

THE COMPANIES ACT 2006  
PRIVATE COMPANY LIMITED BY SHARES  
ARTICLES OF ASSOCIATION  
OF  
SANSOME & GEORGE (RESIDENTIAL SALES) LIMITED  
(Adopted by special resolution on 10 June 2022)

## INTRODUCTION

### 1 INTERPRETATION

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

**Act** the Companies Act 2006.

**Articles** the company's articles of association for the time being in force.

**Board** the board of directors from time to time of the Company.

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

**Conflict** has the meaning given in article 8.1.

**Eligible Director** 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).

**Encumbrance** any interest or equity of any person (including any right to acquire, option, right of pre-emption, any agreement in respect of voting rights or commitment to give or create voting rights) or any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention or any other security agreement or arrangement.

**Fair Value** in relation to a Share, as determined in accordance with article 18.

**Group** the company, any subsidiary or any holding company from time to time of the company, and any subsidiary from time to time of a holding company of the company and each company in the Group is a group company.

**Model Articles** the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these Articles.

**Ordinary Shares** ordinary shares of £1 in the capital of the Company.

**ITEPA** the Income Tax (Earnings and Pensions) Act 2003.

**Relevant Securities** any Shares or other securities convertible into, or carrying the right to subscribe for Shares, issued by the company after the date of these Articles, 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) any Shares or other securities issued by the company in order for the company to comply with its obligations under the Articles; and
- (c) any Shares or other securities issued in consideration of the acquisition by the company of any company or business which has been approved by Shareholder Consent.

**Shareholder** a holder of Shares.

**Shareholder Consent** the prior consent of Paul Bampton and Stephen Tait, for so long as they hold any Share.

**Shares** shares (of any class) in the capital of the company from time to time.

**Transfer Notice** is a notice in writing given by any Shareholder to the other Shareholders where the first Shareholder desires, or is required by these Articles, to transfer or offer for transfer (or enter into an agreement to transfer) any Shares.

**Valuer** an independent firm of accountants appointed in accordance with article 18.

- 1.2** Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles.
- 1.3** Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.4** A reference in these Articles to an "article" is a reference to the relevant article of these Articles unless expressly provided otherwise.
- 1.5** Unless expressly provided otherwise, a reference to legislation or a legislative provision is a reference to it as amended, extended or re-enacted from time to time.
- 1.6** A reference to legislation or a legislative provision shall include all subordinate legislation made from time to time under that legislation or legislative provision.

- 1.7** Any words following the terms including, include, in particular, for example or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.8** Where the context permits, other and otherwise are illustrative and shall not limit the sense of the words preceding them.
- 1.9** Unless specified otherwise, a reference to **writing** or **written**, includes email.
- 1.10** The Model Articles shall apply to the company, except in so far as they are modified or excluded by, or are inconsistent with, these Articles.
- 1.11** Articles 8, 9(1) and (3), 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(2), 18(e), 44(2), 49, 52 and 53 of the Model Articles shall not apply to the company.
- 1.12** Article 7 of the Model Articles shall be amended by:
- 1.12.1** the insertion of the words "for the time being" at the end of article 7(2)(a); and
- 1.12.2** the insertion in article 7(2) of the words "(for so long as he remains the sole director)" after the words "and the director may".
- 1.13** Article 20 of the Model Articles shall be amended by the insertion of the words "and the secretary" before the words "properly incur".
- 1.14** In article 25(2)(c) of the Model Articles, the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity".
- 1.15** Article 27(3) of the Model Articles shall be amended by the insertion of the words ", subject to article 10," after the word "But".
- 1.16** Article 29 of the Model Articles shall be amended by the insertion of the words ", or the name of any person(s) named as the transferee(s) in an instrument of transfer executed under article 28(2) of the Model Articles," after the words "the transmittee's name".
- 1.17** Articles 31(1)(a) to (c) (inclusive) of the Model Articles shall be amended by the deletion, in each case, of the words "either" and "or as the directors may otherwise decide". Article 31(d) of the Model Articles shall be amended by the deletion of the words "either" and "or by such other means as the directors decide"

## **DIRECTORS**

### **2 DIRECTORS' MEETINGS**

- 2.1** 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 3.

**2.2** Subject as provided in these Articles, the directors may participate in directors' meetings for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.

**2.3** Meetings of the directors shall take place at least once per annum.

**2.4** All decisions made at any meeting of the directors or of any committee of the directors shall be made only by resolution and resolutions at any meeting of the directors or committee of the directors shall be decided by a majority of votes, in each case acting with the Shareholder Consent.

### **3 UNANIMOUS DECISIONS**

**3.1** 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.

**3.2** Such a decision may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing.

**3.3** A decision may not be taken in accordance with this article if the Eligible Directors would not have formed a quorum at such a meeting.

### **4 CALLING A DIRECTORS' MEETING**

**4.1** Any director may call a directors' meeting by giving not less than 5 Business Days' notice of the meeting (or such lesser notice as all the directors may agree) to the directors or by authorising the company secretary (if any) to give such notice.

**4.2** Notice of a directors' meeting shall be given to each director in writing.

### **5 QUORUM FOR DIRECTORS' MEETINGS**

**5.1** Subject to article 5.2, the quorum for the transaction of business at a meeting of directors is two Eligible Directors, who shall be Paul Bampton and Stephen Tait.

**5.2** For the purposes of any meeting (or part of a meeting) held pursuant to article 8 to authorise a director's conflict, 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.

**5.3** If the total number of directors in office for the time being is less than the quorum required, the directors must not take any decision other than a decision:

**5.3.1** to appoint further directors; or

**5.3.2** to call a general meeting so as to enable the shareholders to appoint further directors.

### **6 CASTING VOTE**

If the numbers of votes for and against a proposal at a meeting of directors are equal, the chair or other director chairing the meeting shall not have a casting vote.

## **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 or she has declared the nature and extent of his or her interest in accordance with the requirements of the Companies Acts, a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the company:

**7.1.1** may be a party to, or otherwise interested in, any transaction or arrangement with the company or in which the company is otherwise (directly or indirectly) interested;

**7.1.2** shall be an eligible director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such existing or proposed transaction or arrangement in which he or she is interested;

**7.1.3** shall be entitled to vote at a meeting of directors (or of a committee of the directors) or participate in any unanimous decision, in respect of such existing or proposed transaction or arrangement in which he or she is interested;

**7.1.4** may act by himself or herself, or his or her firm in a professional capacity for the company (otherwise than as auditor) and he or she, or his or her firm shall be entitled to remuneration for professional services as if he or she were not a director;

**7.1.5** may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the company is otherwise (directly or indirectly) interested; and

**7.1.6** shall not, save as he or she may otherwise agree, be accountable to the company for any benefit which he or she (or a person connected with him or her (as defined in section 252 of the Act)) derives from any such transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his or her duty under section 176 of the Act.

## **8 DIRECTORS' CONFLICTS OF INTEREST**

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

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

**8.2.1** to the extent permitted by the Act, the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of these Articles or in such other manner as the directors may determine;

- 8.2.2** any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director or any other interested director; and
  - 8.2.3** the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's and any other interested director's vote had not been counted.
- 8.3** Any authorisation of a Conflict under this article 8 may (whether at the time of giving the authorisation or subsequently):
  - 8.3.1** extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
  - 8.3.2** provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict;
  - 8.3.3** provide that the Interested Director shall or shall not be an eligible director in respect of any future decision of the directors in relation to any resolution related to the Conflict;
  - 8.3.4** impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit;
  - 8.3.5** provide that, where the Interested Director obtains, or has obtained (through his or her involvement in the Conflict and otherwise than through his or her position as a director of the company) information that is confidential to a third party, he or she will not be obliged to disclose that information to the company, or to use it in relation to the company's affairs where to do so would amount to a breach of that confidence; and
  - 8.3.6** permit the Interested Director to absent himself or herself 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 or herself 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 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 or she derives from or in connection with a relationship involving a Conflict which has been authorised by the directors or by the company in general meeting (subject

in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

## **9 RECORDS OF DECISIONS TO BE KEPT**

Where decisions of the directors are taken by electronic means, such decisions shall be recorded by the directors in permanent form that enables the company to retain a copy of such decisions.

## **10 NUMBER OF DIRECTORS**

Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not be subject to any maximum but shall not be less than two.

## **11 APPOINTMENT OF DIRECTORS**

**11.1** The appointment of any persons to be a director of the company shall be at the discretion of the directors acting with Shareholder Consent.

**11.2** Any director may at any time be removed from office at the discretion of the directors acting with Shareholder Consent. A director who is an employee of the company and who ceases to be an employee shall be removed from office with effect from the date their employment ceases.

**11.3** Notwithstanding article 11.1, where the company for any reason has no directors at any time, the holders of at least 90% in the nominal value of the Shares of the company in issue from time to time, shall be entitled to appoint one or more directors.

**11.4** In any case where, as a result of death or bankruptcy, the company has no shareholders and no directors, the transmittee(s) of the last shareholder to have died or to have a bankruptcy order made against him (as the case may be) have the right, by notice in writing, to appoint a natural person (including a transmittee who is a natural person), who is willing to act and is permitted to do so, to be a director.

**11.5** No director shall be appointed or removed otherwise than pursuant to these Articles, save as provided by law.

## **12 SECRETARY**

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.

## **SHARES**

## **13 SHARE CAPITAL**

- 13.1** Except as otherwise provided in these Articles, all Shares shall rank pari passu in all respects but shall constitute separate classes of shares.
- 13.2** No variation of the rights attaching to any class of Shares shall be effective except with the sanction of a special resolution of the holders of the relevant class of shares. Where a special resolution to vary the rights attaching to a class of shares is proposed at a separate general meeting of that class of shares, all the provisions of these Articles as to general meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be one holder of the relevant class present in person or by proxy or (being a corporation) by a duly authorised representative. For the purpose of this article, one holder present in person or by proxy or (being a corporation) by a duly authorised representative may constitute a meeting.
- 13.3** Each of the following shall be deemed to constitute a variation of the rights attached to each class of shares:
- 13.3.1** any alteration in the Articles;
  - 13.3.2** any reduction, subdivision, consolidation, redenomination, or purchase or redemption by the company of its own shares or other alteration in the share capital of the company or any of the rights attaching to any share capital; and
  - 13.3.3** any resolution to put the company into liquidation.
- 13.4** The company shall immediately cancel any Shares acquired under Chapter 4 of Part 18 of the CA 2006.

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

- 14.1** Except with Shareholder Consent, the company undertakes that it shall not, allot, issue, sell, transfer or otherwise dispose of any Shares or other equity securities (within the meaning of section 560(1) of the Act) (including any Shares held in treasury from time to time) to any person.
- 14.2** 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.
- 14.3** Save with Shareholder Consent, if the company proposes to allot any Relevant Securities, those Relevant Securities shall not be allotted to any person unless the company has first offered them to the holders (on the date of the offer) of the Ordinary Shares (each an **Offeree**) 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.
- 14.4** An offer made under article 14.3 shall:



- 14.4.1** be in writing and give details of the number, class and subscription price (including any share premium) of the Relevant Securities being offered;
  - 14.4.2** remain open for a period of at least 15 Business Days from the date of service of the offer; and
  - 14.4.3** stipulate that any Offeree who wishes to subscribe for a number of Relevant Securities in excess of the number to which they are entitled under article 14.3 shall, in their acceptance, state the number of excess Relevant Securities (**Excess Securities**) for which they wish to subscribe.
- 14.5** If, on the expiry of an offer made in accordance with article 14.3, the total number of Relevant Securities applied for is less than the total number of Relevant Securities so offered, the Board shall allot the Relevant Securities to the Offerees in accordance with their applications, subject to a maximum of each Offeree's proportionate entitlement.
- 14.6** Any Relevant Securities not accepted by Offerees pursuant to an offer made in accordance with article 14.3 shall be used to satisfy any requests for Excess Securities made pursuant to article 14.4.3. If there are insufficient Excess Securities to satisfy such requests, the Excess Securities shall be allotted to the applicants in the respective proportions that the number of Ordinary Shares held by each such applicant bears to the total number of such Ordinary Shares held by all applicants (as nearly as possible without involving fractions or increasing the number of Excess Securities allotted to any Shareholder beyond that applied for by them).
- 14.7** If, after completion of the allotments referred to in article 14.5 and article 14.6, not all of the Relevant Securities have been allotted, the balance of such Relevant Securities shall, subject to article 14.8, be offered to any other person(s) as the Board may, with Shareholder Consent, determine, at the same price and on the same terms as the offer to the Shareholders.
- 14.8** 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 ITEPA.

## **15 SHARE TRANSFERS**

- 15.1** No Shareholder shall create any Encumbrance over, transfer or otherwise dispose of or give any person any rights in or over any Share or any interest in any Share, except:
  - 15.1.1** as permitted or required by these Articles; or
  - 15.1.2** with prior written consent of the Board, (acting with Shareholder Consent).
- 15.2** The Board shall register any duly stamped transfer made in accordance with these Articles, unless it suspects that the proposed transfer may be fraudulent.

**15.3** If, following a transfer of Shares in accordance with these Articles, a Shareholder will hold no further Shares (excluding any Shares held by their personal representatives, successors and permitted assigns):

**15.3.1** the Shareholder shall deliver, or procure that there are delivered, to the company their resignation as a director of the company, such resignations to take effect at completion of the sale of the Shares; and

**15.3.2** on completion of the sale of Shares the Shareholder shall be subject to article 15.4.

**15.4** No Shareholder shall, except with the prior written consent of the Board, sell, transfer or otherwise dispose of any Shares to any person, corporate body or other entity who is not a Shareholder without requiring the transferee to provide the company with the required particulars under section 790K of the Act if the transferee is a registrable person or relevant legal entity within the meaning of section 790C of the Act and to execute and deliver to the company a deed under which the transferee agrees to be bound by the terms of any shareholders' agreement (or similar document) in force between the shareholders in such form as the directors may reasonably require (but not so as to oblige the transferee to have any obligations or liabilities greater than those of the proposed transferor under any such agreement or other document). Unless any such condition is waived by the sole discretion of the Board, the transfer may not be registered unless that deed has been executed and delivered to the company's registered office by the transferee and the company has received all of the required particulars under section 790K of the Act if the transferee is a registrable person or relevant legal entity within the meaning of section 790C of the Act.

**15.5** To enable the Board to determine whether or not there has been a transfer of Shares in the company in breach of these Articles, the directors of any class may from time to time require any Shareholder to provide the company with such information and evidence as they may reasonably require relevant to that purpose. If a Shareholder fails to provide information or evidence in respect of any Shares registered in its name to the reasonable satisfaction of such directors within 14 days of their request, such directors may serve a notice on the Shareholder stating that the Shareholder shall not in relation to those Shares be entitled to be present or to vote in person or by proxy at any general meeting of the company or any meeting of the holders of Shares of that class, or to vote on a written resolution of the Shareholders or to receive dividends on the Shares until such evidence or information has been provided to the directors' satisfaction. Such directors may reinstate these rights at any time.

**15.6** Any transfer of Shares by way of a sale under these Articles shall be deemed to include a warranty that the transferor sells the Shares with full title guarantee.

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

**16.1** Except where the provisions of article 15.1.2, article 17 (Compulsory Transfers) or article 19 (Drag Along) apply, a Shareholder (**Seller**) wishing to transfer any of their Shares (**Sale Shares**) must, before transferring or agreeing to transfer any Shares, give a Transfer Notice to the Company and

the other Shareholder(s) (**Continuing Shareholder**) giving details of the proposed transfer, including:

**16.1.1** the number of Sale Shares they wish to transfer;

**16.1.2** the identity of the proposed buyer: and

**16.1.3** the price (in cash) at which it proposes to sell the Sale Shares (**Sale Price**).

**16.2** If:

**16.2.1** the Sale Shares are Ordinary Shares, the Company shall offer them in the following order of priority:

**16.2.1.1** first, to the holders of Ordinary Shares (the **First Offer Shareholders**); and

**16.2.1.2** second, to the holders of any other classes of Shares (the **Second Offer Shareholders**);

**16.2.2** the Sale Shares are any other classes of Shares, the Company shall offer them in the following order of priority:

**16.2.2.1** first, to the holders of Ordinary Shares (the **First Offer Shareholders**); and

**16.2.2.2** second, to the holders of any other classes of Shares (the **Second Offer Shareholders**),

in each case on the basis set out in article 16.3 to article 16.8 (inclusive).

**16.3** The Board shall offer the Sale Shares in the order of priority referred to in article 16.2 to the First Offer Shareholders (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.

**16.4** If:

**16.4.1** at the end of the First Offer Period, the number of Sale Shares applied for is equal to or exceeds the number of Sale Shares, the directors shall allocate the Sale Shares to each First Offer Shareholder who has applied for Sale Shares in the proportion which their existing holding of Shares bears to the total number of Shares of the class(es) being offered held by all First Offer Shareholders (other than the Seller). Fractional entitlements shall be rounded down to the nearest whole number (save where such rounding would result in not all Sale Shares being allocated, in which case, the allocation of any such fractional entitlements shall be determined by the Board). No allocation shall be made to a Shareholder of more than the maximum number of Sale Shares which that Shareholder has stated they are willing to buy;

- 16.4.2** not all Sale Shares are allocated following allocations in accordance with article 16.4.1, but there are applications for Sale Shares that have not been satisfied, the directors shall allocate the remaining Sale Shares to such applicants in accordance with the procedure set out in article 16.4.1. The procedure set out in this article 16.4.2 shall apply on any number of consecutive occasions until either all Sale Shares have been allocated or all applications for Sale Shares have been satisfied; and
- 16.4.3** 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 First Offer Shareholders in accordance with their applications. The balance (the **Initial Surplus Shares**) shall be dealt with in accordance with article 16.5.
- 16.5** At the end of the First Offer Period, the directors shall offer the Initial Surplus Shares (if any) to the Second Offer Shareholders (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.
- 16.6** If:
- 16.6.1** at the end of the Second Offer Period, the number of Initial Surplus Shares applied for is equal to or exceeds the number of Initial Surplus Shares, the directors shall allocate the Initial Surplus Shares to each Second Offer Shareholder who has applied for Initial Surplus Shares in the proportion which their existing holding of Shares of the class(es) held by Second Offer Shareholders bears to the total number of Shares of the class held by all Second Offer Shareholders (other than the Seller). Fractional entitlements shall be rounded down to the nearest whole number (save where such rounding would result in not all Initial Surplus Shares being allocated, in which case, the allocation of any such fractional entitlements shall be determined by the Board). No allocation shall be made to a Shareholder of more than the maximum number of Initial Surplus Shares which that Shareholder has stated they are willing to buy;
- 16.6.2** not all Initial Surplus Shares are allocated following allocations in accordance with article 16.6.1, 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 16.6.1. The procedure set out in this article 16.6.2 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
- 16.6.3** 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 Second Offer Shareholders in accordance with their applications. The balance (the **Second Surplus Shares**) shall be offered to the buyer identified in the Transfer Notice or any other person determined by the Board (subject to the provisions of article 19 (Drag Along) where applicable) at a price not less than the Sale Price providing that it does so within 20 Business Days of the expiry of the Second Offer Period.

**16.7** Where 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 this article 16, 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 30 Business Days, after the date of the Allocation Notice).

**16.8** 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.

## **17 COMPULSORY TRANSFERS**

**17.1** A Shareholder is deemed to have served a notice in writing to the Company (**Deemed Transfer Notice**) immediately before any of the following events:

**17.1.1** the Shareholder's death;

**17.1.2** an order being made for the Shareholder's bankruptcy, or an arrangement or composition being made with any of the Shareholder's creditors, or where the Shareholder otherwise takes the benefit of any statutory provision for the time being in force for the relief of insolvent debtors;

**17.1.3** the Shareholder lacking capacity (under section 2 of the Mental Health Act 2005) to make decisions in relation to the company or their shareholding;

**17.1.4** the Shareholder (being a director of the company) resigning from their position as a director of the company, unless the Board (acting with Shareholder Consent) otherwise directs in writing within 10 Business Days of the relevant termination date that a Transfer Notice shall not be deemed to have been served; and

**17.1.5** the Shareholder committing a material or persistent breach of these Articles which, if capable of remedy, has not been so remedied within 28 Business Days of the company or the holder(s) of a majority of the Shares (excluding the Shareholder in breach) providing notice requiring such remedy.

**17.2** A Deemed Transfer Notice shall be deemed to provide the following:

**17.2.1** that the relevant Shareholder (**Seller**) intends to transfer all of their Shares (**Sale Shares**); and

**17.2.2** the price for the Sale Shares (**Transfer Price**) shall be the Fair Value of the Shares as determined in accordance with Article 18.

**17.3** The transferor does not have a right to withdraw the Deemed Transfer Notice.

- 17.4** A Deemed Transfer Notice constitutes the Company the agent of the Seller for the sale of the Sale Shares in accordance with the provisions of these Articles.
- 17.5** As soon as practicable following the agreement or determination of the Transfer Price, the directors shall offer the Sale Shares for sale in the manner set out in the provisions of article 16.2 to article 16.8 (inclusive) at the Transfer Price. Each offer shall be in writing and shall give details of the number and Transfer Price of the Sale Shares offered.
- 17.6** If the Seller fails to comply with article 16.8:
- 17.6.1** the Board may, as agent and attorney on behalf of the Seller:
- 17.6.1.1** complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicant(s);
- 17.6.1.2** receive the Transfer Price and give a good discharge for it (and no Applicant shall be obliged to see to the distribution of the Transfer Price); and
- 17.6.1.3** (subject to the transfer being duly stamped) enter the Applicant(s) in the register of Shareholders as the holders of the Shares purchased by them; and
- 17.6.2** the company shall pay the Transfer Price into a separate bank account in the company's name on trust (but without interest) for the Seller until the Seller has delivered the 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 directors may reasonably require to prove good title to those Shares) to the company.
- 17.7** A Deemed Transfer Notice under article 17.1.5 shall immediately and automatically revoke a Deemed Transfer Notice deemed to be served by the relevant Shareholder under any of the other events set out in article 17.1 before the occurrence of the relevant event giving rise to the Deemed Transfer Notice under article 17.1.5.

## **18 VALUATION**

- 18.1** The Transfer Price for each Sale Share the subject to a Transfer Notice (or Deemed Transfer Notice) shall, save where expressly provided otherwise in these Articles, be the price per Sale Share (in cash) agreed between the Board and the Seller. In default of agreement between the Board and the Seller as to the price per Sale Share within 15 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 first has actual knowledge of the facts giving rise to such deemed service), the price of the Sale Shares shall be the Fair Value as determined by the Valuer.
- 18.2** If a Valuer is to be appointed to determine the Fair Value of any Sale Shares in accordance with these Articles, the Board shall appoint the Valuer and agree the terms of appointment with the Valuer.

- 18.3** If the Board is, for whatever reason, unable to appoint a Valuer within 20 Business Days of the Transfer Notice being served, then the Shareholders shall request that the President for the time being of the Institute of Chartered Accountants in England and Wales appoint the Valuer and to agree their terms of appointment on behalf of the Shareholders.
- 18.4** The Valuer shall be requested to determine the Fair Value as soon as reasonably practicable following the date of their appointment and to notify the company and the Seller in writing of their determination.
- 18.5** The Fair Value for any Sale Share shall be the price per Share determined in writing by the Valuers on the following bases and assumptions:
- 18.5.1** if the company is then carrying on business as a going concern, on the assumption that it will continue to do so;
  - 18.5.2** the sale is to be on arms' length terms between a willing seller and a willing buyer;
  - 18.5.3** the Sale Shares are sold free of all Encumbrances;
  - 18.5.4** after applying any premium or discount to reflect the percentage of the issued share capital of the company which they represent;
  - 18.5.5** the sale is taking place on the date the Valuers were requested to determine the Fair Value; and
  - 18.5.6** taking account of any other factors that the Valuers reasonably believe should be taken into account.
- 18.6** The Shareholders are entitled to make submissions to the Valuer and will provide (or procure that the company provides) the Valuers with such assistance and documents as the Valuers reasonably require for the purpose of reaching a decision, subject to the Valuer agreeing to give such confidentiality undertakings as the Shareholders may reasonably require.
- 18.7** To the extent not provided for by these Articles, the Valuers may, in their reasonable discretion, determine such other procedures to assist with the valuation as they consider just or appropriate, including (to the extent they consider necessary), instructing professional advisers to assist them in reaching their valuation.
- 18.8** The Valuers shall act as expert and not as arbitrator and their written determination shall be final and binding on the parties (in the absence of manifest error or fraud).
- 18.9** The cost of obtaining the Valuers' valuation shall be borne by the company and the Seller equally or in such other proportions as the Valuers direct unless the Seller withdraws the relevant Transfer Notice, in which case the Seller shall bear the cost.

## **19 DRAG ALONG**

- 19.1** If the holders of the Ordinary Shares in issue for the time being (**Selling Shareholders**) wish to transfer all (but not some only) of their Shares (**Sellers' Shares**) to a bona fide purchaser on arm's length terms (**Proposed Buyer**), the Selling Shareholders may require all other Shareholders (**Called Shareholders**) to sell and transfer all their shares (**Called Shares**) to the Proposed Buyer (or as the Proposed Buyer directs) in accordance with the provisions of this article 19 (**Drag Along Option**).
- 19.2** The Selling Shareholders may exercise the Drag Along Option by giving written notice to that effect to the Called Shareholders (**Drag Along Notice**) at any time before the transfer of the Sellers' Shares to the Proposed Buyer. The Drag Along Notice shall specify:
- 19.2.1** that the Called Shareholders are required to transfer all their Called Shares pursuant to this article 19;
  - 19.2.2** the person to whom the Called Shares are to be transferred;
  - 19.2.3** the purchase price payable for the Called Shares which shall, for each Called Share, be an amount at least equal to the price per share offered by the Proposed Buyer for the Sellers' Shares; and
  - 19.2.4** the proposed date of the transfer.
- 19.3** Once issued, a Drag Along Notice shall be irrevocable. However, a Drag Along Notice shall lapse if, for any reason, the Selling Shareholders have not sold the Sellers' Shares to the Proposed Buyer within 90 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.
- 19.4** No Drag Along Notice shall require a Called Shareholder to agree to any terms except those specifically set out in this article 19.
- 19.5** Completion of the sale of the Called Shares shall take place on the Completion Date. **Completion Date** means the date proposed for completion of the sale of the Sellers' Shares unless:
- 19.5.1** all of the Called Shareholders and the Selling Shareholders agree otherwise in which case the Completion Date shall be the date agreed in writing by all of the Called Shareholders and the Selling Shareholders; or
  - 19.5.2** that date is less than 10 Business Days after the date on which the Drag Along Notice is served, in which case the Completion Date shall be the tenth Business Day after service of the Drag Along Notice.
- 19.6** On or before the Completion Date, the Called Shareholders shall execute and deliver stock transfer forms for the Called Shares, together with the relevant share certificates (or a suitable indemnity for any lost share certificates) to the company. On the Completion Date, the company shall pay the Called Shareholders, on behalf of the Proposed Buyer, the amounts due pursuant to article



19.2.3 to the extent that the Proposed Buyer has put the company in the requisite funds. The company's receipt for the price shall be a good discharge to the Proposed Buyer. The company shall hold the amounts due to the Called Shareholders in trust for the Called Shareholders without any obligation to pay interest.

- 19.7** To the extent that the Proposed Buyer has not, on the Completion Date, put the Company in funds to pay the purchase price due in respect of the Called Shares, the Called Shareholders shall be entitled to the return of the stock transfer forms and share certificates (or suitable indemnity) for the relevant Called Shares and the Called Shareholders shall have no further rights or obligations under this article 19 in respect of their Shares.
- 19.8** If any Called Shareholder does not, on or before the Completion Date, execute and deliver (in accordance with article 19.6) transfer(s) in respect of all of the Called Shares held by it, each defaulting Called Shareholder shall be deemed to have irrevocably appointed any person nominated for the purpose by the Selling Shareholders to be its agent to execute all necessary transfer(s) on its behalf, against receipt by the company (on trust for such holder) of the purchase price payable for the Called Shares, and to deliver such transfer(s) to the Proposed Buyer (or as it may direct) as the holder thereof. After the Proposed Buyer (or its nominee) has been registered as the holder of the 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 shares under this article 19.
- 19.9** Upon any person, following the issue of a Drag Along Notice, becoming a Shareholder (or increasing an existing shareholding) including, without limitation, pursuant to the exercise of any option, warrant or other right to acquire or subscribe for, or to convert any security into, Shares (a **New Shareholder**), a Drag Along Notice shall be deemed to have been served on the New Shareholder on the same terms as the previous Drag Along Notice. The New Shareholder shall then be bound to sell and transfer all Shares acquired by it to the Proposed Buyer (or as the Proposed Buyer may direct) and the provisions of this article 19 shall apply with the necessary changes to the New Shareholder, except that completion of the sale of the Shares shall take place on the Completion Date or immediately upon the New Shareholder becoming a Shareholder of the Company, if later.

## **DECISION MAKING BY SHAREHOLDERS**

### **20 QUORUM FOR GENERAL MEETINGS**

- 20.1** The quorum at any general meeting of the company, or adjourned general meeting, shall be two persons present in person or by proxy, of who shall be Paul Bampton and Stephen Tait or their duly authorised representatives, unless they are no longer a Shareholder.
- 20.2** No business shall be transacted by any general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on.

## **21 CHAIRING GENERAL MEETINGS**

The chairperson of the Board shall chair general meetings. If the chairperson is unable to attend any general meeting, Paul Bampton or Stephen Tait shall be entitled to act as chair at the meeting, and the appointment of the chair of the meeting must be the first business of the meeting.

## **22 VOTING**

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

## **23 POLL VOTES**

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

**23.2** Article 44(3) of the Model Articles shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made" as a new paragraph at the end of that article.

## **24 PROXIES**

**24.1** Article 45(1)(d) of the Model Articles shall be deleted and replaced with the words "is delivered to the company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate".

**24.2** Article 45(1) of the Model Articles shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid, unless the directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that article.

## **ADMINISTRATIVE ARRANGEMENTS**

### **25 MEANS OF COMMUNICATION TO BE USED**

**25.1** Subject to article 25.3, any notice, document or other information shall be deemed received by the intended recipient:

**25.1.1** if delivered by hand at the time the notice, document or other information is left at the address;

**25.1.2** if sent by pre-paid first class post or other next working day delivery service providing proof of postage, at 9.00 am on the second Business Day after posting; or

**25.1.3** if sent by email, at the time of transmission.

**25.2** If deemed receipt under article 25.1 would occur outside Usual Business Hours in the place of receipt, the notice, document or information shall be deemed to have been received when Usual Business Hours resumes. In this article 25.2, **Usual Business Hours** means 9.00 am to 5.00 pm Monday to Friday on a day that is not a public holiday in the place of receipt and all references to time are to local time in the place of receipt.

**25.3** To prove service, it is sufficient to prove that:

**25.3.1** if delivered by hand, the notice was delivered to the correct address; or

**25.3.2** if sent by post, the envelope containing the notice was properly addressed, paid for and posted; or

**25.3.3** if sent by e-mail, the notice was properly addressed and sent to the e-mail address of the recipient.

## **26 INDEMNITY AND INSURANCE**

**26.1** Subject to article 26.2, but without prejudice to any indemnity to which a Relevant Officer is otherwise entitled:

**26.1.1** each Relevant Officer shall be indemnified out of the company's assets against all costs, charges, losses, expenses and liabilities incurred by him or her as a relevant officer:

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

**26.1.1.2** in relation to the company's (or any associated company's) activities as trustee of an occupational pension scheme (as defined in section 235(6) of the Act),

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

**26.1.2** the company may provide any Relevant Officer with funds to meet expenditure incurred or to be incurred by him or her in connection with any proceedings or application referred to in article 26.1.1 and otherwise may take any action to enable any such Relevant Officer to avoid incurring such expenditure.

**26.2** This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law.

**26.3** 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.

**26.4** In this article:

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

**26.4.2** a **Relevant Officer** means any director or other officer or former director or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act), but excluding in each case any person engaged by the company (or associated company) as auditor (whether or not he or she is also a director or other officer), to the extent he or she acts in his or her capacity as auditor); and

**26.4.3** 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, any associated company or any pension fund or employees' share scheme of the company or associated company.