



THE COMPANIES ACTS 1985 AND 2006  
PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

BADGER GROUP (HOLDINGS) LIMITED

COMPANY NUMBER: 05478683

(As adopted by written special resolution passed on 22<sup>nd</sup> July 2009)



WEDNESDAY  
RM 19/04/2017 #10  
COMPANIES HOUSE

1. PRELIMINARY

- 1.1 The regulations constituting Table "A" in the Schedule to the Companies (Tables "A" to F) Regulations 1985 as amended by the Companies (Tables "A" to F) (Amendment) Regulations 2007 (SI 2007/2541) and the Companies (Tables "A" to F) (Amendment) (No. 2) Regulations 2007 (SI 2007/2826), and as otherwise amended prior to the adoption of these Articles as they relate to a private company limited by shares (Table A) apply to Badger Group (Holdings) Limited (the Company) except in so far as they are excluded or varied by these Articles.
- 1.2 Words and expressions defined in Regulation 1 of Table "A" have the same meanings in these Articles where the context admits.
- 1.3 Regulations 2, 3, 8, 24, 35, 41, 46, 54, 64, 66, 76-79, 84, 94 and 118 of Table "A" do not apply to the Company and Regulation 88 shall be amended by the insertion of the word 'not' between the words 'shall' and 'have' in the penultimate sentence.
- 1.4 The Company is a private company and no shares or debentures of the Company may be offered to the public.

2. INTERPRETATION

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

**1985 Act:** the Companies Act 1985 (as amended), and in force before the adoption of these Articles.

**2006 Act:** the Companies Act 2006, in force before the adoption of these Articles.

**"A" Shares:** means each and every "A" ordinary share of £0.01 pence each in the capital of the Company.

**"A" Shareholder:** means a holder of "A" Shares in the Company.

---

**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).

**Auditors:** means the auditors of the Company for the time being.

**"B" Shareholder:** means a holder of "B" Shares in the Company.

**Board:** the board of Directors and any committee of the board constituted for the purpose of taking any action or decision contemplated by these Articles.

**"B" Shares:** means each and every "B" ordinary share of £0.01 pence each in the capital of the Company.

**Business Day:** a day (other than a Saturday, Sunday or public holiday) when clearing banks in the City of London are open for the transaction of normal banking business.

**Company:** Badger Group (Holdings) Limited (Company Number 05478683).

**Companies Acts:** the 1985 Act and the 2006 Act.

**Connected Persons:** has the meaning given in section 839 of ICTA.

**Controlling Interest:** means an interest in shares giving to the holder or holders control of the Company within the meaning of section 840 of ICTA.

**Director:** a director of the Company from time to time.

**Drag Along Notice** has the meaning given in article 9.2.

**Employee:** a director and/or an employee of any Group Company.

**Encumbrance:** any mortgage, charge, security, interest, lien, pledge, assignment by way of security, equity, claim, right of pre-emption, option, covenant, restriction, reservation, lease, trust, order, decree, judgment, title defect (including, without limitation, any retention of title claim), conflicting claim of ownership or any other encumbrance of any nature whatsoever (whether or not perfected other than liens arising by operation of law).

**Fair Value:** in relation to shares, as determined in accordance with article 5.6.

**Group:** the Company and each and any of its Subsidiaries from time to time, and **Group Company** shall be construed accordingly.

**ICTA:** the Income and Corporation Taxes Act 1988.

**Independent Expert:** an independent firm of accountants appointed by agreement between the parties or in default of agreement on the application of either party appointed by the President, for the time being, of the Institute of Chartered Accountants of England and Wales (acting as an expert and not as an arbitrator).

**Majority Shareholders:** means the persons who together at the relevant time hold more than 50% in number of the "A" shares in issue at that time.

**Mandatory Transfer Event:** has the meaning given in article 5.5(a).

**Ongoing Shareholders:** has the meaning given in article 5.4(b).

---

**Sale:** an asset sale or a share sale which would give another company a Controlling Interest in the Company or under which the Company would become a Subsidiary of another company.

**Sale Shares:** the shares specified or deemed to be specified for sale in a Transfer Notice or Deemed Transfer Notice.

**Shares:** the A Shares and B Shares.

**Shareholders:** means the "A" Shareholders and the "B" Shareholders.

**Seller:** the transferor of shares pursuant to a Transfer Notice.

**Termination Date:**

- (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 dies, the date of his death;
- (d) where the Employee concerned is a director but not an employee, the date on which his service agreement with the Company is terminated,

and in any other case, the date on which the employment agreement is terminated.

**Transfer Notice:** a notice in writing given by any Shareholder to the Company where that Shareholder desires, or is required by these Articles, to transfer (or enter into an agreement to transfer) any shares. Where such notice is deemed to have been served, it shall be referred to as a **Deemed Transfer Notice**.

**Voting Rights:** means the rights conferred on the Shareholders in respect of their shares to vote at general meetings of the Company on all or substantially all, matters.

### **3. SHARE CAPITAL**

3.1 The share capital of the Company is £1,000 divided into 60,000 "A" ordinary shares of £0.01 each and 40,000 "B" ordinary shares of £0.01 each, both of which constitute different classes of shares.

3.2 In the event that the Company declares a dividend:

- (a) the holders of "A" Shares shall be entitled to the dividends (if any) declared in the relevant financial year in proportion to his / her/ its shareholdings;
- (b) the holders of "B" Shares shall not be entitled to receive any dividends.

3.3 (a) The holders of the "A" Shares shall have Voting Rights in respect of the "A" Shares.

- (b) The holders of "B" shares shall have no Voting Rights in respect of the "B" Shares.

3.4 In the event of a Sale, or winding up of the Company the net proceeds of the Sale or the amount available for distribution shall be divided as follows:

- (a) as to the first £10 million to the "A" Shares;
- (b) as to each "B" Shares 0.001% of the amount in excess of £10 million; and
- (c) as to the balance to the "A" Shares.

3.5 Subject to the Companies Acts and without prejudice to the rights attached to any existing shares, any share may be issued (including shares that are to be redeemed or liable to be redeemed at the option of the Company or holder) with or have attached to it such rights or restrictions as the Company may by [ordinary /special] resolution determine.

3.6 Subject to, and in accordance with, the provisions of the 1985 Acts and 2006 Act, as amended the Company may purchase its own shares (including any redeemable shares) at any price (whether above or below the nominal value of the shares) and make a payment in respect of such redemption or purchase of any of its own shares otherwise than out of distributable profits of the Company or the proceeds of a fresh issue of shares with in such limits as may be specified by the Company in general meeting in compliance with the provisions of the Companies Acts (as applicable) and may enter into or vary any contract for such purposes. Any shares to be purchased may be selected in any manner whatsoever. Every purchase or contract providing for the purchase by the Company of shares in the Company shall be authorised by such resolution or resolutions of the Company as may be required by the Companies Acts. All shares so purchased shall be cancelled immediately upon completion of the purchase. Notwithstanding anything to the contrary contained in these Articles the rights and privileges attaching to any class of shares shall be deemed not to be modified or abrogated by anything done by the Company in pursuance of this article.

#### 4. LIEN

The Company shall have a first and paramount lien on all shares whether fully paid or not registered (whether as sole registered holder or as one of two or more joint holders) in the name of any person indebted or under liability to the Company for all moneys presently payable by him or his estate to the Company. The Directors may at any time declare any share to be wholly or in part exempt from the provisions of this article.

## 5. TRANSFER OF SHARES

- 5.1 No Shareholder shall sell, transfer, assign, pledge, charge or otherwise dispose of any share or any interest in any share or encumber any share in the Company except as permitted by these Articles.
- 5.2 An "A" Shareholder may transfer all or part of his "A" shares to a person approved in writing in advance by each of the other "A" Shareholders, otherwise no "A" Shareholder shall be entitled to transfer or otherwise dispose of his "A" shares without first offering them for transfer to the Company and on refusal by the Company to purchase such shares, on second offering them for transfer to the other "A" Shareholders in accordance with the provisions of article 5.4 of these Articles.
- 5.3 The "B" Shares shall not be transferable by a Shareholder without the consent of all of the "A" Shareholders. In the event that any "B" Shareholder ceases to be an Employee then the "B" Shares held by the Employee at the Termination Date shall immediately be transferred to the Company or such other person or company as the Company shall nominate on the Termination Date at the nominal value of £0.01 for each "B" Share and if necessary the Employee and Company (or such nominee as appropriate) shall comply with the completion requirements set out in article 5.7.

### 5.4 Voluntary Share Transfers

- (a) An "A" Shareholder wishing to transfer shares (**Seller**) shall give notice in writing (**Transfer Notice**) to the Company, specifying the details of the proposed transfer, including the identity of the proposed buyer(s) and the price (**Sale Price**) for "A" shares at which he is proposing to sell his "A" shares (**Sale Shares**).
- (b) The Company shall have the first option, but not an obligation to acquire some or all of the Sale shares (pursuant to this article 5.4), but, if the Company does not wish to acquire some or all of the Sale Shares, then the other "A" Shareholders (**Ongoing Shareholders**) shall have the option (pursuant to Article 5.5), but not an obligation to acquire all or the balance of the Sale Shares.
- (c) Within 60 Business Days of receiving the Transfer Notice, the Company shall give a notice to the Seller saying that it wishes to:
  - (i) purchase a proportion or all of the Sale Shares in the Transfer Notice at the Sale Price, in which case the Seller shall proceed with the Sale and purchase of the relevant Sale Shares in accordance with the further provisions of article 5.7; or
  - (ii) purchase a proportion or all of the Sale Shares in the Transfer Notice but that the Sale Price specified is too high.
- (d) If the Company wishes to purchase the Sale Shares but considers the price specified to be too high, the parties shall endeavour to agree a price

(Agreed Price). If the parties fail to reach agreement within 14 Business Days of the date of the notice served under clause 5.4(c) (ii) the Independent Expert shall determine the Fair Value of the shares in accordance with article 5.6 (a) and (b).

- (e) If the Seller does not agree with the Fair Value as certified in the Independent Expert's written notice, he shall revoke the Transfer Notice by notice in writing to the Company within 7 Business Days of delivery of the Independent Expert's written notice. Otherwise, a Transfer Notice may only be revoked with the prior written consent of all the A Shareholders and for avoidance of doubt if the Seller revokes the Transfer Notice, he is not entitled to transfer the shares except in accordance with this Article 5.4.
- (f) If the Company does not agree with the Fair Value as certified in the Independent Expert's written notice, it shall give notice to the Seller within 7 Business Days of delivery of the Independent Expert's written notice, stating that it does not wish to proceed with the purchase of the relevant Sale Shares.
- (g) Subject to the Seller not exercising his right to revoke the Transfer Notice, and unless the Company gives notice in writing to the Seller within 7 Business Days of the date of the Independent Expert's written notice that they do not wish to purchase the shares, completion of the Sale Shares comprised in the Transfer Notice at the Fair Value, or Agreed Price pursuant to clause 5.4(d), (as the case may be); shall take place in accordance with article 5.7 and the Directors shall notify the Seller and the buyer or buyers of the shares to be allocated.
- (h) If the Company fails to give notice under article 5.4(c), or gives notice under article 5.4(f) or in general gives notice that it does not wish to purchase any or all of the Sale Shares (whether at the Sale Price or otherwise), or gives notice under article 5.4(c) that it wants to purchase a proportion of the Sale Shares, then from the date of such notice or on the expiration of the 60 Business Days in article 5.4(c), article 5.4(i) shall apply.
- (i) Subject to article 5.4(h), the Company shall give notice in writing (Second Transfer Notice) to the Ongoing Shareholders, specifying the details contained in the Transfer Notice together with any further details such as the number of Sale Shares (if any) to be purchased by the Company and the Fair Value. The Ongoing Shareholders shall then have the option to serve on the Seller, in relation to acquiring the Sale Shares or balance of the Sale Shares, pursuant to and in accordance with the provision of 5.4, which shall apply *mutatis mutandis* to (and following) the service of any such notice of the Ongoing Shareholders except that the following shall apply instead of Article 5.4(e):

"within 30 Business Days of receiving the Second Transfer Notice, the Ongoing Shareholders shall give notice to the Seller stating that they wish to:

- (i) purchase all the Sale Shares in the Transfer Notice at the Sale Price or the Fair Value if determined; or
  - (ii) if the Fair Value has not been determined, purchase all the Sale Shares in the Second Transfer Notice but the Sale Price is too high, articles 5.4(d) to 5.4(g) to apply accordingly ;
  - (iii) if more than one Ongoing Shareholder wants to purchase the Sale Shares at the Sale Price or otherwise, whether they are prepared to purchase a proportion of Shares in the Transfer Notice, which the number of "A" Shares held by him bears to the total "A" Shares held by the Ongoing Shareholders."
- (j) If the Ongoing Shareholders fail to give notice as prescribed under 5.4(j), give notice under 5.4(h) or give notice that they do not wish to purchase any Sale Shares (whether at the Sale Price or otherwise) the Seller is entitled to transfer the Sale Shares or the remaining Sale Shares to the third party buyer identified in the Transfer Notice at the Sale Price (or the Fair Value, if lower).

#### **5.5 Mandatory Share Transfers**

- (a) A "A" Shareholder is deemed to have served a Transfer Notice under clause 5.4 immediately before any of the following events of default:
- (i) his death; or
  - (ii) a bankruptcy order being made against him, or an arrangement or composition being made with his creditors, or where he otherwise takes the benefit of any statutory provision for the time being in force for the relief of insolvent debtors;
- (b) The Deemed Transfer Notice has the same effect as a Transfer Notice, except that:
- (i) the Deemed Transfer Notice takes effect on the basis that it does not identify a proposed buyer or state a price for the shares and the parties shall refer the question of a valuation to the Independent Expert under Article 5.6;
  - (ii) the Independent Expert is required to determine the Fair Value for the shares;
  - (iii) the Seller does not have a right of withdrawal following a valuation of the Independent Expert unless the prior written consent of the "A" Shareholders is obtained;
  - (iv) on the death of the "A" Shareholder clause 5.4(c) shall be varied so that the Company only has an option to purchase ALL and not part

of the shares and can exercise the first option within 9 months of service of the Deemed Transfer Notice and clause 5.4(h) shall be varied so that the Ongoing Shareholders can exercise the second option within 3 months of service of the Second Transfer Notice; and

#### **5.6 Fair Value**

- (a) The **Fair Value** for any shares to be transferred is that proportion of the amount the Independent Expert considers to be the fair value of the entire issued share capital of the Company that the Seller's shares bear to the entire issued share capital of the Company (with no discount for the size of the Seller's shareholding).
- (b) In determining the Fair Value of the entire issued share capital of the Company, the Independent Expert may rely on the following assumptions:
  - (i) the sale is between a willing seller and a willing buyer;
  - (ii) the shares are sold free of all restrictions, liens, charges and other Encumbrances; and
  - (iii) the sale is taking place on the date of service of the Transfer Notice or on the date of the Mandatory Transfer Event (as applicable);
- (c) In the case of a 'Mandatory Transfer Event', if the Fair Value determined by the Independent Expert cannot be agreed between the parties, subject to the written consent of all the "A" Shareholders, an Independent Expert shall be appointed to determine the dispute, whose decision shall be final and binding on the "A" Shareholders (in the absence of fraud or manifest error) and the Fair Value shall be the higher sum of:
  - (i) the Fair Value determined by the Independent Expert, or
  - (ii) the Independent Expert's Fair Value based on valuation, that the whole Company is worth £2,500,000.

#### **5.7 Completion of Share Purchase**

- (a) Completion of the sale and purchase of Sale Shares under article 5.4 and article 5.5 of these Articles shall take place in accordance with the schedule set by the Directors or in the absence of any such schedule on 28 Business Days after:
  - (i) the day of delivery of the response to the Transfer Notice or Second Transfer Notice, unless the Independent Expert has been requested to determine Fair Value; or
  - (ii) the day of delivery of the Directors' notice given under Article 5.4(i) to the Seller and buyer or buyers of the Sale Shares to be allocated.
- (b) At such completion:



- (i) the Seller shall deliver, or procure that there is delivered to the Ongoing Shareholders, a duly-completed share transfer form transferring the legal and beneficial ownership of the relevant shares to the Ongoing Shareholders, together with the relevant share certificates and such other documents as the Ongoing Shareholders may reasonably require to show good title to the shares, or to enable them to be registered as the holders of the shares; and
  - (ii) the Ongoing Shareholders shall deliver or procure that there is delivered to the Seller or his personal representatives bankers' draft made payable to the Seller or to his order for the purchase price.
- (c) If any Ongoing Shareholder fails to pay the purchase price on the due date, without prejudice to any other remedy which the Seller may have, the outstanding balance of the purchase price shall accrue interest at a rate equal to 4% above the base rate of National Westminster Bank plc.
- (d) If the Seller (or if applicable, any personal representative of his) fails to sell or transfer the Sale Shares as required, the Company is irrevocably and unconditionally authorised to appoint any "A" Shareholder (other than the Seller) as attorney to effect the transfer of the Sale Shares on behalf of the Seller (or if applicable his personal representative) and to sign any and all documents and to take any or all other action that is reasonable required to complete the sale or transfer of the Sale Shares. The Company may receive the purchase price paid for such shares in trust for the Seller (or personal representative) without interest pending delivery by the defaulting Shareholder (or, if applicable, his personal representative) of the share certificate(s) relating to such Sale Shares and any other documents reasonably required in accordance with clause 5.7(b)(i), may give a receipt that shall discharge the purchaser of the Sale Shares and may register the purchaser as the new holder of the Sale Shares (and may issue an appropriate share certificate to the purchaser in respect of the Sale Shares or cancel the Sale Shares in the case of a buy-back by the Company). After the name of the purchaser of the Sale Shares has been entered in the register of members of the Company as the holder of the Sale Shares (or, in the case of a buy-back, the relevant Shares have been cancelled), no party thereto may or shall question the validity (or otherwise) of the sale and purchase (or, as the case may be, cancellation) of such Sale Shares.

## **6. PROCEEDINGS AT GENERAL MEETINGS**

- 6.1 If a quorum is not present within half an hour of the time appointed for a general meeting, the meeting is adjourned to such day and at such time and place as the directors may determine and if a quorum is not present within half an hour from the time appointed for the adjourned meeting the meeting is dissolved.

- 6.2 A poll may be demanded at any general meeting by any member present in person or by proxy and entitled to vote.

**7. VOTES OF MEMBERS**

Subject to any rights or restrictions attached to any shares and to any other provisions of these Articles, on a show of hands every member being a holder of "A" Shares present in person or by proxy shall have one vote, unless the proxy is himself a member entitled to vote and on a poll every member present in person or by proxy shall have one vote for every "A" Share of which he is the holder.

**8. DRAG ALONG**

- 8.1 If the provisions of Article 5.4 (j) apply and the holders of 50% of the "A" Shares in issue for the time being (**Selling Shareholders**) wish to transfer all of their interest in the "A" Shares (**Sellers' Shares**) to a bona fide arm's length purchaser (**Proposed Buyer**), the Selling Shareholders may require all other Shareholders (**Called Shareholders**) to sell and transfer all their shares to the Proposed Buyer (or as the Proposed Buyer directs) in accordance with the provisions of this article (**Drag Along Option**).
- 8.2 The Selling Shareholders may exercise the Drag Along Option by giving written notice to that effect (**Drag Along Notice**) at any time before the transfer of the Sellers' Shares to the Proposed Buyer. The Drag Along Notice shall specify:
- (a) that the Called Shareholders are required to transfer all their Shares (**Called Shares**) pursuant to this article 8.1;
  - (b) the person to whom the Called Shares are to be transferred;
  - (c) in the notice to "A" Shareholders only, the consideration payable for the Called Shares which shall, for each Called Share, be an amount at least equal to the higher of the Fair Value and the price per share offered by the Proposed Buyer for the Sellers' "A" Shares and the "B" Shares as appropriate; and
  - (d) the proposed date of the transfer.
- 8.3 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 60 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.
- 8.4 No Drag Along Notice shall require a Called Shareholder to agree to any terms except those specifically set out in this article 8.1.

- 8.5 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:
- (a) 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
  - (b) that date is less than 60 Business Days after the date on which the Drag Along Notice is served or, if later, the date 28 days after determination of the Fair Value by the Independent Expert, in which case the Completion Date shall be the 60 of Business Days after delivery of the Drag Along Notice.
- 8.6 With 5 Business Days of the Selling Shareholders requesting so, the Called Shareholders shall 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.
- 8.7 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.
- 8.8 To the extent that the Proposed Buyer has not, on the Completion Date, put the Company in funds to pay the consideration due pursuant to article 8.2(c), 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 8 in respect of their Shares.
- 8.9 If any Called Shareholder does not, on completion of the sale of the Called Shares, execute transfer(s) in respect of all of the Called Shares held by it, the defaulting Called Shareholder shall be deemed to have irrevocably appointed any person nominated for the purpose by the Selling Shareholders to be his agent and attorney to execute all necessary transfer(s) on his behalf, against receipt by the Company (on trust for such holder) of the consideration payable for the Called Shares, to deliver such transfer(s) to the Proposed Buyer (or as they may direct) as the holder thereof. After the Proposed Buyer (or its nominee) has been registered as the holder, the validity of such proceedings shall not be questioned by any such person. Failure to produce a share certificate shall not impede the registration of shares under this article 8.
- 8.10 Following the issue of a Drag Along Notice, on any person becoming a Shareholder of the Company pursuant to the exercise of a pre-existing option to acquire shares in the Company or on the conversion of any convertible security of the Company (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 8 shall apply with the necessary changes to the New Shareholder, except that completion of the sale of the Shares shall take place immediately on the Drag Along Notice being deemed served on the New Shareholder.

**9. TAG ALONG RIGHTS ON A CHANGE OF CONTROL**

- 9.1 If, in one or a series of related transactions, one or more Sellers propose to transfer any of the "A" Shares (**Proposed Transfer**) which would, if carried out, result in any person (**Buyer**), and any person Acting in Concert with the Buyer, acquiring a Controlling Interest in the Company.
- 9.2 Before making a Proposed Transfer, a Seller shall procure that the Buyer makes an offer (**Offer**) to the other "A" Shareholders to purchase all of the Shares held by them for a consideration in cash per Share that is at least equal to the highest price per Share offered or paid by the Buyer, or any person Acting in Concert with the Buyer, in the Proposed Transfer or in any related previous transaction in the 3 months preceding the date of the Proposed Transfer (**Specified Price**).
- 9.3 The Offer shall be given by written notice (**Offer Notice**), at least 90 Business Days (**Offer Period**) before the proposed sale date (**Sale Date**). To the extent not described in any accompanying documents, the Offer Notice shall set out:
- (a) the identity of the Buyer;
  - (b) the purchase price and other terms and conditions of payment;
  - (c) the Sale Date; and
  - (d) the number of Shares proposed to be purchased by the Buyer (**Offer Shares**).
- 9.4 If the Buyer fails to make the Offer to all holders of Shares in the Company in accordance with article 9.2 and article 9.3, the Seller shall not be entitled to complete the Proposed Transfer and the Company shall not register any transfer of Shares effected in accordance with the Proposed Transfer.
- 9.5 If the Offer is accepted by any Shareholder (**Accepting Shareholder**) within the Offer Period, the completion of the Proposed Transfer shall be conditional on completion of the purchase of all the Offer Shares held by Accepting Shareholders.

- 9.6 The Proposed Transfer is subject to the pre-emption provisions of article 5.4, but the purchase of Offer Shares from Accepting Shareholders shall not be subject to those provisions.

**10. NUMBER OF DIRECTORS**

Unless otherwise determined by ordinary resolution, the number of directors is not subject to any maximum. The minimum number of directors is one.

**11. ALTERNATE DIRECTORS**

- 11.1 An alternate director may act as alternate director to more than one director and is entitled at a meeting of the directors or of a committee of the directors to one vote for every director that he acts as alternate director for in addition to his own vote (if any) as a director of the Company, but an alternate director counts as only one director in determining whether a quorum is present.

- 11.2 An alternate director is entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member; to attend and vote at any such meeting at which the director appointing him is not personally present; and generally to perform all the functions of his appointor as a director in his appointor's absence. But it is not necessary to give notice of such a meeting to an alternate director who is absent from the UK.

- 11.3 Unless otherwise determined by ordinary resolution of the Company, an alternate director is not entitled to receive any remuneration from the Company, save that he may be paid by the Company such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice to the Company direct and the Company may pay all travelling, hotel and other expenses properly incurred by an alternate director in connection with attendance at meetings of directors or of committees of directors or otherwise in connection with the business of the Company.

**12. POWERS OF DIRECTORS**

Subject to satisfaction of section 89(1) of the 1985 Act, the directors are generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 for a period of five years from the date of these Articles to allot all or any of the unissued shares of the Company. The maximum aggregate nominal amount of ordinary shares that may be allotted is £500. This authority may be varied or revoked by ordinary resolution of the Company.

**13. APPOINTMENT AND RETIREMENT OF DIRECTORS**

- 13.1 No person shall be appointed a Director at any general meeting unless:

- (a) he is recommended by the directors; or
- (b) not less than 14 or more than 35 clear days before the date appointed for the meeting, notice executed by a member qualified to vote at the meeting has been given to the Company of the intention to propose that person for appointment stating the particulars which would, if he were so appointed, be required to be included in the Company's register of directors together with notice executed by that person of his willingness to be appointed.

13.2 Not less than 7 nor more than 28 clear days before the date appointed for holding a general meeting notice shall be given to all who are entitled to receive notice of the meeting of any person who is recommended by the directors for appointment as a director at the meeting or in respect of whom notice has been duly given to the Company of the intention to propose him at the meeting for appointment as a director. The notice shall give particulars of that person which would, if he were so appointed, be required to be included in the Company's register of directors.

13.3 Subject to the provisions of the Companies Acts, and unanimous agreement amongst the "A" Shareholders, the directors may appoint one or more of their number to the office of managing director or chief executive officer or to any other executive office under the Company and may enter into an agreement or arrangement with any director for his employment by the Company or for the provision by him of any services outside the scope of the ordinary duties of a director. Any such appointment, agreement or arrangement may be made on such terms as the directors determine and they may remunerate any such director for his services as they think fit. Any appointment of a director to an executive office shall terminate (unless the terms of his appointment provide otherwise) if he ceases to be a director but without prejudice to any claim for damages for breach of contract of service between the director and the Company.

#### **14. PROCEEDINGS OF DIRECTORS**

A person may participate in a meeting of the directors or of a committee of directors by means of electronic communication provided that throughout the meeting all persons participating in the meeting are able to communicate interactively and simultaneously with all other parties participating in the meeting notwithstanding accidental disconnection of the means of electronic communication during the meeting. "A" person participating in a meeting in this manner shall be deemed present in person at the meeting and shall be entitled to vote and be counted in the quorum.

#### **15. DIRECTORS' CONFLICTS OF INTERESTS**

15.1 The Directors may, in accordance with the requirements set out in this article 15, authorise any matter proposed to them by any Director which would, if not

authorised, involve a Director breaching his duty under section 175 of the 2006 Act to avoid conflicts of interest (**Conflict**).

15.2 Any authorisation under this article 15 will be effective only if:

- (a) the matter in question shall have been proposed by any Director for consideration at a meeting of Directors 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 at the meeting of the Directors at which the matter is considered is met without counting the director in question; and
- (c) the matter was agreed to without his voting or would have been agreed to if his vote had not been counted.

15.3 Any authorisation of a matter under this article may (whether at the time of giving the authority or subsequently):

- (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised;
- (b) be subject to such terms and for such duration, or impose such limits or conditions as the directors may determine;
- (c) be terminated or varied by the directors at any time.

This will not affect anything done by the Director prior to such termination or variation in accordance with the terms of the authorisation.

15.4 In authorising a Conflict the Directors may decide (whether at the time of giving the authority or subsequently) that if a Director has obtained any information through his involvement in the Conflict otherwise than as a Director of the Company and in respect of which he owes a duty of confidentiality to another person the Director is under no obligation to:

- (a) disclose such information to the Directors or to any Director or other officer or Employee;
- (b) use or apply any such information in performing his duties as a Director;

where to do so would amount to a breach of that confidence.

15.5 Where the Directors authorise a Conflict they may provide, without limitation (whether at the time of giving the authority or subsequently) that the Director:

- (a) is excluded from discussions (whether at meetings or otherwise) related to the Conflict;

- (b) is not given any documents or other information relating to the Conflict;
- (c) may or may not vote (or may or may not be counted in the quorum) at any future meeting of directors in relation to any resolution relating to the Conflict.

**15.6 Where the Directors so authorise a Conflict:**

- (a) the Director will be obliged to conduct himself in accordance with any terms imposed by the directors in relation to the Conflict;
- (b) the Director will not infringe any duty he owes to the company by virtue of section 171 to 177 of the 2006 Act provided he acts in accordance with such terms, limits and conditions (if any) as the directors impose in respect of its authorisation.

**15.7** A Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a director), to account 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 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.

**16. DIRECTORS' DECLARATION OF INTERESTS**

**16.1** A Director who is in any way, whether directly or indirectly interested in a proposed transaction or arrangement with the Company shall declare the nature and extent of his interest to the other directors before the Company enters into the transaction or arrangement in accordance with the Companies Acts.

**16.2** A Director who is in any way, whether directly or indirectly, interested in a transaction or arrangement that has been entered into by the Company shall declare the nature and extent of his interest to the other directors as soon as is reasonably practicable in accordance with the Companies Acts, unless the interest has already been declared under article 16.1.

**16.3** Subject, where applicable, to the disclosures required under articles 16.1 and 16.2, and to any terms and conditions imposed by the Directors in accordance with article 15, a Director shall be entitled to vote in respect of any proposed or existing transaction or arrangement with the Company in which he is interested and if he shall do so his vote shall be counted and he shall be taken in to account in ascertaining whether a quorum is present.

**16.4** A Director need not declare an interest under articles 16.1 and 16.2 as the case may be:



- (a) if it cannot reasonably be regarded as likely to give rise to a conflict of interest;
- (b) of which the director is not aware, although for this purpose a director is treated as being aware of matters of which he ought reasonably to be aware;
- (c) if, or to the extent that, the other directors are already aware of it, and for this purpose the other directors are treated as aware of anything which they ought reasonably to be aware; or
- (d) if, or to the extent that, it concerns the terms of his service contract that have been, or are to be, considered at a board meeting.

## **17. INDEMNITY**

- 17.1 Subject to the Companies Acts, but without prejudice to which a Director may otherwise be entitled, each Director or other officer of the Company (other than any person (whether an officer or not) engaged by the Company as auditor) shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a Director or other officer of the Company or any company that is a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006) in the actual or purposed execution and/or discharge of his duties, or in relation thereto including any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's affairs.
- 17.2 The Company may buy and maintain insurance against any liability falling upon its directors or other officers which arises out of their respective duties to the Company, or in relation to its affairs.