008/3229), as amended prior to the Adoption Date;

- 1.1.56 **"Minimum Transfer Condition"** has the meaning given in Article 13.2.4;
- 1.1.57 **"New Shareholder"** has the meaning given in Article 17.10;
- 1.1.58 **"Ordinary Shares"** means the ordinary shares of 10p each in the capital of the Company;
- 1.1.59 **"Original Shareholder"** has the meaning given in Article 12.1;
- 1.1.60 **"Permitted Transfer"** means a transfer of Shares made in accordance with Article 12;
- 1.1.61 **"Permitted Transferee"** means in relation to
  - 1.1.61.1 a Shareholder who is an individual, any of his Privileged Relations or the trustee(s) of a Family Trust;
  - 1.1.61.2 a Shareholder which is a company, a Member of the Same Group as that company,
- 1.1.62 **"Preferred Amount"** means, in respect of each Preferred Ordinary Share, an amount equal to 6% per annum of the Issue Price of such Preferred Ordinary Share, calculated on a daily basis and rolled up until paid in accordance with Article 9.3 or the Conversion Date or relevant return of capital (as applicable), less the amount of any dividends or other distributions paid on such Preferred Ordinary Share prior to their Conversion Date or relevant return of capital;
- 1.1.63 **"Preferred Ordinary Shares"** means the preferred ordinary shares of £10.00 each in the capital of the Company;
- 1.1.64 **"Privileged Relation"** means in relation to a Shareholder who is an individual Shareholder (or a deceased or former individual Shareholder) means a spouse, civil partner (as defined in the Civil Partnerships Act 2004), child or grandchild (including step or adopted or illegitimate child and their issue);
- 1.1.65 **"Proposed Sale Price"** has the meaning given in Article 13.2.3;
- 1.1.66 **"Qualifying Shareholder"** means each Shareholder holding (including all Equity Shares held by the Permitted Transferees of such shareholder and Members of the Same Fund Group of such Shareholder) 10% or more of the total issued Equity Shares from time to time;
- 1.1.67 **"Relevant Fund Raising"** mean the Company raising over £1,000,000 prior to the Longstop Date from an issue of Shares to any person(s) in any single transaction;

- 1.1.68 **"Relevant Securities"** means any Equity Shares or other securities convertible into, or carrying the right to subscribe for Equity Shares, issued by the Company after the Adoption Date, other than:
- 1 1.1.68.1 the grant of any options under an Employee Option Scheme (and the issue of Equity Shares on the exercise of any such options) approved by the Board;
  - 1.1.68.2 any Equity Shares or other securities issued by the Company in order for the Company to comply with its obligations under these Articles and/or the Shareholders Agreement;
  - 1.1.68.3 Equity Shares issued or issuable pursuant to an acquisition of another corporation or business or a joint venture agreement which is (a) unanimously approved by the Directors and (b) approved by the Shareholders to the extent required by the Shareholders Agreement;
  - 1.1.68.4 Equity Shares issued or issuable to banks, equipment lessors or other financial institutions pursuant to debt financing or commercial transactions which are (a) unanimously approved by the Directors and (b) approved by the Shareholders to the extent required by the Shareholders Agreement;
  - 1.1 68.5 Equity Shares issued or issuable in connection with any settlement which is (a) unanimously approved by the Directors and (b) approved by the Shareholders to the extent required by the Shareholders Agreement;
  - 1.1.68.6 Equity Shares issued or issuable in connection with sponsored research, collaboration, technology licence, development, OEM, marketing or other similar arrangements or strategic partnerships which are (a) unanimously approved by the Directors and (b) approved by the Shareholders to the extent required by the Shareholders Agreement;
  - 1.1.68.7 Equity Shares issued to suppliers of goods or services in connection with the provision of goods or services pursuant to transactions which are (a) unanimously approved by the Directors and (b) approved by the Shareholders to the extent required by the Shareholders Agreement; or
  - 1.1.68.8 Equity Shares that are otherwise excluded from being Relevant Securities by consent of a Shareholder Majority;
- 1.1.69 **"Restricted Option Shareholder"** means:
- 1.1.69.1 an Employee Option Shareholder who ceases to be a director or employee of a Group Company and does not

continue as or thereupon become a director or employee of any other Group Company; and

1.1.69.2 all Shareholders who are such Employee Option Shareholder's Permitted Transferees (other than in respect of Equity Shares which a Shareholder Majority declares itself satisfied (with such declaration not to be unreasonably withheld or delayed) that they were not acquired by such holders either (i) directly or indirectly from the Employee Option Shareholder; or (ii) by reason of their connection with the Employee Option Shareholder and the unanimous decision of a Shareholder Majority in this respect will, in the absence of manifest error, be final),

1.1.70 **"Restricted Shareholder"** means.

1.1.70.1 an Employee Shareholder who ceases to be a director or an employee of a Group Company and does not continue as or thereupon become a director or employee of any other Group Company and who is (or would have been if he was a Departing Employee Option Shareholder) a Bad Leaver within part (a) of the definition of Bad Leaver, and

1.1.70.2 all Shareholders who are such Employee Shareholder's Permitted Transferees (other than in respect of Equity Shares which a Shareholder Majority declares itself satisfied (with such declaration not to be unreasonably withheld or delayed) that they were not acquired by such holders either (i) directly or indirectly from the Employee Shareholder; or (ii) by reason of their connection with the Employee Shareholder and the decision of a Shareholder Majority in this respect will, in the absence of manifest error, be final);

1.1.71 **"Restricted Shares"** has the meaning given in Article 15.7;

1.1.72 **"Sale Shares"** has the meaning given in Article 13.2.1;

1.1.73 **"Relevant Shares"** has the meaning given to it in Article 10 2;

1.1.74 **"Seller"** has the meaning given in Article 13 2;

1.1 75 **"Shareholder"** means a holder for the time being of Shares;

1.1.76 **"Shareholder Consent"** means the prior consent in writing of a Shareholder Majority;

1.1.77 **"Shareholder Majority"** means the holder(s) for the time being of not less than 65% of all Equity Shares (excluding any Restricted Shares) in issue from time to time,

- 1.1.78 **"Shareholders Agreement"** means a shareholders agreement entered into on 24 December 2015 between the Shareholders and the Company, as varied from time to time;
- 1.1.79 **"Shares"** means the Ordinary Shares and the A Ordinary Shares and the B Ordinary Shares and the Preferred Ordinary and any other shares in the capital of the Company from time to time;
- 1.1.80 **"Share Sale"** means 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 the entire issued share capital of the Company;
- 1.1.81 **"subsidiary"** means in relation to a holding company wherever incorporated, means a "subsidiary" (as defined in Section 1159 of the Act) for the time being and any other company which for the time being is itself a subsidiary (as so defined) of a company which is itself a subsidiary of such holding company,
- 1.1.82 **"Termination Date"** means:
- 1.1.82.1 where the Employee Option Shareholder concerned is an employee but not a Director:
- 1.1.82.1.1 the employment ceases by virtue of notice given by the employer to the employee, the date on which such notice expires;
- 1.1.82.1.2 the contract of employment is terminated by the employer and a payment is made in lieu of notice, the date on which notice of termination was served;
- 1.1.82.1.3 if otherwise than in the circumstances contemplated at the above two sub-clauses, the date upon which the contract of employment is terminated;
- 1.1.82.1.4 where an Employee Option Shareholder dies, the date of his death;
- 1.1.82.2 where the Employee Option Shareholder concerned is both a Director and an employee the latest to occur of the following dates:
- 1.1.82.2.1 where the employment ceases by virtue of notice given by the employer to the employee, the date on which such notice expires;
- 1.1.82.2.2 where the contract of employment is terminated by the employer and a payment is made in lieu

of notice, the date on which notice of termination was served;

1.1.82.2.3 if otherwise than in the circumstances contemplated at the above two sub-clauses, the date upon which the contract of employment is terminated;

1.1.82.2.4 the date on which his Director's service contract with the Company is terminated; or

1.1.82.2.5 where an Employee Option Shareholder dies, the date of his death;

1.1.82.3 where the Employee Option Shareholder concerned is a Director but not an employee, the earlier of the date on which his contract for services with the Company is terminated or the date of his death;

1.1.83 **"Transfer Notice"** has the meaning given in Article 12.2; and

1.1.84 **"Transfer Price"** has the meaning given in Article 14.1.

1.2 A reference in these Articles to:

1.2.1 an "Article" is a reference to the relevant numbered article of these Articles; and

1.2.2 a "model article" is a reference to the relevant article,

1.2.3 unless expressly provided otherwise.

1.3 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 Adoption Date).

1.4 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.

1.5 In these Articles, words denoting the singular include the plural and vice versa and reference to one gender includes the other gender and neuter and vice versa.

1.6 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:

1.6.1 any subordinate legislation from time to time made under it; and

1.6.2 any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.

## **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. A copy is set out in the schedule to these Articles.

- 2.2 Model articles 7, 8, 9(1) and (3), 11(2) and (3), 12, 13, 14(1) to (4) (inclusive), 16, 22, 26(5), 38, 39, 44(2), 49, 50 and 51 to 53 (inclusive) shall not apply to the Company.
- 2.3 Model article 29 shall be amended by the insertion of the words ", or the name of any person(s) named as the transferee(s) in an instrument of transfer executed under article 28(2)," after the words "the transmittee's name"

### **3 NUMBER OF DIRECTORS**

*Unless otherwise determined by ordinary resolution, the number of Directors shall not exceed such number as may be required to facilitate the appointment of non-executive Directors, executive Directors and Appointed Directors pursuant to Articles 5.1 and 5.5 respectively but shall not be less than two.*

### **4 PROCEEDINGS OF DIRECTORS**

- 4.1 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 4.2 (subject to Article 4.3 and Article 4.4).
- 4.2 A unanimous decision of the Directors is taken when all Eligible Directors indicate to each other by any means that they share a common view on a matter.
- 4.3 A decision taken in accordance with Article 4.2 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.
- 4.4 A decision may not be taken in accordance with Article 4.2 if the Eligible Directors would not have formed a quorum at a Directors' meeting to vote on the matter in accordance with Article 4.6 and Article 4.7.
- 4.5 Meetings of the Directors shall take place at least 6 times in each year, or such other number as a majority of the Qualifying Shareholders may agree from time to time. Any Director may call a meeting of the Directors, or authorise the company secretary (if any) to give such notice. At least 5 Business Days' advance notice in writing of each such meeting shall be given to each Director and any other person entitled to such notice in accordance with the Shareholders Agreement (except with the prior consent in writing of each Appointed Director, when meetings of the Directors may take place less frequently or on shorter notice)
- 4.6 The quorum for any meeting (or, where specified below, part of a meeting) of the Directors shall be 50 per cent of the Eligible Directors (rounded up in the event of an odd number), which must include at least (a) two Appointed Directors in office for the time being and (b) one independent non-executive director appointed pursuant to Article 5.1.1, unless:

- 4.6.1 there are less than two Appointed Directors in office for the time being (provided that if there is only one Appointed Director then his attendance shall be required, subject to Articles 4.6.2 and 4.6.3 below); or
- 4.6.2 all Appointed Directors in office have, in respect of any particular meeting (or part of a meeting), otherwise agreed in writing ahead of such meeting; or
- 4.6.3 all Appointed Directors in office are not, in respect of any particular meeting (or part of a meeting), Eligible Directors,

in which case, subject to Article 4.7, the quorum for such meeting (or part of the meeting, as the case may be) shall be any two Eligible Directors. If the necessary quorum is not present within 30 minutes from the time appointed for the meeting, or if, during a meeting, such quorum ceases to be present, the meeting shall stand adjourned to such time and place as the Directors determine. If a quorum is not present at any such adjourned meeting within 30 minutes from the time appointed, then the meeting shall proceed.

- 4.7 For the purposes of any meeting (or part of a meeting) held pursuant to Article 8 to authorise a Conflict (as defined in Article 8.1), if there is only one Eligible Director in office other than the conflicted Director(s), the quorum for such meeting (or part of a meeting) shall be one Eligible Director.
- 4.8 If only one Director shall be in office for the time being, the Director in office must not take any decision other than a decision to:
  - 4.8.1 appoint further Directors; or
  - 4.8.2 call a general meeting so as to enable the Shareholders to appoint further Directors
- 4.9 Questions arising at any meeting of the Directors shall be decided by a majority of votes. If there is an equality of votes, the Chairman (or other chairman of the meeting) shall not have a second or casting vote.
- 4.10 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.

## **5 APPOINTMENT AND REMOVAL OF DIRECTORS**

- 5.1 Each Qualifying Shareholder shall have the right to appoint by notice in writing addressed to the Company, and to maintain in office, one person as a Director (an "Appointed Director") and to remove any such Appointed Director and to appoint a replacement.
- 5.2 Any appointment or removal of an Appointed Director made in accordance with Article 5.1 shall take immediate effect upon receipt (or deemed receipt) by the Company of such notice in writing, or the production of such notice at a meeting of the Directors or, if later, the date (if any) specified in such notice.



- 5.3 The Appointed Directors shall be entitled to be appointed to any committee of the Directors established from time to time. On the receipt of the request in writing of his appointor(s), the Company shall procure that an Appointed Director shall be appointed as a director of any other Group Company, to the extent specified in such request
- 5.4 The reasonable expenses of each Appointed Director shall be payable by the Company but (save as contemplated in the Shareholders Agreement) no fees shall be payable to an Appointed Director or an observer by the Company.
- 5.5 In addition to the rights to appoint Appointed Directors pursuant to Article 5.1 a majority of the Directors may appoint from time to time:
- 5.5.1 up to two independent non-executive Directors who are not affiliated with any of the Shareholders or management of the Company, subject to such appointees receiving Shareholder Consent (such consent not to be unreasonably withheld or delayed); and
  - 5.5.2 such executive Directors as the Board considers appropriate subject to such appointees receiving Shareholder Consent (such consent not to be unreasonably withheld or delayed) **PROVIDED THAT** such appointments do not cause the number of executive Directors (being Directors who are not non-executives appointed pursuant to Article 5.5.1 or Appointed Directors) to exceed six.
- 5.6 Model article 18 shall be modified by the addition of the following events upon the occurrence of which a person shall cease to be a Director:
- 5.6.1 save in the case of an Appointed Director, a majority of the other Directors resolve that he cease to be a Director; and
  - 5.6.2 in the case of an executive Director only, he shall cease to be employed by the Company or other Group Company (as appropriate) and does not continue as an employee of any other Group Company.

## **6 CHAIRMAN AND OBSERVERS**

- 6.1 Each Large Shareholder shall have the right to appoint one person to be an observer, who shall be entitled to receive notice of all meetings of Directors and copies of all board papers as if he were a Director and to attend, propose resolutions and speak at, but not vote at, any meeting of the Directors **PROVIDED THAT** the aforementioned rights of observers shall not apply to any observer if the Board resolves to disapply them in respect of any matters pursuant to which such observer, if he had been a Director, would not have been an Eligible Director.
- 6.2 The Directors may appoint any person as chairman of the board of Directors ("Chairman") and may remove and replace any such Chairman **PROVIDED THAT** each such appointee or replacement receives Shareholder Consent (such consent not to be unreasonably withheld or delayed). If there is no Chairman in office for the time being, or the Chairman is unable to attend any meeting of the Directors, the

Directors present at the meeting must appoint another Director present at the meeting to chair the meeting and the appointment of the chairman of the meeting must be the first business of the meeting.

## **7 TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY**

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

- 7.1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;
- 7.2 shall be an Eligible Director for the purposes of any proposed decision of the Directors (or committee of the Directors) in respect of such existing or proposed transaction or arrangement in which he is interested;
- 7.3 shall be entitled to vote at a meeting of Directors (or of a committee of the Directors) or participate in any unanimous decision, in respect of such existing or proposed transaction or arrangement in which he is interested;
- 7.4 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;
- 7.5 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
- 7.6 shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him) derives from any such transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

## **8 DIRECTORS' OTHER CONFLICTS**

- 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 (an "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
  - 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 shall or shall not be an Eligible Director in respect of any future decision of the Directors in relation to any resolution related to the Conflict;
  - 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 his appointor(s) (or any Permitted Transferee of such appointor(s)) and no authorisation under Article 8.1 shall be necessary in respect of any such interest

- 8.7 An Appointed Director shall be entitled from time to time to disclose to the Shareholder who appointed him such information concerning the business and affairs of the Company as he shall at his discretion see fit.
- 8.8 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.

## **9 SHARE CAPITAL AND EXIT VALUE**

- 9.1 The Shares shall have and enjoy the rights, but be subject to the restrictions, set out in these Articles.
- 9.2 All of the Equity Shares shall rank *pari passu* in all respects.
- 9.3 The Preferred Ordinary Shares shall carry no automatic right to participate in any distribution which the Company may determine with respect to any Equity Share. However, subject to the Board recommending payment of the same (and without prejudice to Article 9.4), the Company may determine to distribute any of the Available Profits amongst the holders of the Preferred Ordinary Shares (*pari passu* as if they constituted one class of share) according to the number of such Preferred Ordinary Shares held) up to an amount equal to the Preferred Amount as at the time of any such distribution.
- 9.4 On a return of capital on liquidation or otherwise (except on a redemption or purchase by the Company of any Shares), the surplus assets of the Company remaining after the payment of its liabilities and all other sums payable in priority shall be applied in the following order of priority:
- 9.4.1 in priority to any payments to be made pursuant to Article 9.4.2, in paying to each holder of Preferred Ordinary Shares in respect of each Preferred Ordinary Share of which it is the holder, an amount equal to:  
(i) 100% of the Issue Price thereof; and (ii) the Preferred Amount, such that the amount shall be paid *pro rata* to the relevant holder's holding of Preferred Ordinary Shares until such point, in respect of any Preferred Ordinary Share, as 100% of the Issue Price and the Preferred Amount have been paid;
  - 9.4.2 the balance of such assets (if any) after all payments to be made in priority shall be distributed amongst the holders of the Equity Shares (*pari passu* as if the same constituted one class of Shares) according to the number of such Equity Shares held by the relevant Shareholder at the relevant time.

- 9.5 The Company shall not vary the rights attached to any class of Shares, except with the consent in writing of the holders of more than 75% of such class of Shares, or with the sanction of a special resolution passed at a separate meeting of the holders of such class of Shares.
- 9.6 On a Share Sale the consideration attributable to the Shares being sold shall be applied among the holders of the Equity Shares pro rata to the number of Equity Shares held, *pari passu* as if the same constituted one class of Shares. For the avoidance of doubt, Preferred Ordinary Shares will (unless they have already been converted) upon completion of a Share Sale be converted into Conversion Shares in accordance with Article 25 and accordingly those Conversion Shares will be Equity Shares that are taken into account when assessing the allocation of consideration on a Share Sale.
- 9.7 On a Disposal, the surplus assets of the Company remaining after payment of its liabilities shall be distributed among the holders of the Equity Shares pro rata to the number of Equity Shares held, *pari passu* as if the same constituted one class of Shares. For the avoidance of doubt, Preferred Ordinary Shares will (unless they have already been converted) upon completion of a Disposal be converted into Conversion Shares in accordance with Article 25 and accordingly those Conversion Shares will be Equity Shares that are taken into account when assessing the allocation of surplus assets after a Disposal.
- 9.8 Preferred Ordinary Shares shall not entitle their holders to participate in any pre-emptive offer of Shares or subscription rights for subscription or purchase of Shares.

## **10 PRE-EMPTION RIGHTS ON THE ISSUE OF FURTHER SHARES**

- 10.1 Subject to the remaining provisions of this Article 10, the Directors are generally and unconditionally authorised, for the purposes of section 551 of the Act, to allot or grant rights to subscribe for or to convert any security into up to such number of Shares, on such terms (including price per share) and at any such time(s) as may be approved from time to time in writing by the holders of more than 50% of the Equity Shares in issue from time to time.
- 10.2 Subject to the remaining provisions of this Article 10, the Directors are generally and unconditionally authorised, for the purposes of section 551 of the Act, to allot or grant rights to subscribe for or to convert any security into, pursuant to Employee Option Schemes, up to such number of Shares as are permitted under the Shareholders Agreement (the "Relevant Shares"), at any time during the period commencing on the Adoption Date and expiring on the fifth anniversary of the Adoption Date save that, subject to these Articles, the Directors may make an offer or agreement which would, or might, require any Relevant Shares to be allotted after the expiry of such authority (and the Directors may allot Relevant Shares in pursuance of an offer or agreement as if such authority had not expired).

- 10.3 The Directors are generally and unconditionally authorised, for the purposes of section 551 of the Act, to allot or grant rights to subscribe for or to convert into any security which is not a Relevant Security at any time during the period commencing on the Adoption Date and expiring on the fifth anniversary of the Adoption Date save that, subject to these Articles, the Directors may make an offer or agreement which would, or might, require any security which is not a Relevant Security to be allotted after the expiry of such authority (and the Directors may allot such security in pursuance of an offer or agreement as if such authority had not expired).
- 10.4 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to an allotment of Shares made by the Company.
- 10.5 Unless otherwise agreed by the holders of more than 75% of the Equity Shares in issue from time to time, if the Company proposes to allot any Relevant Securities, those Relevant Securities shall not be allotted to any person unless the Company has first offered them to each holder (on the date of the offer) of the Equity Shares (each an "Offeree") in the proportion that the number of Equity Shares held by each such holder bears to the total number of Equity Shares held by all such holders (as nearly as possible without involving fractions) and on the same terms, and at the same price, as those Relevant Securities are being, or are to be, offered to any other person
- 10.6 An offer made under Article 10.5 shall:
- 10.6.1 be in writing and give details of the number, class and subscription price (including any share premium) of the Relevant Securities being offered;
  - 10.6.2 remain open for a period of at least 10 Business Days from the date of service of the offer; and
  - 10.6.3 stipulate that any Offeree who wishes to subscribe for a number of Relevant Securities in excess of the number to which he is entitled under Article 10.5 shall, in his acceptance, state the number of excess Relevant Securities ("Excess Securities") for which he wishes to subscribe.
- 10.7 If, on the expiry of an offer made in accordance with Article 10.5, the total number of Relevant Securities applied for is less than the total number of Relevant Securities so offered, the Directors shall allot the Relevant Securities to the Offerees in accordance with their applications, subject to a maximum of each Offeree's proportionate entitlement.
- 10.8 Any Relevant Securities not accepted by Offerees pursuant to an offer made in accordance with Article 10.5 shall be used to satisfy any requests for Excess Securities made pursuant to Article 10.6.3. If there are insufficient Excess Securities to satisfy such requests, the Excess Securities shall be allotted to the applicants in the respective proportions that the number of Equity Shares held by each such

applicant bears to the total number of such Equity Shares held by all applicants (as nearly as possible without involving fractions or increasing the number of Excess Securities allotted to any Shareholder beyond that applied for by him). After those allotments, any Excess Securities shall, subject to Article 10.9, be offered to any other person(s) as the Directors may determine, at the same price and on the same terms as the offer to the Shareholders.

- 10.9 No Shares shall be allotted to any current or prospective employee or director of any Group Company unless such person shall first have entered into a joint election with the relevant Group Company under section 431 of the Income Tax (Earnings and Pensions) Act 2003.

## **11 TRANSFERS OF SHARES: GENERAL**

- 11.1 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.
- 11.2 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 11.5, the Directors shall register any duly stamped transfer made in accordance with these Articles, unless they suspect that the proposed transfer may be fraudulent.
- 11.3 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.
- 11.4 Any transfer of a Share by way of sale which is required to be made under Articles 15, 16 or 17 shall be deemed to include a warranty that the transferor sells the Share with full title guarantee.
- 11.5 The Directors shall, as a condition to the registration of any transfer of Shares, require the transferee to execute and deliver to the Company a deed, in favour of the Company agreeing to be bound by the terms of the Shareholders Agreement, in such form as the Directors may reasonably require (but not so as to oblige the transferee to have any obligations or liabilities greater than those of the proposed transferor). The transfer may not be registered unless and until that deed has been executed and delivered to the Company's registered office by the transferee.
- 11.6 To enable the Directors to determine whether or not there has been any transfer (or purported transfer) of Shares the Directors may require:
- 11.6.1 any holder (or the legal representatives of a deceased holder); or
  - 11.6.2 any person named as a transferee in a transfer lodged for registration;  
or
  - 11.6.3 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.

- 11.7 If any such information or evidence referred to in Article 11.6 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, then:

11.7.1 the relevant Shares shall cease to confer on the holder of them any rights:

11.7.1.1 to vote (whether on a show of hands, on a poll or otherwise and whether in person, by proxy or otherwise), including in respect of any resolution of any class of Shares;

11.7.1.2 to receive dividends or other distributions otherwise attaching to those Shares; or

11.7.1.3 to participate in any future issue of Shares issued in respect of those Shares; and

11.7.2 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).

The Directors may reinstate the rights referred to in Article 11.7.1 (to the extent that such rights attached to such Shares before the application of Article 11.7.1) at any time and, in any event, such rights shall be reinstated on completion of a transfer made pursuant to article 11.7.2.

- 11.8 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:

11.8.1 it does not contain a Minimum Transfer Condition; and

11.8.2 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).

- 11.9 Any Transfer Notice (but not an Offer Notice (as defined in Article 16) or a Drag Along Notice (as defined in Article 177)) 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.



## 12 PERMITTED TRANSFERS OF SHARES

- 12.1 A Shareholder (the "**Original Shareholder**") may transfer all or any of his or its Shares to a Permitted Transferee PROVIDED THAT an Employee Option Shareholder shall not be able to transfer any Employee Option Shares to a Permitted Transferee under this Article 12.
- 12.2 Where Shares are held by the trustee(s) of a Family Trust, the trustee(s) may transfer Shares to:
- 12.2.1 the Original Shareholder;
  - 12.2.2 any Privileged Relation(s) of the Original Shareholder;
  - 12.2.3 the trustee(s) of another Family Trust of which the Original Shareholder is the Settlor; or
  - 12.2.4 to the new (or remaining) trustee(s) upon a change of trustee(s) of a Family Trust,
- without any price or other restriction.
- 12.3 If the Original Shareholder is a company, and a Permitted Transfer has been made, the Permitted Transferee shall, within 10 Business Days of ceasing to be a Member of the Same Group as the Original Shareholder, transfer the Shares held by it to:
- 12.3.1 the Original Shareholder; or
  - 12.3.2 a Member of the Same Group as the Original Shareholder,
- (which in either case is not in liquidation), without any price or other restriction. If the Permitted Transferee fails to make a transfer in accordance with this Article 12.3, 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 12.3.
- 12.4 If the Original Shareholder is an individual and a Permitted Transfer has been made to a Privileged Relation of the Original Shareholder, the Permitted Transferee (or the transmittee(s) of any such person), shall within 10 Business Days of ceasing to be a Privileged Relation of the Original Shareholder (whether by reason of death, divorce or otherwise) either:
- 12.4.1 execute and deliver to the Company a transfer of the 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
  - 12.4.2 give a Transfer Notice to the Company in accordance with Article 13,
- 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 12.4. This article 12.4 shall not apply to a transmittee of a Permitted Transferee is 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.

12.5 Notwithstanding any other provision of these Articles, a transfer of any Shares may be made without restriction as to price or otherwise (and any such transfers shall be registered by the directors) between:

12.5.1 any member (or a nominee of a member) who is:

12.5.1.1 a person whose principal business is to make, manage or advise upon investments (an "**Investment Manager**"); or

12.5.1.2 a fund, partnership, company, investment trust, syndicate or other entity whose principal business is to make investments and whose business is managed by an Investment Manager (an "**Investment Fund**"), or

12.5.1.3 a nominee of an Investment Manager or an Investment Fund;

and

12.5.2 where that member is an Investment Manager or a nominee of an Investment Manager:

12.5.2.1 any participant or partner in or member of any Investment Fund in respect of which the shares to be transferred are held (but only in connection with the dissolution of such Investment Fund or any distribution of assets of the Investment Fund pursuant to the operation of the Investment Fund in the ordinary course); or

12.5.2.2 any Investment Fund whose business is managed by the Investment Manager who is or whose nominee is the transferor; or

12.5.2.3 any other Investment Manager who manages the business of the Investment Fund in respect of which the shares are held;

or

12.5.3 where that member is an Investment Fund or nominee of an Investment Fund:

12.5.3.1 any participant or partner in or member of the Investment Fund which is or whose nominee is the transferor (but only in connection with the dissolution of such Investment Fund or any distribution of assets of the Investment Fund pursuant to the operation of the Investment Fund in the ordinary course), or

12.5.3.2 any other Investment Fund whose business is managed by the same Investment Manager as manages the Investment Fund which is or whose nominee is the transferor; or

12.5.3.3 the Investment Manager who manages the business of the Investment Fund which is or whose nominee is the transferor; or

12.5.3.4 any co-investment scheme, being a scheme under which certain officers, employees or partners of such Investment Fund or its adviser or manager are entitled (as individuals or through a body corporate or any other vehicle) to acquire shares which the Investment Fund would otherwise acquire ("**Co-Investment Scheme**") and any person holding Shares in connection with a Co-Investment Scheme may at any time transfer any share:

12.5.3.4.1 to another person which holds or is to hold shares in connection with such Co-Investment Scheme; and/or

12.5.3.4.2 to any person on their becoming entitled to the same under the terms of such Co-Investment Scheme.

12.6 Notwithstanding any other provision of this Article 12, a transfer of any Shares approved by a Shareholder Majority may be made without any price or other restriction and any such transfer shall be registered by the Directors.

### **13 PRE-EMPTION RIGHTS ON THE TRANSFER OF SHARES**

13.1 Except where the provisions of Article 12, Article 16 or Article 17 apply, any transfer of Shares by a Shareholder shall be subject to the pre-emption rights in this Article 13.

13.2 A Shareholder who wishes to transfer Shares (a "Seller") shall, before transferring or agreeing to transfer any Shares, give notice in writing (a "Transfer Notice") to the Company specifying:

13.2.1 subject to Article 11.8.2, the number of Shares he wishes to transfer ("Sale Shares");

13.2.2 the name of the proposed transferee, if any;

13.2.3 the price per Sale Share (in cash), if any, at which he wishes to transfer the Sale Shares (the "Proposed Sale Price"); and

13.2.4 whether the Transfer Notice is conditional on all or a specific number of the Sale Shares being sold (a "Minimum Transfer Condition").

This Article 13.2 shall not apply to Deemed Transfer Notices.

13.3 A Transfer Notice may not be withdrawn.

13.4 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.

13.5 As soon as practicable following the later of:

13.5.1 receipt of a Transfer Notice (or in the case of a Deemed Transfer Notice, the date such notice is deemed to be served); and

13.5.2 the determination of the Transfer Price,

the Directors shall (unless the Transfer Notice is withdrawn in accordance with Article 13.3) offer the Sale Shares for sale in the manner set out in the remaining provisions at the Transfer Price. Each offer shall be in writing and give details of the number and Transfer Price of the Sale Shares offered.

13.6 The Company shall offer the Sale Shares in the following order of priority:

13.6.1 first, subject to the Act, the Company; and

13.6.2 second, to the Shareholders;

in each case on the basis set out in Article 13.8 to Article 13.14 (inclusive).

13.7 *An offer of Sale Shares made in accordance with Article 13.6.1 shall remain open for acceptance for a period from the date of the offer to the date 10 Business Days after the offer (both dates inclusive). Any Sale Shares not allocated within that period shall be dealt with in accordance with Article 13.8 and Article 13.9.*

13.8 Subject to Article 13.7, the Directors shall offer the Sale Shares in the order of priority referred to in Article 13.6 to the Shareholders (other than the Seller), inviting them to apply in writing within the period from the date of the offer to the date 10 Business Days after the offer (both dates inclusive) (the "Offer Period") for the maximum number of Sale Shares they wish to buy.

13.9 If

13.9.1 at the end of the Offer Period, the number of Sale Shares applied for is equal to or exceeds the number of Sale Shares, the Directors shall allocate the Sale Shares to each Shareholder who has applied for Sale Shares in the proportion which his existing holding of Shares bears to the total number of Shares held by all 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 Sale 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 Sale Shares which he has stated he is willing to buy;

13.9.2 not all Sale Shares are allocated following allocations in accordance with article 13.9.1, but there are applications for Sale Shares that have not been satisfied, the Directors shall allocate the remaining Sale Shares to such applicants in accordance with the procedure set out in Article 13.9.1. The procedure set out in this Article 13.9.2 shall apply on any number of consecutive occasions until either all Sale Shares have been allocated or all applications for Sale Shares have been satisfied; and

13.9.3 at the end of the Offer Period, the total number of Sale Shares applied for is less than the number of Sale Shares, the Directors shall allocate the Sale Shares to the Shareholders in accordance with their

applications. The balance (the "Surplus Shares") shall be subject to Article 13.10, be offered to any other person in accordance with Article 13.14.

13.10 Where the Transfer Notice contains a Minimum Transfer Condition:

13.10.1 any allocation made under Article 13.7 to Article 13.9 (inclusive) shall be conditional on the fulfilment of the Minimum Transfer Condition; and

13.10.2 if the total number of Sale Shares applied for under Article 13.7 to Article 13.9 (inclusive) is less than the number of Sale Shares, the Board shall notify the Seller and all those Shareholders 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.

13.11 Where either:

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

13.11.2 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 13.7 to Article 13.9 (inclusive), give notice in writing of the allocations of Sale Shares (an "Allocation Notice") to the Seller and each Shareholder to whom Sale Shares have been allocated (each an "Applicant"). The Allocation Notice shall specify the number of Sale Shares allocated to each Applicant 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 10 Business Days, after the date of the Allocation Notice).

13.12 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.

13.13 If the Seller fails to comply with Article 13.12:

13.13.1 the Chairman (or, failing him, any other Director or some other person nominated by a resolution of the Directors) may, as agent and attorney on behalf of the Seller):

13.13.1.1 complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicants;

13.13.1.2 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

- 13.13.1.3 (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
- 13.13.2 the Company shall pay the Transfer Price into a separate bank account in the Company's name on trust (but without interest) for the Seller until he has delivered 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.
- 13.14 Where an Allocation Notice does not relate to all the Sale Shares or the Transfer Notice lapses pursuant to Article 13.10.2 then, subject to article 13.15, the Seller may, at any time during the 10 Business Days following the date of service of the Allocation Notice, transfer the Sale Shares (in the case of a lapsed offer) or the Second 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 13.14 shall continue to be subject to any Minimum Transfer Condition.
- 13.15 The Seller's right to transfer Shares under Article 13.14 does not apply if the Directors reasonably consider that.
  - 13.15.1 the transferee is a person (or a nominee for a person) whom the Directors determine to be a competitor (or a Member of the Same Group as a competitor) of the business of any Group Company;
  - 13.15.2 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
  - 13.15.3 the Seller has failed or refused to promptly provide information available to him and reasonably requested to enable the Directors to consider the matters referred to in this Article.

## **14 VALUATION**

- 14.1 The "Transfer Price" shall be:
  - 14.1.1 for each Sale Share which is the subject of a Transfer Notice (but not a Deemed Transfer Notice), the Proposed Sale Price; and
  - 14.1.2 subject to Article 15.4.1 for each Sale Share which is the subject of a Deemed Transfer Notice, the Fair Value.
- 14.2 For the purposes of Article 14.1.2 the Fair Value shall be the price per Sale Share (in cash) which is agreed between the Directors (any Director with whom the Seller is connected not voting) and the Seller or, in default of agreement within 10 Business Days (or such longer period as may be agreed by the Directors and the Seller) of the date on which the board of Directors first has actual knowledge of the facts giving rise to the deemed service of the relevant Deemed Transfer Notice, the price of each Sale

Share as determined by the Independent Expert who shall, when reaching his calculation:

- 14.2.1 base it upon an arm's length sale between a willing seller and a willing buyer of the Sale Shares as at the date of the Transfer Notice or Deemed Transfer Notice;
  - 14.2.2 take into account, if this is the case, any bona fide offer from any person not being a Shareholder evidenced in writing to buy any Sale Shares comprised in the Transfer Notice or Deemed Transfer Notice delivered after the date of the Transfer Notice or Deemed Transfer Notice and any matters then within the knowledge of the Board;
  - 14.2.3 ignore any reduction in value which may be ascribed to the Sale Shares by virtue of the fact that they represent a minority interest;
  - 14.2.4 take full account of the rights and other restrictions attached to the Sale Shares under these Articles but on the basis that all Shares have the same value not increased or diminished by reason that the Sale Shares do or do not (taken as a whole) confer any Controlling Interest in the Company; and
  - 14.2.5 on the assumption that the Sale Shares are capable of transfer without restriction.
- 14.3 If any difficulty arises in applying any of these assumptions or bases then the Independent Expert shall resolve that difficulty in whatever manner it shall in its absolute discretion think fit.
- 14.4 The Directors will give the Independent Expert 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.
- 14.5 The parties are entitled to make submissions to the Independent Expert including oral submissions and shall provide (or procure that others provide) the Independent Expert with such assistance and documents as the Independent Expert may reasonably require for the purpose of reaching a decision.
- 14.6 The Independent Expert shall act as expert and not as arbitrator and its determination shall be final and binding on the parties (in the absence of fraud or manifest error).
- 14.7 The Independent Expert shall be requested to determine the Fair Value within 10 Business Days of its appointment and to deliver its certificate to the Company. Forthwith upon receipt, the Company shall deliver a copy of the certificate to the Seller.
- 14.8 The cost of obtaining the Independent Expert's certificate shall be borne by the parties equally or in such other proportions as the Independent Expert directs unless the Fair Value is less than the price per Sale Share offered to the Seller by the Directors before the appointment of the Independent Expert, in which case the Seller shall bear the cost.

## 15 COMPULSORY TRANSFERS

- 15.1 A person entitled to a Share in consequence of the bankruptcy of a Shareholder (or equivalent procedure in any jurisdiction outside England and Wales) shall be deemed to have given a Transfer Notice in respect of that Share at such time as the Directors may determine.
- 15.2 If a Shareholder which is a body corporate either suffers or resolves to appoint a liquidator, administrator or administrative receiver over it, or any material part of its assets (other than a voluntary liquidation for the purpose of a bona fide scheme of solvent amalgamation or reconstruction) or suffers or takes any equivalent action in any jurisdiction outside England and Wales, that Shareholder shall be deemed to have given a Transfer Notice in respect of all Shares held by it at such time as the Directors may determine
- 15.3 If an Employee Option Shareholder becomes a Departing Employee Option Shareholder a Transfer Notice shall, unless the Directors otherwise direct in writing in respect of any particular Employee Option Shares prior to or within 20 Business Days after the relevant Termination Date, be deemed to have been served on the relevant Termination Date in respect of all Employee Option Shares (a "Compulsory Employee Transfer") and any Transfer Notice served in respect of any of such Employee Option Shares before the date such Employee Option Shareholder becomes a Departing Employee Option Shareholder shall automatically lapse.
- 15.4 Notwithstanding any other provisions of these Articles but subject to Article 15.5, the Transfer Price in respect of a Compulsory Employee Transfer shall, where the Departing Employee Option Shareholder is:
- 15.4.1 a Bad Leaver, be in the case of all Employee Option Shares granted after 10 January 2007, the aggregate Issue Price of such Sale Shares; and
  - 15.4.2 a Good Leaver, be the aggregate Fair Value of such Sale Shares.
- 15.5 Notwithstanding the provisions of Article 15.4 the Directors may by notice in writing served on the Company and the relevant Seller(s), direct that some higher (but not lower) Transfer Price shall apply to any or all Sale Shares which would otherwise be subject to Article 15.4.
- 15.6 All voting rights attached to Employee Option Shares held by an Employee Option Shareholder and his Permitted Transferees shall at the time he becomes a Restricted Option Shareholder forthwith be suspended.
- 15.7 All rights (whether under these Articles, statute, contract or otherwise) attached to Employee Shares held by an Employee Shareholder and his Permitted transferees which entitle such Employee Shareholder to appoint and/or remove a Director (and all rights to compensation, fees and other pecuniary benefit pertaining thereto) shall at the time he becomes a Restricted Shareholder forthwith be suspended.



- 15.8 Such Employee Option Shares whose voting rights are suspended pursuant to Article 15.6 ("Restricted Shares") shall confer on the holders the right to receive notice of and attend all general meetings of the Company but shall have no right to vote either in person or by proxy provided always that immediately prior to a Listing all such voting rights shall be automatically restored. If a Restricted Shareholder or a Restricted Option Shareholder transfers any Restricted Shares in the Company in accordance with these Articles to a person to whom a Shareholder Majority declares (such declaration not to be unreasonably withheld or delayed) itself satisfied is not a Permitted Transferee of the Restricted Shareholder or the Restricted Option Shareholder, as the case may be, all voting rights attached to Restricted Shares so transferred shall upon completion of the transfer (as evidenced by the transferee's name being entered in the Company's register of Shareholders) automatically be restored and such Shares shall cease to be Restricted Shares.

## **16 TAG ALONG**

- 16.1 In the event that a proposed transfer of Shares (other than a transfer of Shares made pursuant to Article 2 or Article 15, but after the operation of the pre-emption procedure set out in Article 13), whether made as one or as a series of transactions (a "Proposed Transfer") would, if completed, result in any person other than an existing Shareholder (the "Buyer"), together with any person acting in concert with the Buyer, acquiring more than 50% of the issued Equity Shares, the remaining provisions of this Article 16 shall apply.
- 16.2 The Seller shall procure that, prior to the completion of the Proposed Transfer, the Buyer shall make an offer (the "Offer") to each Shareholder on the date of the Offer other than any holder(s) of Restricted Shares, to buy all of the Equity Shares held by such Shareholders on the date of the Offer for a consideration in cash per Share (the "Offer Price") which is equal to the highest price per Share offered, paid or to be paid by the Buyer, or any person acting in concert with the Buyer, for any Shares in connection with the Proposed Transfer.
- 16.3 The Offer shall be made by notice in writing (an "Offer Notice") addressed to each Shareholder on the date of the Offer at least 10 Business Days (the "Offer Period") before the date fixed for completion of the Proposed Transfer (the "Sale Date"). The Offer Notice shall specify:
- 16.3.1 the identity of the Buyer (and any person(s) acting in concert with the Buyer);
  - 16.3.2 the Offer Price and any other terms and conditions of the Offer;
  - 16.3.3 the Sale Date; and
  - 16.3.4 the number of Shares which would be held by the Buyer (and persons acting in concert with the Buyer) on completion of the Proposed Transfer.
- 16.4 The completion of the Proposed Transfer shall be conditional in all respects on:

- 16.4.1 the making of an Offer in accordance with this Article 16; and
- 16.4.2 the completion of the transfer of any Equity Shares by any Shareholder (each an "Accepting Shareholder") who accepts the Offer within the Offer Period,

and the Directors shall refuse to register any Proposed Transfer made in breach of this Article 16.4.

- 16.5 The Proposed Transfer is, but the purchase of Equity Shares from Accepting Shareholders pursuant to an Offer made under this Article 16 shall not be, subject to the pre-emption provisions of Article 13.

## **17 DRAG ALONG**

- 17.1 If the holders of at least 65% of the Equity Shares in issue for the time being (the "Selling Shareholders") wish to transfer all of their interest in Shares ("Sellers' Shares") to a bona fide arm's-length purchaser ("Proposed Buyer"), the Selling Shareholders shall have the option ("Drag Along Option") to require:

- 17.1.1 all the other holders of Shares on the date of the request; and
- 17.1.2 any holders of any options or other rights to acquire or convert an interest into Shares (which is fully and unconditionally exercisable) to exercise them,

(together the "Called Shareholders")

to sell and transfer all their interest in Shares including those allotted pursuant to such exercise or conversion with full title guarantee to the Proposed Buyer (or as the Proposed Buyer may direct) in accordance with the provisions of this Article 17.

- 17.2 The Selling Shareholders may exercise the Drag Along Option by giving notice in writing to that effect (a "Drag Along Notice"), at any time before the completion of the transfer of the Sellers' Shares, to the Proposed Buyer and each Called Shareholder.

A Drag Along Notice shall specify:

- 17.2.1 that the Called Shareholders are required to transfer all their Shares ("Called Shares") pursuant to this Article 17;
- 17.2.2 the identity of the Proposed Buyer (and, if relevant, the transferee(s) nominated by the Proposed Buyer);
- 17.2.3 the consideration payable for the Called Shares calculated in accordance with Article 17.4;
- 17.2.4 the proposed date of completion of transfer of the Called Shares.

- 17.3 Once given, a Drag Along Notice may not be revoked save with the prior consent of the Directors. However, a Drag Along Notice shall lapse if, for any reason, the Selling Shareholders have not completed the transfer of all the Sellers' Shares to the Proposed Buyer (or as the Proposed Buyer may direct) within 20 Business Days of serving the Drag Along Notice. The Selling Shareholders may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.

- 17.4 The consideration (in cash or otherwise) for which the Called Shareholders shall be obliged to sell each of the Called Shares shall be such amount of the total price payable by the Proposed Buyer for all of the Shares as is calculated by dividing such total price among the holders of Equity Shares pro rata to the number of Equity Shares held, as if they all constituted shares of the same class. For the avoidance of doubt, Preferred Ordinary Shares will (unless they have already been converted) upon completion of the sale of Called Shares to the Proposed Buyer be converted into Conversion Shares in accordance with Article 25 and accordingly the Called Shares will include Conversion Shares which will be Equity Shares taken into account when assessing the consideration payable for Called Shares under this Article 17.4.
- 17.5 No Drag Along Notice shall require a Called Shareholder to agree to any terms except those specifically set out in this Article 17
- 17.6 Completion of the sale and purchase of the Called Shares shall take place on the same date as, and conditional upon the completion of, the sale and purchase of the Sellers' Shares unless:
- 17.6.1 all of the Called Shareholders and the Selling Shareholders otherwise agree; or
  - 17.6.2 that date is less than 10 Business Days after the date of service of the Drag Along Notice, in which case completion of the sale and purchase of the Called Shares shall take place 10 Business Days after the date of service of the Drag Along Notice.
- 17.7 Within 10 Business Days of the Proposed Buyer serving a Drag Along Notice on the Called Shareholders, the Called Shareholders shall deliver stock transfer forms for *their Shares in favour of the Proposed Buyer (or as the Proposed Buyer may direct)*, together with the share certificate(s) in respect of those Shares (or a suitable indemnity in respect thereof) to the Company. On the expiration of that 10 Business Day period the Company shall pay the Called Shareholders, on behalf of the Proposed Buyer, the amounts they are respectively due pursuant to Article 17.4 to the extent the Proposed Buyer has put the Company in the requisite funds. The Company's receipt for the amounts due pursuant to Article 17.4 shall be a good discharge to the Proposed Buyer. The Company shall hold the amounts due to the Called Shareholders pursuant to Article 17.4 in trust for the Called Shareholders without any obligation to pay interest.
- 17.8 To the extent that the Proposed Buyer has not, on the expiration of the 10 Business Day period, put the Company in funds to pay the amounts due pursuant to Article 17.4, the Called Shareholders shall be entitled to the return of the stock transfer forms and share certificate(s) (or suitable indemnity) for the relevant Shares and the Called Shareholders shall have no further rights or obligations under this Article 17 in respect of their Shares.

- 17.9 If any Called Shareholder fails to deliver to the Company a duly executed stock transfer form (or forms) in respect of the Called Shares held by him (together with the share certificate(s) in respect of those Called Shares (or a suitable indemnity in respect thereof)) the defaulting Called Shareholder shall be deemed to have appointed any person nominated for the purpose by the Selling Shareholders to be his agent and attorney to execute and deliver all necessary transfers on his behalf, against receipt by the Company (on trust for such holder) of the consideration payable for the Called Shares. After the Proposed Buyer (or person(s) nominated by the Proposed Buyer) has been registered as the holder of any such Called Shares, the validity of such proceedings shall not be questioned by any person. Failure to produce a share certificate shall not impede the registration of any transfer of Shares under this Article 17.
- 17.10 Upon any person, following the issue of a Drag Along Notice, becoming a Shareholder (or increasing an existing shareholding) including, without limitation, pursuant to the exercise of any option, warrant or other right to acquire or subscribe for, or to convert any security into, Shares, whether or not pursuant to a Share Option Scheme (a "New Shareholder"), a Drag Along Notice shall be deemed to have been served upon the New Shareholder, on the same terms as the previous Drag Along Notice, who shall then be bound to sell and transfer all such Shares acquired by him to the Proposed Buyer (or as the Proposed Buyer may direct) and the provisions of this Article 17 shall apply *mutatis mutandis* to the New Shareholder, save that completion of the sale of such Shares shall take place forthwith upon the later of the Drag Along Notice being deemed served on the New Shareholder and the date of completion of the sale of the Called Shares.
- 17.11 A transfer of Called Shares to a Proposed Buyer (or as the Proposed Buyer may direct) pursuant to a sale in respect of which a Drag Along Notice has been duly served shall not be subject to the pre-emption provisions of Article 13.
- 17.12 Any Transfer Notice or Deemed Transfer Notice served in respect of the transfer of any Share which has not completed before the date of service of a Drag Along Notice shall automatically be revoked by the service of a Drag Along Notice.

## **18 GENERAL MEETINGS**

- 18.1 No business other than, subject to Article 18.2, the appointment of the chairman of the meeting is to be transacted at a general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on.
- 18.2 The Chairman shall chair general meetings. If there is no Chairman in office for the time being, or the Chairman is unable to attend any general meeting, the Directors present (or, if no Directors are present, the meeting) must appoint another Director present at the meeting (or, if no Directors are present, a Shareholder) to chair the meeting and the appointment of the chairman of the meeting must be the first business of the meeting.

## **19 VOTING**

- 19.1 Subject to any other provisions in these Articles concerning voting rights, each Equity Share in the Company shall carry the right to receive notice of and to attend, speak and vote at all general meetings of the Company
- 19.2 Each Equity Share shall carry one vote.
- 19.3 The Preferred Ordinary Shares shall not carry any voting rights or rights to receive notice of or to attend, speak or vote at any general meetings of the Company.
- 19.4 Model article 44(3) 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 model article.
- 19.5 Model article 45(1) shall be amended by:
  - 19.5.1 the deletion of model article 45(1)(d) and its replacement with the words "is delivered to the company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate"; and
  - 19.5.2 the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid, unless the Directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that model article.

## **20 LIEN, CALLS ON SHARES AND FORFEITURE**

- 20.1 The Company has a lien (the "Company's Lien") over every Share which is registered in the name of a person indebted or under any liability to the Company, whether he is the sole registered holder of the Share or one of several joint holders, for all monies payable by him (either alone or jointly with any other person) to the Company, whether payable immediately or at some time in the future.
- 20.2 The provisions of articles 52(2) and (3), 55, 56(2), 57(2), (3) and (4), 59, 60, 61 and 62 for public companies set out in Schedule 3 to The Companies (Model Articles) Regulations 2008 (SI 2008/3229) shall apply to the Company, save that each reference in those articles to a "member" or "members" shall be deemed to be references to a "Shareholder" or "Shareholders" (as the case may be).
- 20.3 **Enforcement of the Company's Lien**
  - 20.3.1 Subject to the provisions of this Article 20.3, if:
    - 20.3.1.1 a Lien Enforcement Notice has been given in respect of a Share; and
    - 20.3.1.2 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.

- 20.3.2 A Lien Enforcement Notice:
- 20.3.2.1 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;
  - 20.3.2.2 must specify the Share concerned,
  - 20.3.2.3 must require payment of the sum within 14 clear days of the notice (that is, excluding the date on which the notice is given and the date on which that 14 day period expires);
  - 20.3.2.4 *must be addressed either to the holder of the Share or to a transmittee of that holder; and*
  - 20.3.2.5 must state the Company's intention to sell the Share if the notice is not complied with.
- 20.3.3 Where Shares are sold under this Article 20.3:
- 20.3.3.1 the Directors may authorise any person to execute an instrument of transfer of the Shares to the purchaser or to a person nominated by the purchaser; and
  - 20.3.3.2 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.
- 20.3.4 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:
- 20.3.4.1 first, in payment of so much of the sum for which the lien exists as was payable at the date of the Lien Enforcement Notice; and
  - 20.3.4.2 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 an indemnity in a form reasonably satisfactory to the Directors 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 by that person (or his estate or any joint holder of the Shares) after the date of the Lien Enforcement Notice.
- 20.3.5 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:
- 20.3.5.1 is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share; and

- 20 3.5.2 subject to compliance with any other formalities of transfer required by the Articles or by law, constitutes a good title to the Share.

#### 20.4 **Call notices**

- 20.4.1 Subject to the Articles and the terms on which Shares are allotted, the Directors may send a notice (a "Call Notice") to a Shareholder requiring the Shareholder to pay the Company a specified sum of money (a "Call") which is payable to the Company at the date when the Directors decide to send the Call Notice.

- 20.4.2 A Call Notice:

- 20.4.2.1 may not require a Shareholder to pay a Call which exceeds the total amount of his indebtedness or liability to the Company;

- 20.4.2.2 must state when and how any Call to which it relates is to be paid; and

- 20.4.2.3 may permit or require the Call to be made in instalments.

- 20.4.3 A Shareholder must comply with the requirements of a Call Notice, but no Shareholder is obliged to pay any Call before 14 clear days (that is, excluding the date on which the notice is given and the date on which that 14 day period expires) have passed since the notice was sent.

- 20.4.4 Before the Company has received any Call due under a Call Notice the Directors may:

- 20.4.4.1 revoke it wholly or in part; or

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

- 20.4.4.3 by a further notice in writing to the Shareholder in respect of whose Shares the Call is made.

- 20.4.5 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:

- 20.4.5.1 on allotment;

- 20.4.5.2 on the occurrence of a particular event; or

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

#### 20.5 **Forfeiture**

- 20.5.1 If a person is liable to pay a Call and fails to do so by the Call payment date:

- 20.5.1.1 the Directors may issue a notice of intended forfeiture to that person; and

- 20.5.1.2 until the Call is paid, that person must pay the company interest on the Call from the Call payment date at the relevant rate.
- 20.5.2 A notice of intended forfeiture:
  - 20.5.2.1 may be sent in respect of any Share in respect of which a Call has not been paid as required by a Call Notice;
  - 20.5.2.2 must be sent to the holder of that Share (or all the joint holders of that Share) or to a transmittee of that holder;
  - 20.5.2.3 must require payment of the Call and any accrued interest and all expenses that may have been incurred by the Company by reason of such non-payment by a date which is not less than 14 clear days after the date of the notice (that is, excluding the date on which the notice is given and the date on which that 14 day period expires);
  - 20.5.2.4 must state how the payment is to be made; and
  - 20.5.2.5 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.
- 20.5.3 At any time before the Company disposes of a forfeited Share, the Directors may decide to cancel the forfeiture on payment of all Calls, interest and expenses due in respect of it and on such other terms as they think fit.

## 21 NOTICES

- 21.1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:
  - 21.1.1 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 (or five Business Days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient;
  - 21.1.2 if properly addressed and delivered by hand, when it was given or left at the appropriate address,
  - 21.1.3 if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied, and
  - 21.1.4 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 21.1, no account shall be taken of any part of a day that is not a working day.

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

## **22 INDEMNITY AND INSURANCE**

- 22.1 Subject to Article 22.2, but without prejudice to any indemnity to which a Relevant Officer is otherwise entitled:

22.1.1 each Relevant Officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a Relevant Officer in the actual or purported execution and/or discharge of his duties, or in relation thereto including any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted, or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part, or in connection with any application in which the court grants him, in his capacity as a Relevant Officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or other Group Company's) affairs; and

22.1.2 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 22.1 and otherwise may take any action to enable such Relevant Officer to avoid incurring such expenditure.

- 22.2 This Article 22 does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

- 22.3 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

- 22.4 In this Article 22:

22.4.1 "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 other Group Company) or any pension fund or employees' share scheme of the Company (or other Group Company); and

22.4.2 "Relevant Officer" means any director or other officer or former director or other officer of any Group Company.

## **23 DATA PROTECTION**

Each of the Shareholders and the Directors of the Company (from time to time) consent to the processing of their personal data by the Company, its Shareholders and Directors (each a "Recipient") for the purpose of due diligence exercises, compliance with applicable laws, regulations and procedures and the exchange of information amongst themselves. A Recipient may process such personal data either electronically or manually. The personal data which may be processed for such purposes under this Article 23 shall include any information which may have a bearing on the prudence or commercial merits of investing, or disposing of any Shares (or other investment or security) in the Company. Subject to any confidentiality undertakings given to them by a Recipient, each of the Shareholders and Directors (from time to time) consent to the transfer of such personal data to persons acting on behalf of any Recipient and to the offices of any Recipient both within and outside the European Economic Area for the purposes stated above, where it is necessary or desirable to do so.

## **24 ALTERATION OF SHARE CAPITAL**

24.1 Subject to the provisions of these Articles, the Act and to the rights of the holders of the respective classes of Shares of the Company, the Company may by ordinary resolution:

- 24.1.1 consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares;
- 24.1.2 sub-divide all or any of its Shares into Shares of a smaller amount;
- 24.1.3 resolve that one or more of the Shares resulting from any such division or sub-division may have any preference or other advantage as compared with the others or may be made subject to any restriction as compared with the others;
- 24.1.4 cancel Shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by a person and diminish the amount of its unissued share capital by the amount of the shares so cancelled; and/or
- 24.1.5 re-denominate its share capital or any class of it and effect any related reduction in its share capital as provided in Chapter 8 of Part A of the Act.

24.2 Subject to the provisions of these Articles, the Act and to the rights of the holders of the respective classes of Shares of the Company, the Company may:

- 24.2.1 reduce its share capital or any capital redemption reserve, share premium account or other undistributable reserve in any way;
- 24.2.2 purchase its own Shares, including any redeemable Shares;
- 24.2.3 make a payment in respect of the redemption or purchase of its Shares otherwise than out of distributable profits of the Company or the proceeds of a fresh issue of shares; and/or

- 24.2.4 without limiting the foregoing, make a payment in respect of the purchase of its own Shares (a) out of cash (even if not out of distributable profits or out of capital pursuant to Chapter 5 of the Act) up to an amount in a financial year not exceeding the lower of £15,000 and the value of 5% of its share capital, as contemplated by section 692(1) of the Act; or (b) to the extent permitted by section 720A of the Act (*Reduced requirements for payment out of capital for purchase of own shares for the purposes of or pursuant to an employees' share scheme*); and/or
  - 24.2.5 make a payment in respect of the redemption of its own Shares later than the date of their redemption, if so provided as part of the terms of the issue of the Shares concerned (in which case these Articles shall constitute the relevant agreement between the Company and their holder for the purposes of section 686(2) of the Act); and/or
  - 24.2.6 make a payment in respect of the purchase of its own Shares later than the date of their purchase, to the extent permitted by section 691(3) of the Act
- 24.3 If, as the result of a consolidation and division or a sub-division of Shares, fractions of Shares become attributable to members, the Board may on behalf of the Shareholders deal with the fractions as it thinks fit, including (without limitation) by:
- 24.3.1 selling Shares representing the fractions to any person (including, subject to the Act, the Company by redemption or purchase) for the best price reasonably obtainable and distributing the net proceeds of sale in due proportion amongst the persons to whom the fractions are attributable (except that if the amount due to a person is less than £5.00, or such other sum as the Board may decide, the Company may retain such sum for its own benefit); and/or
  - 24.3.2 issuing to the Shareholders concerned, credited as fully paid by way of capitalisation, the minimum number of Shares required to round up his/their holding of Shares to a number which, following a consolidation and division or a sub-division, leaves a whole number of Shares (that issue being deemed to have been effected immediately before the consolidation or the sub-division, as the case may be).
- 24.4 To give effect to any sale of fractional entitlements the Board may authorise a person to execute an instrument of transfer of shares to the purchaser or as the purchaser may direct; and the purchaser will not be bound to see to the application of the purchase monies in respect of that sale. The title of the transferee to the shares will not be affected by any irregularity in or invalidity of the proceedings connected with the sale or transfer. Any such instrument or shall be effective as if it had been executed or exercised by the holder of the Shares to which it relates.

- 24.5 The amount required to pay up any Shares to be issued as contemplated by Article 24.3.2 may be capitalised as the Board thinks fit out of amounts standing to the credit of any reserve or fund of the Company (including any share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution.
- 24.6 A resolution of the Board consolidating fractional entitlements or (as appropriate) capitalising part of any reserve or fund referred to in Article 24.3 will have the same effect as if the same had been made with the sanction of an appropriate shareholder resolution and in relation to a capitalisation the Board may exercise all the powers conferred on it by these Articles in relation to capitalisations without requirement for further sanction of any shareholder resolution.

## **25 CONVERSION OF PREFERRED ORDINARY SHARES**

- 25.1 All of the Preferred Ordinary Shares shall be automatically converted into fully paid Conversion Shares.
- 25.1.1 subject to Article 25.1.2, at the Conversion Rate on the first Conversion Date to occur after the Adoption Date, or
- 25.1.2 in such numbers of Conversion Shares in aggregate as equal 99% of the total number of issued Shares (including the Conversion Shares), on the basis that those Conversion Shares shall be divided pro rata between the holders of Preferred Ordinary Shares according to the number of Preferred Ordinary Shares held by each of them (rounded up in the case of fractions) provided that this Article 25.1.2 shall only apply if, pursuant to the Conversion Event which occurs first after the Adoption Date, the enterprise value of the Company is calculated to be nil or less.
- 25.2 Any re-designation of Preferred Ordinary Shares into Conversion Shares pursuant to Article 25.1 shall automatically take effect upon the relevant Conversion Date and as if effected by and with the full sanction of a special resolution. The holders of the Preferred Ordinary Shares so re-designated shall promptly and in any event within ten days of that notice surrender to the Company the certificates for their shares so re-designated.
- 25.3 The Company shall amend its register of members to reflect any re-designation and *conversion of Shares under this Article and make any consequential required filings at Companies House.*
- 25.4 For the purposes of Article 25.1 the Longstop Fair Value or an Exit Value on a Share Sale to the extent it comprises non-cash consideration shall be the value of the Company which is agreed between the Directors (any Director with whom any holder of Preferred Ordinary Shares is connected not voting) and the holders of at least 50% of the Preferred Ordinary Shares or, in default of agreement within 10 Business Days (or such longer period as may be agreed by the Directors and the holders of at least

50% of Preferred Ordinary Shares) of the Longstop Date, the value of the Company as determined by the Independent Expert who shall, when reaching his calculation:

- 25.4.1 base it upon an arm's length sale between a willing seller and a willing buyer of the Shares as at the Longstop Date; and
  - 25.4.2 take into account, if this is the case, any bona fide offer from any person not being a Shareholder evidenced in writing to buy the Company and any matters then within the knowledge of the Board.
- 25.5 If any difficulty arises in applying any of these assumptions or bases then the Independent Expert shall resolve that difficulty in whatever manner it shall in its absolute discretion think fit.
- 25.6 The Directors will give the Independent Expert 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.
- 25.7 The Board and the holders of Preferred Ordinary Shares are entitled to make submissions to the Independent Expert including oral submissions and shall provide (or procure that others provide) the Independent Expert with such assistance and documents as the Independent Expert may reasonably require for the purpose of reaching a decision.
- 25.8 The Independent Expert shall act as expert and not as arbitrator and its determination shall be final and binding on the parties (in the absence of fraud or manifest error).
- 25.9 The Independent Expert shall be requested to determine the Longstop Fair Value within 10 Business Days of its appointment and to deliver its certificate to the Company. Forthwith upon receipt, the Company shall deliver a copy of the certificate to the Seller.
- 25.10 The cost of obtaining the Independent Expert's certificate shall be borne by the Company.

SCHEDULE  
**The Model Articles**

**MODEL ARTICLES FOR PRIVATE COMPANIES LIMITED BY  
SHARES**

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## **PART 1**

### **INTERPRETATION AND LIMITATION OF LIABILITY**

#### **Defined terms**

**1.** In the articles, unless the context requires otherwise—

"articles" means the company's articles of association;

"bankruptcy" includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

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"chairman" has the meaning given in article 12;

"chairman of the meeting" has the meaning given in article 39;

"Companies Acts" means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the company;

"director" means a director of the company, and includes any person occupying the position of director, by whatever name called;

"distribution recipient" has the meaning given in article 31;

"document" includes, unless otherwise specified, any document sent or supplied in electronic form;

"electronic form" has the meaning given in section 1168 of the Companies Act 2006;

"fully paid" in relation to a share, means that the nominal value and any premium to be paid to the company in respect of that share have been paid to the company;

"hard copy form" has the meaning given in section 1168 of the Companies Act 2006;

"holder" in relation to shares means the person whose name is entered in the register of members as the holder of the shares;

"instrument" means a document in hard copy form;

"ordinary resolution" has the meaning given in section 282 of the Companies Act 2006;

"paid" means paid or credited as paid;

"participate", in relation to a directors' meeting, has the meaning given in article 10;

"proxy notice" has the meaning given in article 45;

"shareholder" means a person who is the holder of a share;

"shares" means shares in the company;

"special resolution" has the meaning given in section 283 of the Companies Act 2006;

"subsidiary" has the meaning given in section 1159 of the Companies Act 2006;

"transmittee" means a person entitled to a share by reason of the death or bankruptcy of a



shareholder or otherwise by operation of law; and

"writing" means 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.

Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act 2006 as in force on the date when these articles become binding on the company.

### **Liability of members**

2. The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

## **PART 2**

### **DIRECTORS**

#### **DIRECTORS' POWERS AND RESPONSIBILITIES**

##### **Directors' general authority**

3. Subject to the articles, the directors are responsible for the management of the company's business, for which purpose they may exercise all the powers of the company.

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##### **Shareholders' reserve power**

4.—(1) *The shareholders may, by special resolution, direct the directors to take, or refrain from taking, specified action.*

(2) No such special resolution invalidates anything which the directors have done before the passing of the resolution.

##### **Directors may delegate**

5.—(1) Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles—

- (a) to such person or committee;
  - (b) by such means (including by power of attorney);
  - (c) to such an extent;
  - (d) in relation to such matters or territories; and
  - (e) on such terms and conditions;
- as they think fit.

(2) *If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.*

(3) The directors may revoke any delegation in whole or part, or alter its terms and conditions.

##### **Committees**

6.—(1) Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the

taking of decisions by directors.

(2) The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.

#### **DECISION-MAKING BY DIRECTORS**

##### **Directors to take decisions collectively**

**7.—**(1) The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 8.

(2) If—

(a) the company only has one director, and

(b) no provision of the articles requires it to have more than one director,

the general rule does not apply, and the director may take decisions without regard to any of the provisions of the articles relating to directors' decision-making.

##### **Unanimous decisions**

**8.—**(1) A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.

(2) Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing.

(3) References in this article to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting.

(4) A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

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##### **Calling a directors' meeting**

**9.—**(1) Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice.

(2) Notice of any directors' meeting must indicate—

(a) its proposed date and time;

(b) where it is to take place; and

(c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

(3) Notice of a directors' meeting must be given to each director, but need not be in writing.

(4) Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

##### **Participation in directors' meetings**

**10.—**(1) Subject to the articles, directors participate in a directors' meeting, or part of a

directors' meeting, when—

- (a) the meeting has been called and takes place in accordance with the articles, and
  - (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- (2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.
- (3) If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

#### **Quorum for directors' meetings**

- 11.—**(1) At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- (2) The quorum for directors' meetings may be fixed from time to time by a decision of the directors, but it must never be less than two, and unless otherwise fixed it is two.
- (3) If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision—
- (a) to appoint further directors, or
  - (b) to call a general meeting so as to enable the shareholders to appoint further directors.

#### **Chairing of directors' meetings**

- 12.—**(1) The directors may appoint a director to chair their meetings.
- (2) The person so appointed for the time being is known as the chairman.
- (3) The directors may terminate the chairman's appointment at any time.
- (4) If the chairman is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

#### **Casting vote**

- 13.—**(1) If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote.
- (2) But this does not apply if, in accordance with the articles, the chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.

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#### **Conflicts of interest**

- 14.—**(1) If a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, that director is not to be counted as participating in the decision-making process for quorum or voting purposes.
- (2) But if paragraph (3) applies, a director who is interested in an actual or proposed transaction or arrangement with the company is to be counted as participating in the decision-making process for quorum and voting purposes.
- (3) This paragraph applies when—
- (a) the company by ordinary resolution disapplies the provision of the articles which would

otherwise prevent a director from being counted as participating in the decision-making process;

(b) the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or

(c) the director's conflict of interest arises from a permitted cause.

(4) For the purposes of this article, the following are permitted causes—

(a) a guarantee given, or to be given, by or to a director in respect of an obligation incurred by or on behalf of the company or any of its subsidiaries;

(b) subscription, or an agreement to subscribe, for shares or other securities of the company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities; and

(c) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the company or any of its subsidiaries which do not provide special benefits for directors or former directors.

(5) For the purposes of this article, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting.

(6) Subject to paragraph (7), if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any director other than the chairman is to be final and conclusive.

(7) If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

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

**15.** The directors must ensure that the company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the directors.

#### **Directors' discretion to make further rules**

**16.** Subject to the articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

#### **APPOINTMENT OF DIRECTORS**

##### **Methods of appointing directors**

**17.—(1)** Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director—

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(a) by ordinary resolution, or

(b) by a decision of the directors.

(2) In any case where, as a result of death, the company has no shareholders and no directors, the personal representatives of the last shareholder to have died have the right, by notice in writing, to appoint a person to be a director.

(3) For the purposes of paragraph (2), where 2 or more shareholders die in circumstances rendering it uncertain who was the last to die, a younger shareholder is deemed to have survived an older shareholder.

#### **Termination of director's appointment**

**18.** A person ceases to be a director as soon as—

(a) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;

(b) a bankruptcy order is made against that person;

(c) a composition is made with that person's creditors generally in satisfaction of that person's debts;

(d) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;

(e) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;

(f) notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms.

#### **Directors' remuneration**

**19.—**(1) Directors may undertake any services for the company that the directors decide.

(2) Directors are entitled to such remuneration as the directors determine—

(a) for their services to the company as directors, and

(b) for any other service which they undertake for the company.

(3) Subject to the articles, a director's remuneration may—

(a) take any form, and

(b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.

(4) Unless the directors decide otherwise, directors' remuneration accrues from day to day.

(5) Unless the directors decide otherwise, directors are not accountable to the company for any remuneration which they receive as directors or other officers or employees of the company's subsidiaries or of any other body corporate in which the company is interested.

#### **Directors' expenses**

**20.** The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at—

- (a) meetings of directors or committees of directors,
- (b) *general meetings, or*
- (c) separate meetings of the holders of any class of shares or of debentures of the company, or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

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## PART 3

### SHARES AND DISTRIBUTIONS

#### SHARES

##### **All shares to be fully paid up**

**21.**—(1) No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the company in consideration for its issue.

(2) This does not apply to shares taken on the formation of the company by the subscribers to the company's memorandum.

##### **Powers to issue different classes of share**

**22.**—(1) Subject to the 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.

(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.

##### **Company not bound by less than absolute interests**

**23.** 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.

##### **Share certificates**

**24.**—(1) The company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.

(2) Every certificate must specify—

- (a) in respect of how many shares, of what class, it is issued;
- (b) the nominal value of those shares;
- (c) that the shares are fully paid; and
- (d) any distinguishing numbers assigned to them.

(3) No certificate may be issued in respect of shares of more than one class.

(4) If more than one person holds a share, only one certificate may be issued in respect of it.

(5) Certificates must—

- (a) have affixed to them the company's common seal, or
- (b) be otherwise executed in accordance with the Companies Acts.

#### **Replacement share certificates**

**25.—**(1) If a certificate issued in respect of a shareholder's shares is—

- (a) damaged or defaced, or
- (b) said to be lost, stolen or destroyed,

that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.

(2) A shareholder exercising the right to be issued with such a replacement certificate—

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(a) may at the same time exercise the right to be issued with a single certificate or separate certificates;

(b) *must return the certificate which is to be replaced to the company if it is damaged or defaced; and*

(c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

#### **Share transfers**

**26.—**(1) Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor.

(2) No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.

(3) The company may retain any instrument of transfer which is registered.

(4) The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.

(5) The directors may refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

#### **Transmission of shares**

**27.—**(1) If title to a share passes to a transmittee, the company may only recognise the transmittee as having any title to that share.

(2) A transmittee who produces such evidence of entitlement to shares as the directors may properly require—

(a) may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person, and

(b) subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder had.

(3) *But transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the*

holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

### **Exercise of transmittees' rights**

**28.**—(1) Transmittees who wish to become the holders of shares to which they have become entitled must notify the company in writing of that wish.

(2) If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it.

(3) Any transfer made or executed under this article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

### **Transmittees bound by prior notices**

**29.** If a notice is given to a shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the shareholder before the transmittee's name has been entered in the register of members.

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## **DIVIDENDS AND OTHER DISTRIBUTIONS**

### **Procedure for declaring dividends**

**30.**—(1) The company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.

(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.

(3) No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.

(4) Unless the shareholders' 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 shareholder's holding of shares on the date of the resolution or decision to declare or pay it.

(5) If the company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.

(6) The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.

(7) If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

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

**31.**—(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—

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



- (b) 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 share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide;
  - (c) 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
  - (d) 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.
- (2) In the articles, "the distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable—
- (a) the holder of the share; or
  - (b) if the share has two or more joint holders, whichever of them is named first in the register of members; or
  - (c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

#### **No interest on distributions**

**32.** The company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by—

- (a) the terms on which the share was issued, or
- (b) the provisions of another agreement between the holder of that share and the company.

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#### **Unclaimed distributions**

**33.—**(1) All dividends or other sums which are—

- (a) payable in respect of shares, and
- (b) 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.

(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.

(3) If—

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

(b) 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.

#### **Non-cash distributions**

**34.—**(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).

(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—

(a) fixing the value of any assets;

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

(c) vesting any assets in trustees.

#### **Waiver of distributions**

**35.** 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—

(a) the share has more than one holder, or

(b) 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 persons otherwise entitled to the share.

#### **CAPITALISATION OF PROFITS**

##### **Authority to capitalise and appropriation of capitalised sums**

**36.—**(1) Subject to the articles, the directors may, if they are so authorised by an ordinary resolution—

(a) decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the company's share premium account or capital redemption reserve; and

(b) appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions.

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(2) Capitalised sums must be applied—

(a) on behalf of the persons entitled, and

(b) in the same proportions as a dividend would have been distributed to them.

(3) Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

(4) A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the company which are then allotted credited as fully paid to the persons entitled or as they may direct.

(5) Subject to the articles the directors may—

(a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another;

(b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments); and

(c) authorise any person to enter into an agreement with the company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article.

## **PART 4**

### **DECISION-MAKING BY SHAREHOLDERS**

#### **ORGANISATION OF GENERAL MEETINGS**

##### **Attendance and speaking at general meetings**

**37.**—(1) A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

(2) A person is able to exercise the right to vote at a general meeting when—

(a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and

(b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

(3) The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

(4) In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

(5) Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

##### **Quorum for general meetings**

**38.** No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.

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##### **Chairing general meetings**

**39.**—(1) If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.

(2) If the directors have not appointed a chairman, or if the chairman is unwilling to chair the

meeting or is not present within ten minutes of the time at which a meeting was due to start—

(a) the directors present, or

(b) (if no directors are present), the meeting,

must appoint a director or shareholder to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.

(3) The person chairing a meeting in accordance with this article is referred to as "the chairman of the meeting".

#### **Attendance and speaking by directors and non-shareholders**

**40.**—(1) Directors may attend and speak at general meetings, whether or not they are shareholders.

(2) The chairman of the meeting may permit other persons who are not—

(a) shareholders of the company, or

(b) otherwise entitled to exercise the rights of shareholders in relation to general meetings, to attend and speak at a general meeting.

#### **Adjournment**

**41.**—(1) If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.

(2) The chairman of the meeting may adjourn a general meeting at which a quorum is present if—

(a) the meeting consents to an adjournment, or

(b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

(3) The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.

(4) When adjourning a general meeting, the chairman of the meeting must—

(a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and

(b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.

(5) If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)—

(a) to the same persons to whom notice of the company's general meetings is required to be given, and

(b) containing the same information which such notice is required to contain.

(6) No business may be transacted at an adjourned general meeting which could not properly

have been transacted at the meeting if the adjournment had not taken place.

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#### VOTING AT GENERAL MEETINGS

##### **Voting: general**

**42.** A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles.

##### **Errors and disputes**

**43.—**(1) No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

(2) Any such objection must be referred to the chairman of the meeting, whose decision is final.

##### **Poll votes**

**44.—**(1) A poll on a resolution may be demanded—

(a) in advance of the general meeting where it is to be put to the vote, or

(b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

(2) A poll may be demanded by—

(a) the chairman of the meeting;

(b) the directors;

(c) two or more persons having the right to vote on the resolution; or

(d) a person or persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution.

(3) A demand for a poll may be withdrawn if—

(a) the poll has not yet been taken, and

(b) the chairman of the meeting consents to the withdrawal.

(4) Polls must be taken immediately and in such manner as the chairman of the meeting directs.

##### **Content of proxy notices**

**45.—**(1) Proxies may only validly be appointed by a notice in writing (a "proxy notice") which—

(a) states the name and address of the shareholder appointing the proxy;

(b) identifies the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed;

(c) is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the directors may determine; and

(d) is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.

(2) The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.

(3) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.

(4) Unless a proxy notice indicates otherwise, it must be treated as—

(a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and

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(b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

### **Delivery of proxy notices**

**46.**—(1) A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.

(2) An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.

(3) A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

(4) If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

### **Amendments to resolutions**

**47.**—(1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if—

(a) notice of the proposed amendment is given to the company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine), and

(b) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.

(2) A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if—

(a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and

(b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.

(3) If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.

## PART 5

### ADMINISTRATIVE ARRANGEMENTS

#### Means of communication to be used

**48.**—(1) Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company.

(2) Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.

(3) A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

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#### Company seals

**49.**—(1) Any common seal may only be used by the authority of the directors.

(2) The directors may decide by what means and in what form any common seal is to be used.

(3) Unless otherwise decided by the directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.

(4) For the purposes of this article, an authorised person is—

(a) any director of the company;

(b) the company secretary (if any); or

(c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

#### No right to inspect accounts and other records

**50.** Except as provided by law or authorised by the directors or an ordinary resolution of the company, no person is entitled to inspect any of the company's accounting or other records or documents merely by virtue of being a shareholder.

#### Provision for employees on cessation of business

**51.** The directors may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

### DIRECTORS' INDEMNITY AND INSURANCE

#### Indemnity

**52.**—(1) Subject to paragraph (2), a relevant director of the company or an associated company may be indemnified out of the company's assets against—

(a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company,

(b) any liability incurred by that director in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006),

(c) any other liability incurred by that director as an officer of the company or an associated company.

(2) This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

(3) In this article—

(a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and

(b) a "relevant director" means any director or former director of the company or an associated company.

#### **Insurance**

**53.**—(1) The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant director in respect of any relevant loss.

(2) In this article—

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(a) a "relevant director" means any director or former director of the company or an associated company,

(b) a "relevant loss" means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company, and

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