

Company Number. 05040327

The Companies Act 2006
Company Limited by Shares
Resolution
of
The Tanfield Food Company Limited
(Company)

At a duly convened meeting held on 22 October 2013, the members of the Company passed the following resolution

Special Resolution

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



Director

FRIDAY



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27/12/2013

#109

COMPANIES HOUSE

SCHEDULE 10
NEW ARTICLES

Company Number: 5040327

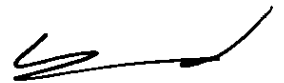
THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

THE TANFIELD FOOD COMPANY LIMITED

²²
(Adopted by a special resolution passed on ~~4~~² October 2013)



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

of

THE TANFIELD FOOD COMPANY LIMITED

(Adopted by a special resolution passed on ²²~~10~~ October 2013)



1 INTERPRETATION

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

“**Act**” means the Companies Act 2006,

“**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),

“**Adoption Date**” means the date of adoption of these Articles,

“**Articles**” means the Company’s articles of association for the time being in force,

“**Available Profits**” means profits available for distribution within the meaning of section 830 of the Act,

“**Board**” means the directors of the Company,

“**Board Meeting**” means a meeting of the Board,

“**Budget**” means the annual budget for the Company and the Group from time to time as attached to the most recent Business Plan,

“**Business Day**” means any day (other than a Saturday, Sunday or public holiday in England or Switzerland) on which clearing banks in the City of London and Geneva are generally open for business,

“**Business Plan**” means the most recent business plan of the Company and the Group (including the Budget) in a form approved from time to time by the Directors with Investor Consent,

“**Buyer**” has the meaning given to it in Article 20 15,

“**Call**” has the meaning given to it in Article 29 4,

“**Call Notice**” has the meaning given to it in Article 29 4,

“**Chairman**” has the meaning given to it in Article 6 8,

“**Commencement Date**” means the date on which the relevant Employee Shareholder commences his employment with a Group Company,

“**Company**” means The Tanfield Food Company Limited (Company number 5040327),

“connected” has the meaning given in section 252 of the Act,

“Controlling Interest” means an interest in Shares conferring on the holder or holders control of the Company within the meaning of section 840 of the Income and Corporation Taxes Act 1988,

“Conversion Rate” for the purposes of calculating the rate at which any conversion is to be made from one currency to another under these Articles means converted at the average daily Euro conversion rate for that currency for the 30 days immediately preceding issue of the Relevant Securities, by reference to the Bank of England’s “Statistical Interactive Database - interest & exchange rates data” (or, if the absence of Bank of England publishing the necessary data for that date, such other exchange rate published by such other reputable financial institution as the Investor shall reasonably determine),

“Deemed Transfer Notice” means a Transfer Notice which is deemed to have been served by any of the provisions of these Articles,

“Departing Employee Shareholder” means an Employee Shareholder who ceases to be a director or employee of any Group Company and who does not continue as, or become, a director or employee of any other Group Company,

“Directors” means the directors of the Company from time to time,

“Disposal” means the disposal by the Company of all, or a substantial part of, its business and assets,

“Due Date” means each date upon which an Exit takes place,

“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),

“Employee Shareholder” means a Shareholder who is, or has been, a director and/or an employee of any Group Company,

“Equity Shares” means the Preferred Shares and the Ordinary Shares,

“Existing Series Preferred Shares” the 30,008,533 Preferred Shares in issue immediately before the Adoption Date,

“Exit” means a Share Sale, a Disposal, a Qualifying Listing, the Company entering liquidation (voluntary or otherwise), or the redemption of the Preferred Shares,

“Fair Value” has the meaning given in Article 22 2,

“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),

“Financial Year” means an accounting reference period (as defined in section 391 of the Act) of the Company,

“First and Second Series Preferred Shares” means any of the next 40,466,114 Preferred Shares issued on or after the Adoption Date,

“Founder Member” means each of Roger McKechnie and Keith Gill,

“Fund Manager” means a person whose principal business is to make, manage or advise upon investments in securities,

“Good Leaver” means an Employee Shareholder who becomes a Departing Employee Shareholder by reason of

- (a) death,
- (b) permanent disability or permanent incapacity through ill-health,
- (c) retirement at normal retirement age,
- (d) redundancy,
- (e) ceasing to be employed by any Group Company as a result of a Group Company ceasing to be a Group Company with Investor Consent,
- (f) dismissal by the Company (or other Group Company) which is determined, by an employment tribunal or at a court of competent jurisdiction from which there is no right to appeal, to be wrongful or unfair, or
- (g) otherwise ceasing to be employed by any Group Company in circumstances the Departing Employee Shareholder is confirmed by Investor Consent to be a Good Leaver,

“Group” means the Company and its subsidiaries from time to time, and **“Group Company”** shall be construed accordingly,

“holding company” has the meaning given in section 1159 of the Act,

“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, for the purposes of Article 16 4, the Company and the Investor) or, in the absence of agreement between the Company and the Seller (or the Company and the Preferred Shareholder, as the case may be) on the identity of the expert or its terms of appointment within 20 Business Days of the expiry of the 20 Business Day period referred to in Article 22 1, 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),

“Institutional Shareholder” means the North East Co-Investment Fund Limited, NorthStar Equity Investors Limited, North East Regional Investment Fund Three Limited and Hotbed Limited on its own behalf and on behalf of its members,

“Investment Agreement” means the investment agreement dated on or around [●] September 2013 between amongst others the Investor, the Company and the Founder Members for the subscription and issue of the First and Second Series Preferred Shares and the Third Series Preferred Shares (as the same may have been varied, supplemented, adhered to or replaced in accordance with its terms for the time being),

“Investor” means W Health LP, or its Permitted Transferee (and any further Permitted Transferee’s Permitted Transferee) holding the majority of the Preferred Shares at the relevant time,

“Investor Consent” means the written approval of the Investor,

“Investor Director” has the meaning given in Article 6 1(c),

“Investor Observer” has the meaning given in Article 6 8,

“Issue or Re-organisation” means any return of capital, issue of Shares or other securities of the Company by way of capitalisation of profits or reserves (other than a capitalisation issue in substitution for, or as an alternative to, a cash dividend which is made available to Preferred Shareholders), any consolidation, sub-division or re-classification or any repurchase or redemption of Shares (other than Preferred Shares), or any variation in the Issue Price or conversion rate applicable to any other outstanding Shares,

“Issue Price” means in respect of any Share, the subscription price paid (or agreed to be paid or deemed to have been paid) in respect of that Share, including any share premium,

“Lien Enforcement Notice” means a notice in writing given by the Company which complies with the requirements of Article 29 3(b),

“Listing” means the successful application and admission of all or any of the Shares, or securities representing such Shares to the Official List of the UK Listing Authority or on the AIM market operated by the London Stock Exchange plc or to any recognised investment exchange (as defined in section 285 of the Financial Services and Markets Act 2000),

“Listing Proceeds” has the meaning given in Article 12 1,

“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, -

“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

- (a) 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),
- (b) any Investment Fund managed by that Fund Manager or a Fund Manager which is a Member of the Same Group as that Fund Manager,
- (c) any trustee, nominee or custodian of such Investment Fund and vice versa,
- (d) the Fund Manager of that Investment Fund or a Fund Manager of any other Investment Fund which is a Member of the Same Fund Group as that Investment Fund (or a nominee of any such Fund Manager) and vice versa, or
- (e) any Member of the Same Group as that Fund Manager,

“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,

“Observer” means any Investor Observer and Pool and Institutional Observer appointed from time to time,

“Ordinary Shares” means the ordinary shares of £0.10 each in the capital of the Company,

“Pension Scheme” has the meaning given in Article 19.2(d),

“Permitted Transfer” means a transfer of Shares made in accordance with Article 19,

“Permitted Transferee” means in relation to

- (a) a Shareholder who is an individual, any of his Privileged Relations or the trustee(s) of a Family Trust or the trustees of his pension scheme or trust,
- (b) a Shareholder which is a company, a Member of the Same Group as that company,
- (c) an Institutional Shareholder, a Member of the Same Fund Group, and
- (d) the Investor, to (i) a Member of the Same Fund Group as that Investor, or (ii) a Member of the Same Group as that Investor, or (iii) any nominee of that Investor (or of any person mentioned in (i) or (ii)), or (iv) to any other Institutional Shareholder, or (v) any other person,

“Pool and Institutional Observers” has the meaning given in Article 6.10,

“Pool Shareholders” means holders of Ordinary Shares who are neither (a) Directors nor (b) Institutional Shareholders,

“Preference Amount” means, in respect of each Preferred Share, an amount as at the Due Date equal to the aggregate of

- (a) the Preference Principal Amount for that Share, plus
- (b) any accrued but unpaid Preferred Dividend Rights in respect of that Share, but
- (c) less the amount of any Special Dividends paid in respect of that Share under Article 10.5(b),

“Preferred Dividend” has the meaning given to it in Article 10.3,

“Preferred Dividend Right” has the meaning given to it in Article 10.4,

“Preference Principal Amount” means

- (a) in respect of each Existing Series Preferred Share, an amount equal to the Issue Price for that Share,
- (b) in respect of each First and Second Series Preferred Share, an amount equal to 150% of the Issue Price for that Share,

- (c) in respect of each Third Series Preferred Share an amount equal to 150% of the Issue Price for that Share plus X, where "X" is equal to the aggregate amount subscribed for all of the Third Series Preferred Share multiplied by (6.0×10^{-7}) ,

"Preferred Shares" means the redeemable, cumulative, preferred shares of £0.10 each in the capital of the Company having the rights set out in set out in these Articles,

"Preferred Shareholder" means the registered holder of one or more Preferred Shares at the relevant time being,

"Privileged Relation" 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),

"Qualifying Listing" means a Listing approved in writing by Investor Consent,

"Redemption Amount" means, in respect of each Preferred Share, an amount per equal to the aggregate as at the date of redemption of

- (a) three times the Issue Price for that Share, and
- (b) all accrued but unpaid Preferred Dividend Rights for that Share

"Redemption Notice" has the meaning given to it in Article 13,

"Relevant Securities" means any Shares or other securities convertible into, or carrying the right to subscribe for Shares, issued by the Company after the Adoption Date, other than

- (a) the grant of any options under a Share Option Plan (and the issue of Shares on the exercise of any such options),
- (b) a sub-division, consolidation or re-classification of Shares,
- (c) any Shares or other securities issued by the Company in order for the Company to comply with its obligations under these Articles,
- (d) any Shares or other securities issued by the Company upon a Qualifying Listing,
- (e) the First and Second Series Preferred Shares,
- (f) the Third Series Preferred Shares, and
- (g) any Shares or other securities issued in consideration of the acquisition by the Company of any company or business which has been approved by Investor Consent,

"Relevant Shares" in relation to an Employee Shareholder means Shares held by

- (a) the Employee Shareholder in question, and
- (b) any Permitted Transferee of that Employee Shareholder (other than those Shares held by those persons that the Investor declares itself satisfied by Investor Consent were not acquired directly or indirectly from the Employee Shareholder or by reason of his/her relationship with the Employee Shareholder),

and including any Shares acquired by any such person after the date the relevant Transfer Notice is deemed given but before completion of the transfer of Shares pursuant to the relevant Transfer Notice,

“Respective Proportion” has the meaning given in Article 17 5,

“Restricted Shares” has the meaning given in Article 23 8,

“Sale Proceeds” has the meaning given in Article 12 1,

“Sale Shares” has the meaning given in Article 20 2(a),

“Seller” has the meaning given in Article 20 2,

“Series” means any of (i) the Existing Series Preferred Shares, (ii) the First and Second Series Preferred Shares, and (iii) the Third Series Preferred Shares,

“Shareholder” means a holder for the time being of Shares,

“Share Option Plan” means any share option scheme adopted by the Company approved by Investor Consent,

“Shares” means shares (of any class) in the capital of the Company,

“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, and including a transaction structured as a merger, demerger, amalgamation or scheme of arrangement) which would, if completed, result in the buyer of those Shares (or grantee of that right) and persons acting in concert with him together acquiring a Controlling Interest, except where the Shareholders and the proportion of Shares held by each of them following completion of the sale are the same as the Shareholders and their shareholdings in the Company immediately before the sale,

“Special Dividend” means a dividend paid out of Surplus Cash in accordance with Article 10 5(b),

“subsidiary” 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,

“Surplus Cash” means cash of the Group, except for cash generated by an Exit or a subscription for Equity Shares or both, as shown in the balance sheet of the most recent management accounts of the Group, in excess of 120% of the budgeted cash requirements of the Group (including peaks in intra-year working capital and other cash requirements) for the following year as per the Budget,

“Termination Date” means

- (a) where employment ceases by virtue of notice given by the employer to the employee, the date on which such notice expires,
- (b) where a contract of employment is terminated by the employer and a payment is made in lieu of notice, the date on which notice of termination was served,
- (c) where an Employee Shareholder dies, the date of his death,

- (d) where the Employee Shareholder concerned is a Director but not an employee, the date on which his service agreement (or other terms of appointment) with the relevant Group Company is terminated, or
- (e) in any other case, the date on which the employment or holding of office is terminated,

“Third Series Preferred Shares” means Preferred Shares, if any, (up to a maximum number of 18,952,906 Preferred Shares) issued after the Adoption Date and after all of the First and Second Series Preferred Shares have been allotted and issued,

“Transfer Notice” has the meaning given in Article 20 2, and

“Transfer Price” has the meaning given in Article 22

1.2 A reference in these Articles to

- (a) an **“Article”** is a reference to the relevant numbered article of these Articles, and
 - (b) a **“Model Article”** is a reference to the relevant article in the Model Articles,
- 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

- (a) any subordinate legislation from time to time made under it, and
- (b) any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts

1.7 References to persons shall include bodies corporate, unincorporated associations and partnerships, in each case whether or not having a separate legal personality

1.8 Anything which may be done by the Investor in accordance with these Articles (including without limitation the exercise of any right or entitlement, the giving of any notice or approval or consent or declaration or the making of any nomination or appointment of any person) may be done by Investor Consent, and may be done or not done at the Investor’s absolute discretion

2 PREFERRED SHARES

2.1 The Existing Preferred Shares and upon issue the First and Second Series Preferred Shares and the Third Series Preferred Shares constitute and shall constitute a single class

of Shares for all purposes (including voting) except to the extent of those special rights of each Series as expressly set out in these Articles

- 2.2 Except as expressly set out in Article 2.1 no minority only of the Preferred Shares shall constitute or be deemed to constitute a separate class of Shares for any purpose, and shall not give rise to any special class rights for the holders of any minority only of the Preferred Shares

3 ADOPTION OF THE MODEL ARTICLES

- 3.1 The Model Articles (together with those provisions of Schedule 3 to The Companies (Model Articles) Regulations 2008 (SI 2008/3229) referred to in and as modified by Article 29) 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 Schedule 1 to these Articles
- 3.2 Model Articles 7, 8, 9(1) and (3), 11(2) and (3), 12, 13, 14(1) to (4) (inclusive), 16, 17, 22, 26(5), 38, 39, 44(2), 49, 50 and 51, to 53 (inclusive) shall not apply to the Company
- 3.3 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”
- 3.4 Model Articles 5(1) to (3) (inclusive) and 6(2) shall be modified in accordance with Article 5.5
- 3.5 Model Article 18 shall be modified in accordance with Article 6.7
- 3.6 Model Article 44(3) shall be modified in accordance with Article 28.2
- 3.7 Model Article 45(1) shall be modified in accordance with Article 28.3

DIRECTORS

4 NUMBER OF DIRECTORS

- 4.1 Unless otherwise determined by ordinary resolution, the number of Directors shall not exceed five but shall not be less than two

5 PROCEEDINGS OF DIRECTORS

- 5.1 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 5.2 (subject to Article 5.3 and Article 5.4). All decisions made at any meeting of the Directors (or any committee of the Directors) shall be made only by resolution and resolutions at any meeting of the Directors (or committee of the Directors) shall be decided by a majority of votes. The minutes of all meetings of the Directors shall be recorded in writing and signed by the Chairman
- 5.2 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

- 5.3 A decision taken in accordance with Article 5.2 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
- 5.4 A decision may not be taken in accordance with Article 5.2 if the Eligible Directors would not have formed a quorum at a Directors' meeting to vote on the matter in accordance with Article 5.7 and Article 5.8
- 5.5 Model Articles 5(1) to (3) (inclusive) and 6(2) shall be modified by the insertion of the words "(acting with Investor Consent)" following each reference to "the directors" in such Model Articles
- 5.6 Meetings of the Directors shall take place at least four times in each year, with a period of not more than twelve weeks between any two meetings. Any Director may call a meeting of the Directors. At least 7 Business Days' advance notice in writing of each such meeting shall be given to each Director (except upon the written request, or with the prior consent in writing of, the Investor Director, when meetings of the Directors may take place less frequently or on shorter notice)
- 5.7 The quorum for any meeting (or, where specified below, part of a meeting) of the Directors shall be two Eligible Directors, which must include the Investor Director in office for the time being, unless
- (a) there is no Investor Director in office for the time being, or
 - (b) such Investor Director has agreed otherwise (in writing), in respect of any particular meeting (or part of a meeting), ahead of such meeting (or part thereof), or
 - (c) such Investor Director is not, in respect of any particular meeting (or part of a meeting), an Eligible Director
- in which case, subject to Article 5.8, 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 (being at least 7 Business Days after an inquorate meeting) 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
- 5.8 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
- 5.9 If the number of Directors in office for the time being is less than two, the Directors in office must not take any decision other than a decision to
- (a) appoint further Directors, or
 - (b) call a general meeting so as to enable the Shareholders to appoint further Directors
- 5.10 Questions arising at any meeting of the Directors shall be decided by a majority of votes. If there is an equality of votes, the Investor Director shall have a second or casting vote
- 5.11 Where decisions of the Directors are taken by electronic means, such decisions shall be recorded by the Directors in permanent form

- 5.12 The Directors (acting with Investor Consent or with the consent of the Investor Director) 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

6 APPOINTMENT AND REMOVAL OF DIRECTORS

- 6.1 No person shall be appointed as a Director except in accordance with the provisions of this Article 6.1. A person may be appointed as a Director in any of the following ways
- (a) by ordinary resolution of the holders of the Ordinary Shares and by ordinary resolution of the Preferred Shareholders (voting as separate classes of Shares) ("**Joint Industry Expert Director**"),
 - (b) by Investor Consent ("**Investor Industry Expert Director**"),
 - (c) by Investor Consent ("**Investor Director**"),
 - (d) by an ordinary resolution of the holders of the Ordinary Shares ("**Ordinary Shareholder Director**"),
 - (e) by ordinary resolution of all the Shareholders (voting together as a single class of Shares) ("**CEO**")
- 6.2 No person shall be appointed as Director pursuant to Article 6.1(a) or 6.1(b) unless such person
- (a) has, in the reasonable opinion of the Shareholders appointing him, relevant industry experience of the sector(s) in which the Company operates in accordance with the Business Plan,
 - (b) does not hold (directly or indirectly) more than 0.01 per cent (one hundredth of one per cent) of the Shares prior to being so appointed,
- 6.3 Only one person may be appointed and hold office as a Director at any time pursuant to each of the powers set out in Articles 6.1(a) to 6.1(e) (inclusive).
- 6.4 A Director appointed pursuant to any of Articles 6.1(a) to 6.1(e) (inclusive) may be removed in the same manner as a Director may be appointed pursuant to the same sub-article
- 6.5 A notice of appointment or removal of a Director pursuant to this Article 6 shall take effect immediately when lodged at the registered office or on delivery to a Board Meeting or on delivery to the Company Secretary
- 6.6 Every Director appointed pursuant to this Article 6 shall hold office until he is either removed in the manner provided by this Article 6, or dies, or he ceases to be a Director in accordance with Article 18 of the Model Articles
- 6.7 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
- (a) he is convicted of a criminal offence (other than a minor motoring offence) and a majority of the other Directors resolve that he cease to be a Director,
 - (b) save in the case of the Investor Director and Investor Industry Expert Director, a majority of the other Directors resolve that he cease to be a Director,

- (c) in the case of an executive Director only, he shall cease to be employed by the Company or other Group Company (as appropriate)
- 6.8 The Joint Industry Expert Director shall serve as Chairman of the Board of Directors (“**Chairman**”) but shall not have a second or casting vote
- 6.9 The Investor shall from time to time have the right to nominate in writing one person to be an observer (the “**Investor Observer**”), who shall be entitled to receive notice of all meetings of Directors (and committees of the Directors) and copies of all board papers as if he or she were a Director and to attend, propose resolutions and speak at, but not vote at, any meeting of the Directors (and committees of the Directors)
- 6.10 Each of the Pool Shareholders and the Institutional Shareholders (but, for the avoidance of doubt, not the Preferred Shareholders) (acting, respectively, by the holders of a majority of the Ordinary Shares held by the Pool Shareholders (in the case of the Pool Shareholders) and a majority of the Ordinary Shares held by such Institutional Shareholders (in the case of the Institutional Shareholders)) shall from time to time have the right to nominate in writing one person, respectively, to serve as observers (the “**Pool and Institutional Observers**”), each of whom shall be entitled to receive notice of all meetings of Directors (and committees of the Directors) and copies of all board papers as if he or she were a Director and to attend, propose resolutions and speak at, but not vote at, any meeting of the Directors (and committees of the Directors)
- 6.11 The reasonable expenses of the Joint Industry Expert Director and Investor Industry Expert Director shall be payable by the Company

7 TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY

- 7.1 Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the Act, a Director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company
 - (a) 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,
 - (b) 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,
 - (c) 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,
 - (d) 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,
 - (e) 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
 - (f) 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' 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

- (a) 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,
- (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director, and
- (c) 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)

- (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised,
- (b) 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,
- (c) subject to Investor Consent, 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,
- (d) impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the Directors think fit,
- (e) 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
- (f) 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 The Investor Director shall be entitled from time to time to disclose to his appointor(s) (and to any Permitted Transferee of such appointor(s)) 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 SECRETARY

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

10 DIVIDENDS

- 10.1 The Company shall not declare or pay any dividend unless and until the Company obtains Investor Consent to any such dividend
- 10.2 All Available Profits for each Financial Year shall, if and to the extent required by Investor Consent, be used to pay dividends as set out in this Article 10
- 10.3 The Company shall, if and to the extent required by Investor Consent, forthwith upon approval by the Directors of the Company's statutory accounts for each year (or, if later, upon the giving of Investor Consent, but in either case without the need for a resolution of the Directors or the Company in general meeting) pay a fixed, cumulative, preferential dividend ("**Preferred Dividend**") on each Preferred Share at a fixed rate of twelve per cent per annum on the Issue Price for that Preferred Share, to the person registered as that Preferred Share's holder on the date that Investor Consent is given in accordance with this Article 10.3
- 10.4 The right to receive the Preferred Dividend in respect of each Preferred Share shall accrue daily, and to the extent unpaid shall be carried forward and compound annually in arrears at the end of each Financial Year, and any accrued but unpaid Preferred Dividends ("**Preferred Dividend Right**") shall be payable on the Due Date
- 10.5 If at any time the Company has any Surplus Cash it shall, if and to the extent required to do so by Investor Consent (but otherwise without the need for a resolution of the Directors or the Company in general meeting) and before payment of any other dividends or distributions, use the Surplus Cash so as
- (a) firstly, to pay any accrued and unpaid Preferred Dividend Rights, and,
 - (b) (to the extent that there shall remain any balance of Surplus Cash) secondly, to pay a special dividend ("**Special Dividend**") to the Preferred Shareholders, pro rata to the Preference Principal Amount in respect of each Preferred Share held, which shall be deemed to reduce (and if paid in full, to satisfy) the Preference Principal Amount due, or which may become due, upon that Preferred Share

- 10.6 To the extent that any of the Surplus Cash remains after the satisfaction in full of the amounts to be paid pursuant to Article 10.5, the Company shall, if and to the extent required to do so by Investor Consent (but otherwise without the need for a resolution of the Directors or the Company in general meeting) pay any balance of Surplus Cash as a dividend to all holders of Equity Shares (as if all of the Equity Shares then in issue constituted Shares of the same class)
- 10.7 Subject to first complying with the provisions of Articles 10.1, 10.3 and 10.6, any further Available Profits which the Directors may determine to distribute in respect of any Financial Year shall, subject to Investor Consent, be distributed among the holders of the Equity Shares (as if all of the Equity Shares then in issue constituted Shares of the same class)
- 10.8 Preferred Dividend Rights shall only continue to accrue on Preferred Shares by reference to the balance of any Preference Principal Amount and accrued but unpaid Preferred Dividend Rights which have not been satisfied pursuant to Article 10.5
- 10.9 The Company shall procure that the profits of any other Group Company available for distribution shall from time to time (and to the extent lawful), be paid by way of dividend to the Company (or, as the case may be, the relevant Group Company that is its immediate holding company) to the extent necessary to permit lawful and prompt payment by the Company of the Preferred Dividend, and Special Dividends and the redemption of any Preferred Shares

11 LIQUIDATION PREFERENCE

- 11.1 On a return of assets on liquidation, capital reduction or otherwise (other than a conversion or purchase by the Company of its own Shares), the assets of the Company remaining after the payment of its liabilities shall be applied (to the extent that the Company is lawfully able to do so) in accordance with the following order of priority
- (a) firstly, by paying the Preference Amount due upon all of the Third Series Preferred Share, if any are in issue, (and if there are insufficient assets to satisfy such payments in full, pro rata to the number of Third Series Preferred Shares then in issue),
 - (b) secondly, by paying the Preference Amount due upon all of the First and Second Series Preferred Shares and all of the Existing Series Preferred Shares, (and if there are insufficient assets to satisfy such payments in full, pro rata to the number of First And Second Series Preferred Shares and Existing Series Preferred Shares then in issue),
 - (c) thirdly, by distributing any balance remaining among the holders of the Equity Shares pro rata to the number of Equity Shares held as if all of the Equity Shares then in issue constituted Shares of the same class

12 EXIT PROVISIONS

- 12.1 No Shareholder shall transfer or agree to transfer any Equity Share upon a Share Sale or a Qualifying Listing (and no transfer, disposal or cancellation, or purported transfer, disposal or cancellation shall be registered by the Company) except in accordance with the provisions of this Article 12
- 12.2 The Investor may appoint a trustee ("Trustee") to receive the proceeds of a Share Sale ("Sale Proceeds") or a Qualifying Listing, if any, ("Listing Proceeds") as trustee for all of the holders of Equity Shares disposing of their Shares pursuant to such Share Sale or Qualifying Listing, and to hold such Sale Proceeds or Listing Proceeds on trust in accordance with this Article 12.2, and such Sale Proceeds or Listing Proceeds shall be

distributed between the holders of Equity Shares (as consideration for the disposal of their Equity Shares) in accordance with the following order of priority

- (a) firstly, by paying the Preference Amount due upon all of the Third Series Preferred Shares, if any are in issue (and if there are insufficient assets to satisfy such payments in full, pro rata to the number of Third Series Preferred Shares then in issue),
- (b) secondly, by paying the Preference Amount due upon all of the First and Second Series Preferred Shares and all of the Existing Series Preferred Shares, (and if there are insufficient assets to satisfy such payments in full, pro rata to the number of the First And Second Series Preferred Shares and Existing Series Preferred Shares then in issue), and
- (c) thirdly, by paying any balance remaining among the holders of all of the Equity Shares pro rata to the number of Equity Shares held by each of them as if all of the Equity Shares then in issue constituted Shares of the same class,

provided always that any Sale Proceeds payable to the Preferred Shareholders under this Article 12 that are in a form other than cash shall be payable to the Preferred Shareholder in cash at the Investor's sole discretion exercised by Investor Consent

- 12.3 Any Sale Proceeds or Listing Proceeds received by any Shareholder shall be held by that Shareholder on those trusts set out in Article 12.2 and any Shareholder receiving such Sale Proceeds or Listing Proceeds shall forthwith account for those Sale Proceeds or Listing Proceeds to any trustee appointed by the Investor pursuant to Article 12.2, or (if no trustee is appointed) to each of the other holders of Equity Shares in order to give effect to the provisions of Article 12.2
- 12.4 On a Disposal, each Shareholder shall (to the extent lawful) take any such action as is required by the Investor (including, but without prejudice to the generality of this Article 12.4, such action as may be necessary to put the Company into voluntary liquidation) so that the provisions of Article 11 apply
- 12.5 In the event of an Exit approved by the Directors (acting with Investor Consent) ("**Proposed Exit**"), all Shareholders shall consent to, vote for, raise no objections to and waive any applicable rights in connection with the Proposed Exit. The provisions of Article 20 shall not apply in a Share Sale approved as a Proposed Exit by Investor Consent under this Article 12.5. The Shareholders shall be required to take all lawful actions with respect to the Proposed Exit as are reasonably required by the Directors to facilitate the Proposed Exit. If any Shareholder fails to comply with the provisions of this Article 12.5
 - (a) the Company shall be constituted the agent and attorney of each defaulting Shareholder for taking such actions as are necessary to effect the Proposed Exit,
 - (b) the Directors may authorise an officer of the Company or a Shareholder to execute and deliver on behalf of such defaulting Shareholder all or any necessary documents, and
 - (c) the Company may receive any purchase money due to the defaulting Shareholder in trust for each of the defaulting Shareholders (without any obligation to pay interest)

13 REDEMPTION

13.1 Subject to the Act, the Investor may at any time after 31 December 2016 require the Company by notice in writing by Investor Consent (a "**Redemption Notice**") to redeem all of the Preferred Shares at that time in issue for the Redemption Amount so that

- (a) 50% of the outstanding Preferred Shares shall become due for redemption in cash within 60 days from the date of the relevant Redemption Notice,
- (b) 50% of the remaining Preferred Shares not redeemed pursuant to Article 13 1(a) shall become due for redemption in cash by not later than the first anniversary of the date of the payment made under Article 13 1(a), and
- (c) any further remaining Preferred Shares not redeemed pursuant to Articles 13 1(a) and 13 1(b) shall become due for redemption in cash by not later than the second anniversary of the date of the payment made under Article 13 1(a)

13.2 Subject to the provisions of Article 13 1, the Preferred Shares shall be redeemed in the following order

- (a) firstly, the Third Series Preferred Shares, if any are in issue,
- (b) secondly, the First and Second Series Preferred Shares and the Existing Series Preferred Shares, and

and if there is more than one holder whose Preferred Shares of any Series that are due to be redeemed at any time, then the Preferred Shares of that or those Series shall be redeemed in proportion as nearly as may be to each Preferred Shareholder's holdings of that or those Series of Preferred Shares

13.3 Subject to the Act, the Company shall if requested by notice in writing served by the Investor pursuant to clause 6 4 of the Investment Agreement redeem immediately all of the Additional First Tranche Shares for the Total Subscription Price (as those terms are defined in the Investment Agreement) for the Shares For the purposes of Articles 13 4 and 13 5 such notice shall be deemed to be a Redemption Notice

13.4 On each date on which any of the Preferred Shares are to be redeemed pursuant to the Redemption Notice, the Company shall redeem the number of Preferred Shares determined in accordance with Article 13 2, and the relevant holder of Preferred Shares shall deliver to the Company at its registered office the certificate(s) for those Preferred Shares to be redeemed (or an indemnity in a form reasonably satisfactory to the Board in respect of any lost certificate(s)), and on such delivery (and against the receipt by the holder of the Preferred Shares for the redemption monies payable in respect of his Preferred Shares) the Company shall pay each holder of Preferred Shares (or, in the case of joint holders, to the holder of Preferred Shares whose name stands first in the register of Shareholders in respect of those Preferred Shares) the Redemption Amount for each Preferred Share being redeemed

13.5 The Company shall, in the case of a redemption in full, cancel the share certificate of the holder of Preferred Shares concerned and, in the case of a redemption in part of the holding of Preferred Shares included in a certificate either

- (a) note the amount and date of redemption on the original certificate, or
- (b) cancel the original certificate and without charge issue a new certificate to the holder for the balance of Preferred Shares not redeemed on that occasion

- 13.6** If on any due date for redemption of Preferred Shares the Company is prohibited by law from redeeming all or any Preferred Shares then due to be redeemed, it shall on the due date redeem that number of the Preferred Shares as it may then lawfully redeem, and if there is more than one holder whose Preferred Shares of any Series are due to be redeemed, then the Preferred Shares of that Series shall be redeemed in proportion as nearly as may be to their existing holdings of Preferred Shares of that Series, and the Company shall redeem the balance of those Preferred Shares of that Series as soon as practical after it is not so prohibited and, for so long as the prohibition remains and any Preferred Shares have not been redeemed (and notwithstanding any other provisions of these Articles) the Preferred Dividend Rights for those Preferred Shares shall continue to accrue up to the date of redemption, and the Company shall not pay any further dividend or otherwise make any distribution of income or capital or otherwise (except in the ordinary course of business) or take any steps to reduce its Available Profits until all of the Preferred Shares have been redeemed in full. If the Company fails to make any partial redemption of Preferred Shares on any due date for redemption, then subsequent redemptions of Preferred Shares shall be deemed to be of those Preferred Shares which first became due for redemption in accordance with the provisions of Article 13.2

14 VARIATION OF CLASS RIGHTS

- 14.1** Whenever the share capital of the Company is divided into different classes of Shares, the special rights attached to any such class may only be varied or abrogated (either whilst the Company is a going concern or during or in contemplation of a winding up) with the consent in writing of the holders of at least 51% in nominal value of the issued Shares of that class (excluding any holder(s) of Restricted Shares), save that the special rights attached to the Preferred Shares may only be varied or abrogated by Investor Consent
- 14.2** Without prejudice to the generality of Article 14.1, the special rights attaching to the Preferred Shares shall be deemed to be varied by the occurrence of any of the following events
- (a) the amendment or repeal of any provision of, or addition of any provision to, the constitution of any Group Company,
 - (b) the alteration in any manner (including, without limitation, by an increase, reduction, sub-division, consolidation, re-classification or a change in any of the rights attached) of any of the issued share capital or other securities of any Group Company, but excluding the issue of any shares or other securities on the exercise of any option, warrant or other right to acquire or subscribe for shares or other securities referred to in Article 14.2(c) or the creation by any Group Company of any shares or classes of shares or other securities (save as expressly provided otherwise in these Articles),
 - (c) the grant of any option, warrant or other right to acquire or subscribe for shares in or other securities of any Group Company (whether or not pursuant to a Share Option Scheme),
 - (d) the approval of any merger, liquidation, dissolution or acquisition of any Group Company or the sale of all or any part of the business, undertaking or assets of any Group Company,
 - (e) the purchase by any Group Company of any Shares or the redemption of any shares or other securities of any Group Company,
 - (f) the acquisition by any Group Company of any shares or other securities, or any option, warrant or other right to acquire or subscribe for any of the same, in any entity (whether or not incorporated),

- (g) save as expressly provided otherwise in these Articles, the application by capitalisation of any sum in or towards paying up any shares or other securities of any Group Company, or any other reduction of any amount standing from time to time to the credit of the share premium account or capital redemption reserve of any Group Company,
- (h) the entering into by any Group Company of a voluntary winding up,
- (i) the transferring of any profits to reserves and the taking of any action (excluding payment of dividends) which may reduce the amount of the profits of any Group Company available for distribution,
- (j) the appointment or removal of any director of any Group Company, other than the appointment or removal of the Investor Director made in accordance with 6 1(c) and save as provided by law,
- (k) the redenomination of any of the issued share capital of any Group Company, and
- (l) any Group Company incurring any obligation (whether or not conditional) to do any of the foregoing

14.3 The creation of a new class of Shares which has preferential rights to one or more existing classes of Shares shall not, except as provided in Article 14 2, constitute a variation of the rights of those existing classes of Shares

15 CONVERSION OF PREFERRED SHARES

15.1 Any holder of Preferred Shares may at any time, by notice in writing to the Company, require conversion of all of the Preferred Shares held by it at any time into Ordinary Shares. Those Preferred Shares shall convert automatically on the date of service of such notice on the Company (unless such notice states that conversion is to be effective on some later date, or when any conditions specified in the notice have been fulfilled, in which case conversion shall take effect on that later date, or when such conditions have been fulfilled, as the case may be)

15.2 Subject to Article 15 5, all of the Preferred Shares shall automatically convert into Ordinary Shares on the date of a Qualifying Listing subject always to the payment of Listing Proceeds determined by Article 12 being made to the full extent possible

15.3 In the case of a conversion pursuant to

- (a) Article 15 1, at least 5 Business Days after the date of conversion, or
- (b) Article 15 2, at least 5 Business Days before the date of the Qualifying Listing,

each holder of the relevant Preferred Shares converted or to be converted shall deliver the certificate(s) (or an indemnity in a form reasonably satisfactory to the Directors for any lost share certificate) for the Preferred Shares being converted (together with such other evidence (if any) as the Directors may reasonably require to prove good title to those Shares) to the Company at its registered office for the time being

15.4 Where conversion of any Preferred Share is mandatory on the occurrence of a Qualifying Listing, that conversion shall only be effective immediately before such Qualifying Listing. If such Qualifying Listing does not become effective, or does not take place, such conversion shall be deemed not to have occurred

15.5 On conversion pursuant to this Article 15

- (a) the relevant Preferred Shares shall (without any further authority than that contained in these Articles) stand converted into Ordinary Shares on the basis of one Ordinary Share for each Preferred Share held,
- (b) to the extent that there is any Preference Amount which has not been paid on a Qualifying Listing in accordance with Article 12.2 the Company shall issue to each holder of Preferred Shares such number of Ordinary Shares as is calculated by dividing such remaining Preference Amount by the price per Ordinary Share fixed for the purpose of the Qualifying Listing. Such Shares shall be satisfied by the automatic capitalisation of reserves and/or share premium account
- (c) the conversion ratio shall be adjusted to take account of any sub-division, consolidation or re-classification of either the Preferred Shares or the Ordinary Shares at any time before a conversion in accordance with this Article 15, and
- (d) the Ordinary Shares resulting from the conversion shall rank *pari passu* in all respects with the existing issued Ordinary Shares

15.6 Forthwith following a conversion pursuant to this Article 15, the Company shall enter the holder(s) of the converted Preferred Shares in the register of Shareholders of the Company as the holder(s) of the appropriate number of Ordinary Shares and, subject to the relevant holder of Preferred Shares delivering the relevant share certificate(s) (or indemnity or other evidence) in respect of the Preferred Shares in accordance with Article 15.3, the Company shall, within 5 Business Days of conversion, forward a definitive share certificate for the appropriate number of fully paid Ordinary Shares to such holder of converted Preferred Shares, by post to his address as shown in the Company's register of Shareholders, at his own risk and free of charge

16 ANTI-DILUTION

16.1 If the Company issues any Relevant Securities

- (i) without consideration, or
- (ii) for a consideration per Share of less than €0.2216 (calculated at the Conversion Rate on the date of issue of the Relevant Securities where the consideration is denominated in any other currency),

(a "**Qualifying Issue**"), the Company shall make a bonus issue of such number of Preferred Shares ("**Anti-Dilution Shares**") to each Preferred Shareholder (unless and to the extent that any such Preferred Shareholder has specifically waived his rights under this Article 16 in writing) (each an "**Exercising Preferred Shareholder**") as shall be calculated in accordance with Article 16.2

16.2 The number of Anti-Dilution Shares to be issued to each Exercising Preferred Shareholder shall be the number equal to N (rounded down to the nearest whole number), where N is calculated as follows

$$N = (W / \text{DRP}) - Z$$

Where

N = the number of Anti-Dilution Shares to be issued to the Exercising Preferred Shareholder

DRP = the Issue Price (in pounds sterling) per Relevant Security of the Qualifying Issue calculated in accordance with Article 16.1(ii), or, where

the Relevant Security is issued for no consideration, a deemed Issue Price of £0.001

W = €0.2216 x Z

Z = the total number of Preferred Shares held by the relevant Exercising Preferred Shareholder prior to the Qualifying Issue (but excluding any Preferred Shares acquired as a result of any previous operation of this Article 16)

16.3 The Anti-Dilution Shares shall

- (a) be paid up by the automatic capitalisation of available reserves of the Company (without any further authority required than that contained in these Articles),
- (b) within 5 Business Days of the date of the Qualifying Issue be issued to the relevant Exercising Preferred Shareholders in accordance with Article 16.2 and credited as fully paid up in cash, and
- (c) shall rank *pari passu* in all respects with the existing Preferred Shares

16.4 If and to the extent that the Company is prohibited from issuing the Anti-Dilution Shares in accordance with Article 16.3 (whether by virtue of the Act or otherwise), each Exercising Preferred Shareholder shall be entitled, at any time, to subscribe at par for the balance of that number of Anti-Dilution Shares to which he would otherwise be entitled to receive pursuant to Article 16.2 and, following such a subscription, Article 16.3(c) shall apply

16.5 In the case of an issue of Relevant Securities for a consideration in whole or in part other than in cash, the Issue Price of each Relevant Security for the purposes of Article 16.1 and Article 16.2 shall be a price certified by the Independent Expert (acting as experts and not as arbitrators) as being, in their opinion, the current cash value of the non-cash consideration for the allotment of the Relevant Securities

16.6 In the event of any Issue or Re-organisation, the Issue Price of each Preferred Share shall be adjusted to take account of such Issue or Re-organisation on such basis as may be agreed between the Directors and the Investor or, failing such agreement within 15 Business Days after (and excluding) the date of such Issue or Re-organisation, as determined by the Independent Expert (at the Company's cost)

16.7 If there is a dispute between the Company and any holder for the time being of Preferred Shares as to the operation of this Article 16, the matter shall be referred (at the cost of the Company) to the Independent Expert who shall determine the number of Anti-Dilution Shares to be issued

16.8 The Independent Expert's determination of any matter under this Article 16 shall, in the absence of manifest error, be final and binding on the Company and each of its Shareholders

17 PRE-EMPTION RIGHTS ON THE ISSUE OF FURTHER SHARES

17.1 Save to the extent authorised by these Articles, the Directors shall not, save with Investor Consent, exercise any power to allot Shares or to grant rights to subscribe for, or to convert any security into, any Shares

17.2 Subject to the remaining provisions of this Article 17, the Directors are generally and unconditionally authorised, for the purposes of section 551 of the Act, to exercise any power of the Company to

- (a) offer or allot,
- (b) grant rights to subscribe for or to convert any security into, and
- (c) otherwise deal in, or dispose of,

any Shares (or any options, warrants, conversion rights and all other rights to acquire or subscribe for Shares) to any person, at any time and subject to any terms and conditions as the Directors think proper

17.3 The authority referred to in Article 17.2

- (a) shall be limited to a maximum nominal amount of £9,000,000 of Preferred Shares and £3,000,000 of Ordinary Shares,
- (b) shall only apply insofar as the Company has not, subject to these Articles, renewed, waived or revoked it by ordinary resolution, and
- (c) may only be exercised for a period of five years from the Adoption Date save that, subject to these Articles, the Directors may make an offer or agreement which would, or might, require any Shares to be allotted after the expiry of such authority (and the Directors may allot Shares in pursuance of an offer or agreement as if such authority had not expired)

17.4 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to an allotment of equity securities (as defined in section 560(1) of the Act) made by the Company

17.5 Without limitation to the provisions of Article 27.1, if the Company proposes to allot any Relevant Securities, those Relevant Securities shall not be allotted to any person except with Investor Consent unless the Company has first offered them to the holders (on the date of the offer) of the Preferred Shares (each an “Offeree”) on a pari passu basis (as if they constituted Shares of the same class) and in the respective proportions that the number of Preferred Shares held by each such holder bears to the total number of Preferred Shares in issue (as nearly as possible without involving fractions) (the “Respective Proportion”) 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

17.6 An offer to an Offeree made under Article 17.5 shall

- (a) be in writing and give details of the number, class and subscription price (including any share premium) of the Relevant Securities being offered,
- (b) remain open for a period of 20 Business Days from the date of service of the offer, and
- (c) 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 17.5 shall, in his acceptance, state the number of excess Relevant Securities (“Excess Securities”) for which he wishes to subscribe

17.7 If, on the expiry of an offer to Offerees made in accordance with Article 17.5, the total number of Relevant Securities applied for is less than the total number of Relevant Securities so offered to Offerees, 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

- 17.8** Any Relevant Securities not accepted by Offerees pursuant to an offer made in accordance with Article 17 5 shall be used to satisfy any requests for Excess Securities made pursuant to Article 17 6(c), provided always that the amount of Relevant Securities being allotted to all Offerees shall not be greater than the amount represented by the aggregate Respective Proportions of the total amount of Relevant Securities to be issued. If there are insufficient Relevant Securities allotted to the Offerees remaining to satisfy such requests, those Relevant Securities shall be allotted to the applicants in the respective proportions that the number of Preferred Shares held by each such applicant bears to the total number of Preferred Shares held by all such 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).
- 17.9** Following completion of the allotments referred to in Articles 17 7 and 17 8, the balance of such Relevant Securities shall be offered to the holders (on the date of this offer) of the Ordinary Shares on a pari passu basis and in the respective proportions that the number of Ordinary Shares held by each such holder bears to the total number of Ordinary 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. Such offer shall be made in accordance with Article 17 6, and the provisions of Articles 17 7 and 17 8 shall, with necessary modifications, apply to such offer.
- 17.10** If, after completion of the allotments referred to in Article 17 7, Article 17 8 and Article 17 9, not all of the Relevant Securities have been allotted, the balance of such Relevant Securities shall, subject to Article 17 11 be offered to the holders (on the date of such offer) of the Preferred Shares (pro rata to their holding of Preferred Shares, and in accordance with the provisions of Articles 17 6 to 17 8 (inclusive, and with the necessary modifications)), failing which such balance shall be offered to such other person(s) as the Directors may, with Investor Consent, determine, at the same price and on the same terms as the offer to the Shareholders.
- 17.11** 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.

18 TRANSFERS OF SHARES: GENERAL

- 18.1** 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.
- 18.2** 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 18 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.
- 18.3** If a Shareholder transfers (or purports to transfer) a Share other than in accordance with these Articles, he shall, save with Investor Consent to the contrary, be deemed to have immediately served a Transfer Notice in respect of all Shares held by him.
- 18.4** Any transfer of a Share by way of sale which is required to be made under Articles 23, 24 or 25 shall be deemed to include a warranty that the transferor sells the Share with full title guarantee.
- 18.5** The Directors may (and shall, if required to do so by Investor Consent), 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 Investment Agreement, in such form as the Directors (acting with Investor Consent) may reasonably require (but not so as to oblige the transferee to have any obligations or liabilities greater than those of the proposed transferor) If any condition is imposed in accordance with this Article 18 5, 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

18.6 To enable the Directors to determine whether or not there has been any transfer (or purported transfer) of Shares the Directors may, and shall if so requested by the Investor Director, require

- (a) any holder (or the legal representatives of a deceased holder), or
- (b) any person named as a transferee in a transfer lodged for registration, or
- (c) such other person as the Directors or the Investor Director 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

18.7 If any such information or evidence referred to in Article 18 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 then, unless otherwise directed in writing by Investor Consent

- (a) the relevant Shares shall cease to confer on the holder of them any rights
 - (i) 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, or
 - (ii) to receive dividends or other distributions (other than the amount to which they may be entitled pursuant to the application of Article 10 3) otherwise attaching to those Shares,
- (b) 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 (with Investor Consent) reinstate the rights referred to in Article 18 7(a) at any time and, in any event, such rights shall be reinstated, in respect of any Shares transferred pursuant to Article 18 7(b), on completion of such transfer

18.8 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

- (a) it does not contain a Minimum Transfer Condition, and
- (b) 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)

- 18.9 Any Transfer Notice (but not an Offer Notice (as defined in Article 24) or a Drag Along Notice (as defined in Article 25)) 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

19 PERMITTED TRANSFERS OF SHARES

- 19.1 A Shareholder may transfer all or any of his or its Shares to a Permitted Transferee

- 19.2 Where Shares are held by the trustee(s) of a Family Trust, the trustee(s) may transfer Shares to

- (a) that Shareholder,
- (b) any Privileged Relation(s) of that Shareholder,
- (c) the trustee(s) of another Family Trust of which that Shareholder is the settlor, or
- (d) to the trustee of any pension scheme of that Shareholder ("**Pension Scheme**"),
- (e) the new (or remaining) trustee(s) upon a change of trustee(s) of a Family Trust or Pension Scheme,

without any price or other restriction

- 19.3 If the 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 Shareholder which made the Permitted Transfer, transfer the Shares held by it

- (a) back to that Shareholder which made the Permitted Transfer, or
- (b) to a Member of the Same Group as that Shareholder which made the Permitted Transfer,

(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 19.3, 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 19.3

- 19.4 If the Shareholder is an individual and a Permitted Transfer has been made to a Privileged Relation of that Shareholder, no further transfer pursuant to Article 19.1 may be made unless the transferee is a Privileged Relation of the Shareholder making the first Permitted Transfer

- 19.5 If the Shareholder is an individual and a Permitted Transfer has been made to a Privileged Relation of that 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 that Shareholder (whether by reason of death, divorce or otherwise) either

- (a) execute and deliver to the Company a transfer of the Shares held by him to that Shareholder (or to any Permitted Transferee of that Shareholder) for such consideration as may be agreed between them, or
- (b) give a Transfer Notice to the Company in accordance with Article 20,

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 19.5

20 PRE-EMPTION RIGHTS ON THE TRANSFER OF SHARES

- 20.1** Except where the provisions of Articles 12 5, 19. 24 and 25 apply, any transfer of Shares by a Shareholder shall be subject to the pre-emption rights in this Article 20
- 20.2** 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
- (a) subject to Article 18 8(b), the number of Shares he wishes to transfer (**"Sale Shares"**),
 - (b) the name of the proposed transferee, if any,
 - (c) subject to Article 23 6, the price per Sale Share (in cash), if any, at which he wishes to transfer the Sale Shares (the **"Proposed Sale Price"**), and
 - (d) subject to Article 18 8(a), whether the Transfer Notice is conditional on all or a specific number of the Sale Shares being sold (a **"Minimum Transfer Condition"**)
- 20.3** Except in the case of a Deemed Transfer Notice (which may not be withdrawn), where the Transfer Price of the Sale Shares comprised within a Transfer Notice is to be the Fair Value and such Fair Value is less than the Proposed Sale Price the Seller may, within 3 Business Days of receipt of notification of the Fair Value, withdraw the Transfer Notice Otherwise, a Transfer Notice may only be withdrawn with Investor Consent
- 20.4** 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
- 20.5** As soon as practicable following the later of
- (a) receipt of a Transfer Notice (or in the case of a Deemed Transfer Notice, the date on which such notice is deemed to be served, and
 - (b) the determination of the Transfer Price,
- the Directors shall (unless the Transfer Notice is withdrawn in accordance with Article 20 3) offer the Sale Shares for sale in the manner set out in the remaining provisions of this Article 20 at the Transfer Price Each offer shall be in writing and give details of the number and Transfer Price of the Sale Shares offered
- 20.6** The Company shall, subject to Article 23, offer any Sale Shares in the following order of priority
- (a) first, to the holders of Preferred Shares, and
 - (b) second, to the holders of Ordinary Shares,
- in each case on the basis set out in Article 20 7 to Article 20 15 (inclusive)
- 20.7** The Directors shall offer the Sale Shares in the order of priority referred to in Article 20 6 to the holders of Preferred Shares (other than the Seller), inviting them to apply in writing within the period from the date of the offer to the date 20 Business Days after the offer (both dates inclusive) (the **"First Offer Period"**) for the maximum number of Sale Shares they wish to buy

20.8 If

- (a) at the end of the First Offer Period, the number of Sale Shares applied for is equal to or exceeds the number of Sale Shares, the Directors shall allocate the Sale Shares to each holder of Preferred Shares who has applied for Sale Shares in the proportion which his existing holding of Preferred Shares bears to the total number of Preferred Shares held by all such applicants. 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 (acting with Investor Consent)). 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,
- (b) not all Sale Shares are allocated following allocations in accordance with Article 20 8(a), 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 20 8(a). The procedure set out in this Article 20 8(b) 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
- (c) at the end of the First Offer Period, the total number of Sale Shares applied for is less than the number of Sale Shares, the Directors shall allocate the Sale Shares to the holders of Preferred Shares in accordance with their applications. The balance (the “**Initial Surplus Shares**”) shall be dealt with in accordance with Article 20 9

20.9 At the end of the First Offer Period, the Directors shall offer the Initial Surplus Shares (if any) to the holders of Ordinary Shares (other than the Seller), inviting them to apply in writing within the period from the date of the offer to the date 20 Business Days after the offer (both dates inclusive) (the “**Second Offer Period**”) for the maximum number of Initial Surplus Shares they wish to buy

20.10 If

- (a) at the end of the Second Offer Period, the number of Initial Surplus Shares applied for is equal to or exceeds the number of Initial Surplus Shares, the Directors shall allocate the Initial Surplus Shares to each holder of Ordinary Shares who has applied for Initial Surplus Shares in the proportion which his existing holding of Ordinary Shares bears to the total number of Ordinary Shares held by all such applicants. Fractional entitlements shall be rounded down to the nearest whole number (save where such rounding would result in not all Initial Surplus Shares being allocated, in which case, the allocation of any such fractional entitlements shall be determined by the Directors (acting with Investor Consent)). No allocation shall be made to a Shareholder of more than the maximum number of Initial Surplus Shares which he has stated he is willing to buy,
- (b) not all Initial Surplus Shares are allocated following allocations in accordance with Article 20 10(a), but there are applications for Initial Surplus Shares that have not been satisfied, the Directors shall allocate the remaining Initial Surplus Shares to such applicants in accordance with the procedure set out in Article 20 10(a). The procedure set out in this Article 20 10(b) shall apply on any number of consecutive occasions until either all Initial Surplus Shares have been allocated or all applications for Initial Surplus Shares have been satisfied, and
- (c) at the end of the Second Offer Period, the total number of Initial Surplus Shares applied for is less than the number of Initial Surplus Shares, the Directors shall allocate the Initial Surplus Shares to the holders of Ordinary Shares in accordance with their applications. The balance (the “**Second Surplus Shares**”) shall, subject to Article 20 11, be offered to any other person in accordance with Article 20 15

20.11 Where the Transfer Notice contains a Minimum Transfer Condition

- (a) any allocation made under Article 20 8 to Article 20 10 (inclusive) shall be conditional on the fulfilment of the Minimum Transfer Condition, and
- (b) if the total number of Sale Shares applied for under Article 20 8 to Article 20 10 (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

20.12 Where either

- (a) the Transfer Notice does not contain a Minimum Transfer Condition, or
- (b) 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 20 8 to Article 20 10 (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 10 Business Days, but not more than 20 Business Days, after the date of the Allocation Notice)

20.13 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

20.14 If the Seller fails to comply with Article 20 13

- (a) 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)
 - (i) complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicants,
 - (ii) receive the 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
 - (iii) (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
- (b) 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

20.15 Where an Allocation Notice does not relate to all the Sale Shares or the Transfer Notice lapses pursuant to Article 20 11(b) then, subject to Article 20 16, the Seller may, at any time during the 20 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 (the “**Buyer**”) 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 20 15 shall continue to be subject to any Minimum Transfer Condition

20.16 The Seller's right to transfer Shares under Article 20 15 does not apply if the Directors reasonably consider that

- (a) the Buyer is a person (or a nominee for a person) whom the Investor Director determines to be a competitor (or a Member of the Same Group as a competitor) of the business of any Group Company,
- (b) the sale of the Sale Shares is not bona fide or the price is subject to a deduction, rebate or allowance to the Buyer, or
- (c) the Seller has failed or refused to promptly provide information available to him and reasonably requested to enable it to form the opinion referred to in Article 20 16(b)

21 PREFERRED SHAREHOLDER CO-SALE RIGHT

21.1 If, after conclusion of the pre-emption process set out in Article 20, a Seller is entitled to transfer its Sale Shares pursuant to Article 20 15 (subject to the provisions of Article 20 16), it shall give to the Preferred Shareholders not less than 15 Business Days' notice in advance of the proposed sale (a "**Co-Sale Notice**") The Co-Sale Notice shall specify

- (a) the identity of the Buyer,
- (b) the price per Share which the Buyer is proposing to pay,
- (c) the manner in which the consideration is to be paid, and
- (d) the number of Equity Shares which the Seller proposes to sell

21.2 Each of the Preferred Shareholders shall be entitled within 5 Business Days after receipt of the Co-Sale Notice, to notify the Seller that it wishes to sell a certain number of Equity Shares held by it at the proposed sale price, by sending to the Seller at the address specified in the Co-Sale Notice a counter-notice which shall specify the number of Equity Shares which the Preferred Shareholder wishes to sell The maximum number of Shares which each Preferred Shareholder can sell under this Article 21 shall be

$$\left(\frac{X}{Y}\right) \times Z$$

where

X is the number of Preferred Shares held by the Preferred Shareholder,

Y is the total number of Equity Shares in issue,

Z is the number of Equity Shares the Seller proposes to sell

21.3 If any of the Preferred Shareholders return to the Seller a counter-notice within 5 Business Days from the date on which the Preferred Shareholders receive the Co-Sale Notice, the Seller shall be entitled to sell to the Buyer on the terms notified to the Preferred Shareholders a number of Shares not exceeding the number specified in the Co-Sale Notice less any Shares which the Preferred Shareholders have indicated they wish to sell, provided that at the same time the Buyer purchases from the Preferred Shareholders the number of Shares that each Preferred Shareholder wish to sell as indicated in its counter-notice on terms no less favourable than those obtained by the Seller from the Buyer

21.4 If any of the Preferred Shareholders fail to return to the Seller a counter-notice within 5 Business Days from the date on which the Preferred Shareholders receive the Co-Sale Notice, that Preferred Shareholders' entitlement to sell Equity Shares to the Buyer shall lapse

21.5 No sale by the Seller shall be made pursuant to any Co-Sale Notice more than three months after service of such Co-Sale Notice

22 VALUATION

22.1 The Transfer Price for each Sale Share the subject of a Transfer Notice (or Deemed Transfer Notice) shall, save where expressly provided otherwise in these Articles, be the price per Sale Share (in cash) agreed between the Directors (any Director with whom the Seller is connected not voting), acting with Investor Consent, and the Seller or, in default of agreement within 20 Business Days of the date of service of the Transfer Notice (or, in the case of a Deemed Transfer Notice, the date on which the board of Directors first has actual knowledge of the facts giving rise to such deemed service), the Fair Value of each Sale Share

22.2 The Fair Value shall be the price per Sale Share determined by the Independent Expert on the following bases and assumptions

- (a) valuing the Sale Shares as on an arm's-length sale between a willing seller and a willing buyer as at the date the Transfer Notice was served (or deemed served),
- (b) if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so,
- (c) that the Sale Shares are capable of being transferred without restriction,
- (d) valuing the Sale Shares as a rateable proportion of the total value of all the issued Shares without any premium or discount being attributable to the percentage of the issued share capital of the Company which they represent, and
- (e) reflecting any other factors which the Independent Expert reasonably believes should be taken into account

22.3 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

22.4 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

22.5 The parties are entitled to make submissions to the Independent Expert 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

22.6 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)

22.7 The Independent Expert shall be requested to determine the Fair Value within 25 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

22.8 The cost of obtaining the Independent Expert's certificate shall be borne by the Company unless

- (a) the Seller withdraws the relevant Transfer Notice in accordance with Article 20 3, or
- (b) in respect of a Deemed Transfer Notice, 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

23 COMPULSORY TRANSFERS

23.1 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 to the Company under the provisions of Article 20 in respect of that Share at such time as the Directors (acting with Investor Consent) may determine

23.2 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 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 (acting with Investor Consent) may determine

23.3 If there is a change in control (as 'control' is defined in section 840 of the Income and Corporation Taxes Act 1988) of any Shareholder which is a company, it shall be bound at any time, if and when required in writing by the Directors to do so, to give (or procure the giving in the case of a nominee) a Transfer Notice in respect of all the Shares registered in its name (or the name of its nominee(s)) unless exempted from doing so by Investor Consent

23.4 Subject to Articles 23 10 and 23 11, if an Employee Shareholder becomes a Departing Employee Shareholder, a Transfer Notice shall be deemed to have been served by that Departing Employee Shareholder and any Permitted Transferees of that Departing Employee Shareholder on the relevant Termination Date in respect of the number of Relevant Shares calculated in accordance with Article 23 5 (a "**Compulsory Employee Transfer**") and any Transfer Notice served in respect of any of such Relevant Shares before the date such Employee Shareholder becomes a Departing Employee Shareholder shall automatically lapse

23.5 For the purpose of Article 23 4, the number of the Relevant Shares shall be

- (a) if the Departing Employee Shareholder is a Good Leaver, a number of shares equal to "**b-n**" where
 - a is the number of complete months between the Commencement Date and the Termination Date,
 - b is the number of Shares held by the Employee Shareholder and/or its Permitted Transferee(s),
 - n equals $\frac{a \times b}{60}$ (rounded up to the nearest whole number)

- (b) if the Departing Employee Shareholder is not a Good Leaver, a number of Shares equal to 100 per cent of the Relevant Shares held by that Departing Employee Shareholder
- 23.6** The Transfer Price in respect of any Transfer Notice issued under Article 23 4 shall be
- (a) for a Good Leaver, the Fair Value,
 - (b) in all other cases, the lower of the aggregate Issue Price of such Sale Shares or the Fair Value
- 23.7** Notwithstanding the provisions of Article 23 6, the Investor may, by Investor Consent 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 23 8
- 23.8** Forthwith upon a Transfer Notice being deemed to be served under Article 23 the Shares ("**Restricted Shares**") shall cease to confer on the holder of them any rights
- (a) 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, or
 - (b) to receive dividends or other distributions otherwise attaching to those Shares
- 23.9** The Directors may (with Investor Consent) reinstate the rights referred to in Article 23 8 at any time and, in any event, such rights shall be reinstated in respect of any Shares transferred pursuant to Article 23 on completion of such transfer
- 23.10** The provisions of Articles 23 4 to 23 6 inclusive shall not apply to either of the Founder Members except where such a Founder Member is not a Good Leaver by reason of gross misconduct, or a material breach of his service agreement with the Company
- 23.11** The Directors may, in their absolute discretion (but with Investor Consent) decide that a Departing Employee may retain all or any part of his or her Shares
- 24 TAG ALONG**
- 24.1** In the event of a proposed transfer of Shares by a holder of Preferred Shares (the "**Seller**") within the period of three years from the Adoption Date, whether made as one or as a series of transactions (a "**Proposed Transfer**") to any person (the "**Buyer**") other than
- (a) an existing Shareholder,
 - (b) (i) a Member of the Same Fund Group or a Member of the Same Group as the Preferred Shareholder who is the Seller, (ii) any nominee of such person referred to in (i) or (iii) an Institutional Shareholder,
- together with any person acting in concert with the Buyer, the remaining provisions of this Article 24 shall apply
- 24.2** The Seller shall procure that, prior to the completion of the Proposed Transfer, the Buyer shall make an offer (the "**Offer**") to each Shareholder (other than any holder(s) of Restricted Shares) on the date of the Offer to buy the Equity Shares held by such Shareholders as determined under Article 24 3 on the date of the Offer for a consideration in cash per Equity Share (the "**Offer Price**") which is equal to the highest price per

Equity Share offered, paid or to be paid by the Buyer, or any person acting in concert with the Buyer, for any Equity Shares in connection with the Proposed Transfer

- 24.3** The maximum number of Shares the subject of an Offer to a Shareholder under this Article 24 shall be

$$\left(\frac{X}{Y}\right) \times Z$$

where

X is the number of Equity Shares held by the Shareholder,

Y is the total number of Equity Shares held by the Shareholder and the Seller, and

Z is the number of Equity Shares the Seller proposes to sell

- 24.4** 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

- (a) the identity of the Buyer (and any person(s) acting in concert with the Buyer),
- (b) the Offer Price and any other terms and conditions of the Offer,
- (c) the Sale Date, and
- (d) the number of Equity Shares which would be held by the Buyer (and persons acting in concert with the Buyer) on completion of the Proposed Transfer

- 24.5** The completion of the Proposed Transfer shall be conditional in all respects on

- (a) the making of an Offer in accordance with this Article 24, and
- (b) 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 24.5

- 24.6** The Proposed Transfer is, but the purchase of Shares from Accepting Shareholders pursuant to an Offer made under this Article 24 shall not be, subject to the pre-emption provisions of Article 20

25 DRAG ALONG

- 25.1** If the holder or holders of a majority of the Preferred Shares (the “**Selling Shareholders**”) wish to transfer all of their interest in such Shares (“**Sellers’ Shares**”) to a bona fide arm’s-length purchaser (“**Proposed Buyer**”) for a minimum price reflecting a cash and debt free company valuation multiple of 2.2 of the Company’s last 12 months rolling revenue, the Selling Shareholders shall have the option, acting unanimously, (“**Drag Along Option**”) to require all the other holders of Equity Shares on the date of the request (“**Called Shareholders**”) to sell and transfer all their interest in Equity Shares with full title guarantee to the Proposed Buyer (or as the Proposed Buyer may direct) in accordance with the provisions of this Article 25. In exercising its rights under this

Article 25, the Selling Shareholders shall use their reasonable efforts to maximise value on behalf of all holders of Equity Shares

- 25.2** The Selling Shareholders may exercise the Drag Along Option by giving notice in writing to that effect, signed by each Selling Shareholder, (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
- (a) that the Called Shareholders are required to transfer all their Equity Shares (“**Called Shares**”) pursuant to this Article 25,
 - (b) the identity of the Proposed Buyer (and, if relevant, the transferee(s) nominated by the Proposed Buyer),
 - (c) the consideration payable for the Called Shares calculated in accordance with Article 25.4 (and which shall not be less than the price per Share payable to the Selling Shareholder for Shares of the same class),
 - (d) the proposed date of completion of transfer of the Called Shares
- 25.3** Once given, a Drag Along Notice may not be revoked save with the prior consent of the Directors, acting with Investor Consent. 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.
- 25.4** The consideration (in cash or otherwise) for which the Called Shareholders shall be obliged to sell each of the Called Shares shall be that to which they would be entitled if the total consideration proposed to be paid by the Proposed Buyer were distributed to the holders of the Called Shares and the Sellers’ Shares in accordance with the provisions of Article 11.1.
- 25.5** No Drag Along Notice shall require a Called Shareholder to agree to any terms except those specifically set out in this Article 25.
- 25.6** 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
- (a) all of the Called Shareholders and the Selling Shareholders otherwise agree, or
 - (b) 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 15 Business Days after the date of service of the Drag Along Notice.
- 25.7** 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 Equity Shares in favour of the Proposed Buyer (or as the Proposed Buyer may direct), together with the share certificate(s) in respect of those Equity 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 25.4 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 25.4 shall be a good discharge to the Proposed Buyer. The Company shall hold the amounts due to the Called Shareholders pursuant to Article 25.4 in trust for the Called Shareholders without any obligation to pay interest.

- 25.8** 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 25.4, the Called Shareholders shall be entitled to the return of the stock transfer forms and share certificate(s) (or suitable indemnity) for the relevant Equity Shares and the Called Shareholders shall have no further rights or obligations under this Article 25 in respect of their Equity Shares
- 25.9** 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 25
- 25.10** 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, Equity 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 Equity Shares acquired by him to the Proposed Buyer (or as the Proposed Buyer may direct) and the provisions of this Article 25 shall apply, with the necessary changes, to the New Shareholder, save that completion of the sale of such Equity 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
- 25.11** 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 20
- 25.12** 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

26 GENERAL MEETINGS

- 26.1** No business other than, subject to Article 26.1, 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
- 26.2** 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

27 SHAREHOLDER APPROVALS

- 27.1** None of the matters set out in Schedule 2 to these Articles shall be undertaken by the Company at any time prior to the occurrence of a Share Sale, a Qualifying Listing, or the redemption in full of all the Preferred Shares, except with Investor Consent

- 27.2 The Company shall give reasonable notice of a request to seek Investor Consent in accordance with Article 27.1.1. For the purposes of this Article, “reasonable” shall mean not less than 10 clear Business Days’ notice, however, in the case of emergency or in respect of matters requiring prompt resolution, shorter notice may be given (but in any event not less than two clear Business Days) as may be reasonable in all the circumstances

28 VOTING

- 28.1 Subject to any other provisions in these Articles concerning voting rights, each 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
- 28.2 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
- 28.3 Model Article 45(1) shall be amended by
- (a) 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
 - (b) the insertion of the words “and a proxy notice which is not delivered in such manner shall be invalid as a new paragraph at the end of that Model Article

29 LIEN, CALLS ON SHARES AND FORFEITURE

- 29.1 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
- 29.2 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)

29.3 Enforcement of the Company’s Lien

- (a) Subject to the provisions of this Article 29.3, if
 - (i) a Lien Enforcement Notice has been given by the Company in respect of a Share, and
 - (ii) 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
- (b) A Lien Enforcement Notice

- (i) may only be given by the Company 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,
 - (ii) must specify the Share concerned,
 - (iii) 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),
 - (iv) must be addressed either to the holder of the Share or to a transmittee of that holder, and
 - (v) must state the Company's intention to sell the Share if the notice is not complied with
- (c) Where Shares are sold under this Article 29.3
- (i) 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
 - (ii) 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
- (d) 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
- (i) 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
 - (ii) 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
- (e) A statutory declaration by a Director that the declarant is a Director and that a Share has been sold to satisfy the Company's Lien on a specified date
- (i) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share, and
 - (ii) subject to compliance with any other formalities of transfer required by the Articles or by law, constitutes a good title to the Share

29.4 Call notices

- (a) 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
- (b) A Call Notice

- (i) may not require a Shareholder to pay a Call which exceeds the total amount of his indebtedness or liability to the Company,
- (ii) must state when and how any Call to which it relates is to be paid, and
- (iii) may permit or require the Call to be made in instalments
- (c) 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
- (d) Before the Company has received any Call due under a Call Notice the Directors may
 - (i) revoke it wholly or in part, or
 - (ii) specify a later time for payment than is specified in the notice,
 by a further notice in writing to the Shareholder in respect of whose Shares the Call is made
- (e) 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
 - (i) on allotment,
 - (ii) on the occurrence of a particular event, or
 - (iii) on a date fixed by or in accordance with the terms of issue

29.5 Forfeiture

- (a) If a person is liable to pay a Call and fails to do so by the Call payment date
 - (i) the Directors may issue a notice of intended forfeiture to that person, and
 - (ii) until the Call is paid, that person must pay the company interest on the Call from the Call payment date at the relevant rate
- (b) A notice of intended forfeiture
 - (i) may be sent in respect of any Share in respect of which a Call has not been paid as required by a Call Notice,
 - (ii) must be sent to the holder of that Share (or all the joint holders of that Share) or to a transmittee of that holder,
 - (iii) must require payment of the Call and any accrued interest 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),
 - (iv) must state how the payment is to be made, and
 - (v) 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

ADMINISTRATIVE ARRANGEMENTS

30 NOTICES

- 30.1** Any notice, document or other information shall be deemed served on or delivered to the intended recipient
- (a) 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 5 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, provided that delivery in at least 5 Business Days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider),
 - (b) if properly addressed and delivered by hand, when it was given or left at the appropriate address,
 - (c) if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied, and
 - (d) 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
- 30.2** 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

31 INDEMNITY AND INSURANCE

- 31.1** Subject to Article 31 2, but without prejudice to any indemnity to which a Relevant Officer is otherwise entitled
- (a) 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 (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted, or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part, or in connection with any application in which the court grants him, in his capacity as a Relevant Officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's affairs, and
 - (b) 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 31 1 and otherwise may take any action to enable such Relevant Officer to avoid incurring such expenditure
- 31.2** This Article 31 does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law
- 31.3** 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
- 31.4** In this Article 31

- (a) “**Relevant Loss**” means any loss or liability which has been or may be incurred by a Relevant Officer in connection with that Relevant Officer’s duties or powers in relation to the Company, and
- (b) “**Relevant Officer**” means any Director, Observer or other officer of the Company

SCHEDULE 2
MATTERS REQUIRING INVESTOR CONSENT

- 1 The following matters require Investor Consent in accordance with Article 27 1
- 1 1 issue, allot, redeem, purchase, cancel or grant options over any of the Company's Shares or other securities (other than pursuant to the Share Option Plan),
 - 1 2 create (by reclassification or otherwise) any new class or series of Shares,
 - 1 3 reorganise the Company's share capital in any way,
 - 1 4 amend or vary any of the rights attaching to the Preferred Shares, or to amend or vary any of the rights attaching to any other Shares in a way that is, or may be, material to the value of and/or rights attaching to the Preferred Shares,
 - 1 5 declare or pay any dividend or other distribution,
 - 1 6 make any distribution out of capital profits or capital reserves (including any share premium account or capital redemption reserve fund),
 - 1 7 alter the provisions of the Company's Memorandum or Articles or pass any resolution inconsistent with the Company's Memorandum or Articles,
 - 1 8 vary or amend, or waive due compliance, with the Share Option Plan,
 - 1 9 pass any resolution, or present any petition to the court, for the winding up of the Company,
 - 1 10 go into liquidation or request the appointment of a receiver or receiver and manager or administrative receiver to be appointed over all or any part of the assets of the Company or petition the court for the grant of an administration order pursuant to the Insolvency Act 1986 or take steps for the implementation of a voluntary arrangement pursuant to part 1 of the Insolvency Act 1986 (save that consent in accordance with Article 27 1 shall not be required to implement any of the matters contemplated by this paragraph 1 10 in taking every step necessary with a view to minimising the potential loss to the Company's creditors when it becomes known to the Directors there is no reasonable prospect that the Company avoiding going into insolvent liquidation),
 - 1 11 change the auditors, accounting reference date or registered office of the Company,
 - 1 12 engage any investment banker or other corporate finance advisor,
 - 1 13 make any material changes to the business carried on by the Company, or materially deviate from the strategy for the Company as set out in the Business Plan,

- 1 14 acquire or make any investment in another company or business or incorporate any subsidiary,
- 1 15 acquire any asset (including any intangible asset), licence or business or part of any such asset, licence or business (whether as a single transaction or as a series of transactions) for a cost in excess of €50,000,
- 1 16 merge or amalgamate the Company or any part of its business with any other company firm or undertaking,
- 1 17 enter into any agreement or transaction not provided for in the Business Plan for which the liability of the Company is capable of exceeding €50,000,
- 1 18 give any guarantee, indemnity or security in respect of the obligations of any other person, other than in the ordinary course of business,
- 1 19 create or allow to subsist any interest or equity of any person (including, without prejudice to the generality of the foregoing, any right to acquire, option or right of pre-emption) or any mortgage, charge, pledge, lien or assignment or any other encumbrance priority or security interest or arrangement of whatsoever nature over any of its assets,
- 1 20 borrow any money or obtain any advance or credit in any form other than normal trade credit or other than on normal banking terms for overdraft facilities, which would result in the aggregate borrowings of the Company exceeding €50,000 or materially and adversely vary the terms and conditions of any borrowings,
- 1 21 enter into or give any guarantee for the liabilities of any other party (except in the best interests of the Company in the ordinary course of its business in accordance with the Business Plan, and then not thereby incurring a liability in excess of €50,000),
- 1 22 lend any money to any person (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits) or grant any credit to any person (except to its customers in the normal course of business),
- 1 23 incur any material expenditure or liability of a capital nature (including, for this purpose, the acquisition of any asset under lease or hire purchase) of not more than €50,000 save as set out in the Business Plan,
- 1 24 sell, transfer, lease, license, sub-let or in any way dispose of all or any material part of its business, undertaking, heritable, freehold or leasehold property or any part thereof or interest therein (being in excess of 10% by value as shown in the last audited balance sheet of the Company for the time being) or (except in the ordinary course of business) do any of the foregoing with any other of its assets or any interest therein,
- 1 25 acquire any licence or other interest in any propriety information or intangible asset (whether by way of a single transaction or a series of transactions) at a total cost in excess of €50,000,
- 1 26 grant any licence or other interest in any propriety information or intangible asset of the Company (whether by way of a single transaction or a series of transactions),
- 1 27 change the nature or scope of its business as carried on from time to time or commence any new business not being ancillary or incidental to such business,

- 1 28 commence, discontinue or settle any litigation, dispute or arbitration or other legal proceedings or offer to do so, in excess of a value of €50,000 (other than debt collection in the ordinary course of business),
- 1 29 acquire or dispose of any patent, trademark, registered design or other know-how or any intellectual property rights,
- 1 30 establish the business of the Company outside the United Kingdom,
- 1 31 enter into any partnership or joint venture with any other person,
- 1 32 enter into any material contract or arrangement that is not bona fide for the benefit of the Company as a whole or on an arm's length basis,
- 1 33 enter into any contract or arrangement with any person or company connected with any director or Shareholder,
- 1 34 pay any remuneration or expenses to any person other than as proper remuneration for work done or services provided or as proper reimbursement for expenses incurred in connection with its business, and
- 1 35 allow any expansion, development or evolution of the business (whether to be conducted as part of or in connection with its main business or ancillary to it) to be effected otherwise than through the Company

SCHEDULE 1

Regulation 2

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,

“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

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

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

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—

- (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) *[paragraph omitted pursuant to The Mental Health (Discrimination) Act 2013]*
- (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

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—

- (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

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

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
- (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

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

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
 - (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

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—
- (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

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,

“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

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

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

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 disappplies 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—

- (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) *[paragraph omitted pursuant to The Mental Health (Discrimination) Act 2013]*
- (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

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—

- (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

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

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
- (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

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

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
 - (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

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—
- (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