

**Dated**

**28 November 2019**

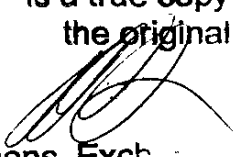
**Articles of Association**

**of**

**Bridging Finance Solutions Group Limited**

**Company number 05684772**

**We certify that this  
is a true copy of  
the original**

  
**Bermans, Exchange Station  
Tithebarn Street  
Liverpool  
L2 2QP**

**THURSDAY**



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**16/01/2020**

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**COMPANIES HOUSE**

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**The Companies Act 2006**

**Private Company Limited by Shares**

**Articles of Association**

**of**

**Bridging Finance Solutions Group Limited**

**(Adopted by special resolution passed on 28 November 2019)**

**Introduction**

**1. Interpretation**

1.1 In these Articles, unless the context otherwise requires:

"A ordinary shares" means the A ordinary shares of £1.00 each in the capital of the Company.

"Act": means the Companies Act 2006.

"Alternate Director": has the meaning given in article 11.1.

"Appointor": has the meaning given in article 11.1.

"Articles": means the articles of association of the company for the time being in force.

"B ordinary shares" means the B ordinary shares of £1.00 each in the capital of the Company.

"Business Day": means any day (other than a Saturday, Sunday or public holiday in the United Kingdom) on which clearing banks in the City of London are generally open for business.

"C ordinary shares" means the C ordinary shares of £1.00 each in the capital of the Company."

"Conflict": has the meaning given in article 7.1.

"Continuing Shareholders": has the meaning given in article 21.1 and Continuing Shareholder means any of them.

"Controlling Interest": means an interest (within the meaning of Schedule 1 to the Act) in more than 75% of the B Ordinary Shares, C Ordinary Shares and A Ordinary Shares.

"Eligible Director": means a director who would be entitled to vote on the matter at a meeting of directors (but excluding any director whose vote is not to be counted in respect of the particular matter).

"Exit": means the transfer of any interest in shares to any person other than Bridging Finance Solutions Group Limited (whether by one transaction or by a series of transactions) resulting in that person alone or together with persons acting in concert with such person having the right to exercise a Controlling Interest.

"Family Members": in relation to any Shareholder, that Shareholder's spouse and children (including step and adopted children) provided in each case they are over the age of 18.

"Family Trust": in relation to a Shareholder, a trust:

- (a) of which that Shareholder is the settlor;
- (b) which does not permit any of the settled property or the income from it to be applied otherwise than for the benefit of:
  - (i) that Shareholder and/or a Family Member of that Shareholder; or
  - (ii) any charity or charities as default beneficiaries (meaning that such charity or charities have no immediate beneficial interest in any of the settled property or the income from it when the trust is created but may become so interested if there are no

other beneficiaries from time to time except another such charity or charities); and

- (c) under which no power of control is capable of being exercised over the votes of any shares which are the subject of that trust by any person other than the trustees, that Shareholder or any Family Member of that Shareholder;

and "trust" includes a trust arising under a settlement, or declaration of trust, inter vivos and includes testamentary disposition or a trust arising on an intestacy.

"Issue Price": in relation to any share, the price at which that share is issued (being the aggregate of the amount Paid in respect of the nominal value of that share and any share premium on that share).

"Ordinary Shares": means the Ordinary Shares of £1 each in the capital of the Company.

"Model Articles" means 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.

"Shareholder": means a holder of B Ordinary Shares, C Ordinary Shares or A Ordinary Shares.

"Valuers": an independent firm of accountants appointed by the Seller and by the Continuing Shareholder or, in the absence of agreement between them on the identity of the expert or its terms of appointment within 10 Business Days of the expiry of the ten Business Day period following service of a Price Notice, an independent firm of accountants appointed, and whose terms of appointment are agreed, by the President, for the time being, of the Institute of Chartered Accountants of England and Wales (in each case acting as an expert and not as an arbitrator).

- 1.2 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 a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:
  - (a) any subordinate legislation from time to time made under it; and
  - (b) any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.
- 1.6 Any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 1.7 The Model Articles shall apply to the company, except in so far as they are modified or excluded by these Articles.
- 1.8 Articles 8, 9(1) , 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(2), 44(2), 49, 52 and 53 of the Model Articles shall not apply to the company.
- 1.9 Article 7 of the Model Articles shall be amended by:
  - (a) the insertion of the words "for the time being" at the end of article 7(2)(a); and
  - (b) 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".
- 1.10 Article 20 of the Model Articles shall be amended by:
  - (a) the insertion of the words "(including Alternate Directors) and the secretary" before the words "properly incur"; and

- (b) the deletion of the word "may" in the first line and its replacement with the word "must".
- 1.11 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".
- 1.12 Article 27(3) of the Model Articles shall be amended by the insertion of the words ", subject to article 10," after the word "But".
- 1.13 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)," after the words "the transmittee's name".
- 1.14 Articles 31(1)(a) to (d) (inclusive) of the Model Articles shall be amended by the deletion, in each case, of the words "either" and "or as the directors may otherwise decide".

## **Directors**

### **2. Unanimous decisions**

- 2.1 A decision of the directors is taken in accordance with this article when all Eligible Directors indicate to each other by any means that they share a common view on a matter.
- 2.2 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.
- 2.3 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.

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

- 3.1 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.

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

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

4.1 Subject to article 4.2, the quorum for the transaction of business at a meeting of directors is any two Eligible Directors.

4.2 For the purposes of any meeting (or part of a meeting) held pursuant to article 7 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.

4.3 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

- (a) to appoint further directors; or
- (b) to call a general meeting so as to enable the shareholders to appoint further directors.

#### **5. Casting vote**

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

#### **6. Transactions or other arrangements with the company**

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

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the company or in which the company is otherwise (directly or indirectly) interested;
- (b) shall be an Eligible Director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such contract or proposed contract in which he is interested;
- (c) shall be entitled to vote at a meeting of directors (or of a committee of the directors) or participate in any unanimous decision, in respect of such contract or proposed contract in which he is interested;
- (d) may act by himself or his firm in a professional capacity for the company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director;
- (e) may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the company is otherwise (directly or indirectly) interested; and
- (f) shall not, save as he may otherwise agree, be accountable to the company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

## **7. Directors' conflicts of interest**

- 7.1 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 duty under section 175 of the Act to avoid conflicts of interest ("Conflict").
- 7.2 Any authorisation under this article 7 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 for consideration at a meeting under the provisions of these Articles;
- (b) any requirement as to the quorum at the meeting of the directors at which the matter is considered is met without counting the Interested director; and
- (c) the matter was agreed to without his voting or would have been agreed to if the vote of the Interested director had not been counted.

7.3 Any authorisation of a Conflict under this article 7 may (whether at the time of giving the authorisation or subsequently):

- (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
- (b) provide that the Interested director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict;
- (c) provide that the Interested director shall or shall not be an Eligible Director in respect of any future decision of the directors in relation to any resolution related to the Conflict;
- (d) impose upon the Interested director such other terms for the purposes of dealing with the Conflict as the directors think fit;
- (e) provide that, where the Interested director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a director of the company) information that is confidential to a third party, he will not be obliged to disclose that information to the company, or to use it in relation to the affairs of the company where to do so would amount to a breach of that confidence; and
- (f) permit the Interested director to absent himself from the discussion of matters relating to the Conflict at any meeting of the directors and be excused from reviewing papers prepared by, or for, the directors to the extent they relate to such matters.

- 7.4 Where the directors authorise a Conflict, the Interested director will be obliged to conduct himself in accordance with any terms and conditions imposed by the directors in relation to the Conflict.
- 7.5 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.
- 7.6 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 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.

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

Where decisions of the directors are taken by electronic means, such decisions shall be recorded by the directors in permanent form, so that they may be read with the naked eye.

## **9. 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 one.

## **10. Appointment of directors**

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. Appointment and removal of Alternate Directors**

11.1 Any director ("Appointor") may appoint any other director, or any other person approved by resolution by the directors as an alternate ("Alternate Director"), to:

- (a) exercise that director's powers; and
- (b) carry out that director's responsibilities,

in relation to the taking of decisions by the directors, in the absence of the Alternate Director's Appointor.

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

11.3 The notice must:

- (a) identify the proposed Alternate Director; and
- (b) in the case of a notice of appointment, contain a statement signed by the proposed Alternate Director that the proposed Alternate Director is willing to act as the Alternate Director of the director giving the notice.

## **12. Rights and responsibilities of Alternate Directors**

12.1 An Alternate Director may act as Alternate Director to more than one director and has the same rights in relation to any decision of the directors as the Alternate Director's Appointor.

12.2 Except as the Articles specify otherwise, Alternate Directors:

- (a) are deemed for all purposes to be directors;
- (b) are liable for their own acts and omissions;
- (c) are subject to the same restrictions as their Appointor; and
- (d) are not deemed to be agents of or for their Appointor,

and, in particular (without limitation), each Alternate Director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his Appointor is a member.

**12.3 A person who is an Alternate Director but not a director:**

- (a) may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's Appointor is not participating),
- (b) may participate in a unanimous decision of the directors (but only if his Appointor is an Eligible Director in relation to that decision, but does not participate), and
- (c) shall not be counted as more than one director for the purposes of article 12.3(a) and article 12.3(b).

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

**12.5 An Alternate Director may be paid expenses and may be indemnified by the company to the same extent as his Appointor but shall not be entitled to receive any remuneration from the company for serving as an Alternate Director except such part of the remuneration of the Alternate Director's Appointor as the Appointor may direct by notice in writing made to the company.**

### **13. Termination of alternate directorship**

An Alternate Director's appointment as an Alternate Director terminates:

- (a) when the Alternate Director's Appointor revokes the appointment by notice to the company in writing specifying when it is to terminate;
- (b) on the occurrence, in relation to the Alternate Director, of any event which, if it occurred in relation to the Alternate Director's Appointor, would result in the termination of the appointment of the Appointor as a director,
- (c) on the death of the Alternate Director's Appointor; or

- (d) when appointment of the Alternate Director's Appointor terminates.

## **14. 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.*

## **Decision making by shareholders**

## **15. Poll votes**

- 15.1 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.
- 15.2 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.

## **16. Proxies**

- 16.1 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".
- 16.2 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.

## Share Rights

### 17. Shares

17.1 The B Ordinary Shares, C Ordinary Shares and the A Ordinary Shares shall (save as set out in Articles 17.2 & 17.3) be treated *pari passu* and as if they constituted one class of share in respect of voting and dividends but shall have the following different rights in relation to return on capital and on an Exit.

#### 17.2 Capital

On a return of capital on liquidation or capital reduction or otherwise the surplus assets of the Company remaining after the payment of its liabilities shall be applied, in paying to each holder of A ordinary shares, B ordinary shares and C ordinary shares as follows:

- (a) firstly, any dividends thereon which have been declared but are unpaid;
- (b) secondly, in making a distribution of the Issue Price amongst the holders of B Ordinary Shares, C Ordinary Shares and A Ordinary Shares in proportion to the amount paid up in respect of such shares ;
- (c) thirdly, the in aggregate sum of £1,680,000 (or, if less, such part thereof as can be paid to the holders of shares if the total balance of surplus assets were divided as to 40% to the holders of the B ordinary shares and as to 60% to the holders of the C ordinary shares); and
- (d) in distributing the balance of such assets amongst the holders of the B Ordinary Shares, C Ordinary Shares and A Ordinary Shares (*pari passu* as if they constituted one class of share) in proportion to the numbers of the B Ordinary Shares, C Ordinary Shares and A Ordinary Shares held by them respectively.

#### 17.3 Exit

In the event of Exit then, notwithstanding anything to the contrary in the terms and conditions governing such Exit the members (immediately prior to such Exit) shall procure that such action is taken to reorganise the share capital of the Company to ensure that upon completion of such Exit the consideration receivable by the members pursuant to such Exit (whenever received) and/or the value of shares retained by the members, is, subject always to the repayment in full of all capital and interest (including

without limitation any default interest) under the any loans due to such members, distributed amongst the members in the following manner:

- (a) firstly, in paying any dividends which have been declared but are unpaid on each Ordinary Share and A Ordinary Share;
- (b) secondly, in paying to the holders of the B ordinary shares and the C ordinary shares in issue, the sum of £1,680,000 in aggregated in the following proportions 40% to the holder of the B ordinary shares and 60% to the holder of the C ordinary shares;
- (c) and thereafter in distributing the balance of any remaining consideration amongst the holders of the B Ordinary Shares, C Ordinary Shares and to the holders of the A Ordinary Shares and in each case in proportion to the numbers of the B Ordinary Shares, C Ordinary Shares and A Ordinary held by them respectively,

17.4 In order to give effect to the distribution referred to in Article 17.3 any consideration paid or payable in respect of an Exit shall be paid into a separate account and then distributed accordingly.

17.5(a) The Company shall not declare dividends on the B ordinary shares and the C ordinary shares in aggregate in excess of £200,000 in respect of any financial year.

17.5(b) In the event that any dividend is declared on both the B ordinary shares and/or the C ordinary shares, the total amount of such dividend payable on the B ordinary shares shall not exceed the percentage of the total dividend calculated in accordance with the formula below:

The total number of B ordinary shares divided by the [total number of B ordinary shares plus the total number of C ordinary shares] x 100%"

## **18. Powers to Issue Different Classes of Shares**

Subject to the other provisions of these articles, but without prejudice to the rights attached to any existing shares, the Company may:

18.1 issue shares with such rights or restrictions as may be determined by ordinary

resolution; and

- 18.2 issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or the holder.

## **19. Restrictions on Transfer**

No Shareholder shall sell, transfer, assign, pledge, charge or otherwise dispose of any Share or any interest in any Share in the capital of the Company, except a transfer in accordance with article 20 (*Permitted Transfers*), article 21 (*Pre-emption*), article 25 (*Drag Along*) or article 26 (*Tag Along*).

- 19.2 No transfer of B ordinary shares shall be permitted in any circumstances, without the express written consent of all of the Shareholders of the Company

- 19.3 For the avoidance of any doubt, neither Steven Barber (nor his spouse) shall be entitled to hold B ordinary shares in any circumstances

## **20. Permitted Transfers**

- 20.1 Notwithstanding the provisions of article 19 ( Restrictions on Transfer) article 21 (*Pre-emption*) and article 26 (*Tag Along*):

- (a) any Shareholder may at any time transfer any share to a Family Member or to the trustees of a Family Trust;
- (b) any Shareholder who is a trustee of a Family Trust may at any time transfer any share to:
  - (i) the new or remaining trustees of the Family Trust upon any change of trustees; and
  - (ii) any persons (being a Family Member of a Shareholder or of a former Shareholder who has previously transferred some or all of his shares in accordance with article 20.1) on their becoming entitled to the same under the terms of the Family Trust;
- (c) any Shareholder holding shares as a result of a transfer made after the date of this agreement by a person in relation to whom such Shareholder was a permitted transferee under the provisions of this agreement may at any time transfer any share to the person who originally transferred such shares (or to any other permitted transferee of such original transferor); and



- (d) any Shareholder may transfer any shares with the prior written consent of the holders of not less than 100 % in nominal value of the equity share capital then in issue.
- (e) In the event of his death Steven Alex Barber and his personal representatives shall not be required to serve a transfer notice in respect of shares registered in his name , and Steven Alex Barber his personal representatives and family trusts shall be permitted to transfer Shares registered in the name of Steven Alex Barber or in the name of his family trusts to his personal representatives and to the beneficiaries of his estate.

20.2 The Company shall be obliged to register any transfer made pursuant to the above provisions.

## 21. Pre-emption

- 21.1 Except for a transfer in accordance with article 20 (*Permitted Transfers*), article 25 (*Drag Along*) or article 26 (*Tag Along*) a Shareholder ("Seller") wishing to transfer shares in the capital of the Company ("Sale Shares") shall give notice in writing ("Transfer Notice") to the other parties ("Continuing Shareholders") specifying the details of the proposed transfer, including the number of Sale Shares comprised within the Transfer Notice, the identity of the proposed buyer(s), the proposed price for each Sale Share ("Proposed Sale Price") and the proportionate entitlement of each Continuing Shareholder to the Sale Shares, being the same proportion of the Sale Shares as the proportion that the number of Shares held by him bears to the total number of shares held by the Continuing Shareholders (in respect of each Continuing Shareholder, his "Entitlement").
- 21.2 The Continuing Shareholders (or any of them) may, by giving notice in writing ("Price Notice") to the Seller at any time within ten Business Days of receipt of a Transfer Notice, notify the Seller that the Proposed Sale Price is too high. Following service of a Price Notice, the parties shall endeavour to agree a price for each of the Sale Shares. If the parties have not agreed such a price within ten Business Days of the receipt of the Seller of a Price Notice, they (or any of them) shall immediately instruct the Valuers to determine the Fair Value of each Sale Share in accordance with article 24.
- 21.3 If, following delivery to him of written notice of the Valuers in accordance with article 24, the Seller does not agree with the assessment of the Valuers of the

Fair Value of the Sale Shares, he shall be entitled to revoke the Transfer Notice by giving notice in writing to the Continuing Shareholders within five Business Days of delivery to him of the written notice of the Valuers. If the Seller revokes the Transfer Notice, he is not entitled to transfer the Sale Shares except in accordance with these articles.

- 21.4 Within five Business Days of receipt (or deemed receipt) of a Transfer Notice or, if later, within five Business Days of receipt of the determination of the Valuers of the Fair Value (and provided the Seller has not withdrawn the Transfer Notice in accordance with clause 21.3), a Continuing Shareholder shall be entitled (but not obliged) to give notice in writing ("Acceptance") to the Seller stating that he wishes to purchase a specified number of Sale Shares at the Sale Price up to his Entitlement. A Continuing Shareholder may, in his Acceptance, indicate that he would be willing to purchase a particular number of Sale Shares in excess of his Entitlement ("Extra Shares").
- 21.5 If, on the expiry of the relevant five Business Day period referred to in clause 21.4, the total number of Sale Shares applied for is greater than the available number of Sale Shares, each accepting Continuing Shareholder shall be allocated his Entitlement (or such lesser number of Sale Shares for which he has applied) and applications for Extra Shares shall be allocated in accordance with such applications or, in the event of competition, among those Continuing Shareholders applying for Extra Shares in such proportions as equal (as nearly as may be) the proportions of all the Shares held by such Continuing Shareholders.
- 21.6 Completion of those Sale Shares accepted by Continuing Shareholders under clause 21.4 (and, where, relevant, clause 21.5) shall take place in accordance with article 23.
- 21.7 In relation to any Sale Shares not accepted by Continuing Shareholders under clause 21.4 (and, where, relevant, clause 21.5):
- (a) the Seller shall be entitled to transfer those Sale Shares to the third party buyer identified in the Transfer Notice at a price per Sale Share not less than the Sale Price unless the proposed transferee, as reasonably determined by the Board, is a competitor of the Company that is not regulated by the Financial Services Authority; and

- (b) the Seller shall procure that any buyer of Sale Shares that is not, immediately prior to completion of the transfer in question, a party to this agreement shall, at completion, enter into a deed of adherence with the Continuing Shareholders, agreeing to be bound by the terms of this agreement, in such form as the Continuing Shareholders may reasonably require (but not so as to oblige the buyer to have any obligations or liabilities greater than those of the Seller).

## **22. Events of default**

22.1 A Shareholder is deemed to have served a Transfer Notice under article 21.2 immediately before any of the following events of default:

- (a) his death (save for the death of the founder Shareholder Steven Alex Barber), or
- (b) 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; or
- (c) he fails to remedy a material breach by him of any obligation under any shareholders agreement entered into between all of the Shareholders within 10 Business Days of notice to remedy the breach being served by one or more of the other Shareholders; or
- (d) he fails to remedy a material breach by him of any obligation under any agreement under the terms of which he is to provide alone or jointly loan funding to the Company within 10 Business Days of notice to remedy the breach being served by one or more of the other Shareholders

22.2 The deemed Transfer Notice has the same effect as a Transfer Notice, except that:

- (a) 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 Sale Price shall be the Fair Value of those shares, determined by the Valuers in accordance with article 24; and

- (b) the Seller does not have a right to withdraw the Transfer Notice following a valuation.

## **23. Completion of share purchase**

23.1 Completion of the sale and purchase of shares under article 21 and article 22 of these Articles shall take place 20 Business Days after the date of delivery or determination of the Sale Price in accordance with article 21.2.

23.2 At such completion:

- (a) the Seller shall deliver, or procure that there is delivered to each Continuing Shareholder who is to purchase Sale Shares, a duly completed stock transfer form transferring the legal and beneficial ownership of the relevant Sale Shares to him, together with the relevant share certificate(s) (or an indemnity in lieu thereof) and such other documents as the Continuing Shareholders or the Company may reasonably require to show good title to the shares, or to enable him to be registered as the holder of the shares;
- (b) each relevant Continuing Shareholder shall deliver or procure that there is delivered to the Seller a bankers' draft made payable to the Seller or to his order for the Sale Price for the Sale Shares being transferred to him (or such other method of payment agreed between a Continuing Shareholder and the Seller); and
- (c) if, following a sale of shares the Seller holds no further shares in the Company the Seller shall deliver, or procure that there are delivered to the Company, his resignation as a director of the Company and resignations from any directors appointed by him, such resignations to take effect at completion of the sale of the Sale Shares

23.3 Any transfer of shares by way of a sale that is required to be made under these Articles shall be deemed to include a warranty that the Seller sells the shares with full title guarantee.

- 23.4 If any Continuing Shareholder fails to pay the Sale Price payable by him on the due date, without prejudice to any other remedy which the Seller may have, the outstanding balance of that Sale Price shall accrue interest at a rate equal to 4% per annum above the base rate of National Westminster Bank from time to time.
- 23.5 Each of the Continuing Shareholders shall use his reasonable endeavours to procure (so far as is lawfully possible in the exercise of his rights and powers as a shareholder of the Company) the registration (subject to due stamping by the Continuing Shareholders) of the transfers of the Sale Shares under this article 23 and each of them consents to such transfers and registrations.

## 24. Fair Value

- 24.1 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:
- (a) attributing the first £1,680,000 of value of the Company, as to 40% to holders of the B ordinary shares and as to 60% to the holders of the C ordinary shares, and thereafter, valuing the A ordinary shares, the B ordinary shares and the C ordinary shares equally, and subject thereto;
  - (b) valuing each of the Sale Shares as a proportion of the total value of all the issued shares in the capital of the Company of that class without any premium or discount being attributable to the percentage of the issued share capital of the Company which they represent but ;
  - (c) if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;
  - (d) the sale is to be on arms' length terms between a willing seller and a willing buyer;
  - (e) the shares are sold free of all restrictions, liens, charges and other encumbrances; and
  - (f) the sale is taking place on the date the Valuers were requested to determine the Fair Value.
- 24.2 The Valuer shall act as an expert and not an arbitrator and his decision on Fair Value and the interpretation of the assumptions shall be binding on the parties in the absence of fraud or manifest error.

## 25. Drag Along

- 25.1 The provisions of this article 25 shall apply if the Shareholders have received a bona fide offer which has been made by a person who is not Connected (within the meaning given to that term in section 252 of the Companies Act 2006) with any Shareholder (**Offeror**) and is an offer to purchase all of the issued shares in the capital of the Company, the terms of which have been negotiated on an arm's length basis by one or more of the Shareholders (**Offer**).
- 25.2 Within five days after the receipt of the Offer, the Shareholder who negotiated the Offer shall give full details of the terms thereof to all of the Shareholders and shall endeavour to ascertain as soon as possible thereafter:
- (a) in relation to each of the Shareholders, whether or not he wishes to accept the terms of the Offer in relation to the shares in the Company held by him; and
  - (b) whether the terms of the Offer are acceptable to the holders of a majority of the Shareholders and whether such holders wish to accept the Offer in relation to the shares held by them.
- 25.3 For the purposes of ascertaining the wishes of the members of the Company, any Shareholder may call a general meeting of the Company.
- 25.4 If Shareholders holding not less than 51% of the issued shares shall have expressed their acceptance of the terms of the Offer and that they wish to accept the Offer in relation to all of the shares held by them (which may be expressed by an ordinary resolution passed by the Shareholders either in general meeting or by way of a written resolution) notice shall be given by the Company to each of the Shareholders (**Sale Notice**) of this and every member of the Company shall then, be obliged to sell the shares held by him to the Offeror and shall be deemed to have given a notice (**Deemed Sale Notice**) to the Company that he (**proposing seller**) desires to transfer all of the shares in the Company then held by him (**Sale Shares**) to the Offeror on the terms of the Offer and the following provisions of this article 25 subject to the terms of article 24 shall apply.
- 25.5 The Sale Price shall attribute an initial value of not more than £1,680,000, being 40% to the holders of the B ordinary shares and 60% to the holders of the C

ordinary shares in aggregate and the balance of the Sale Price shall be attributed to the A ordinary shares, the B ordinary shares and the C ordinary shares as if they constituted one class.

25.6 A proposing seller shall become bound forthwith upon payment of the Sale Price to him (his receipt shall be a good discharge to the Offeror and the the application thereof) to deliver to the Offeror or (if required by the directors) to the directors on the Offeror's behalf, a share transfer of the Sale Shares duly executed by the proposing seller in favour of the Offeror (or such other person or persons as the Offeror shall require) and the relevant share certificate or share certificates relating to the Sale Shares. If a proposing seller, having become bound to transfer any Sale Shares pursuant to this article 25 makes default in transferring the same, the directors may authorise some person (who shall be deemed to be the attorney of the proposing seller for the purpose) to execute the necessary instrument of transfer of such Sale Shares and may deliver it on his behalf and the Company may receive the purchase money and shall thereupon (subject to such instrument being duly stamped) cause the transferee or transferees to be registered as the holder or holders of such Sale Shares and the Company shall hold such purchase money on behalf of the proposing seller. The Company shall not be bound to earn or pay interest on any monies so held. The receipt of the Company for such purchase money shall be a good discharge to the transferee or transferees who shall not be bound to see the application of the purchase money, and after the name of the transferee or transferees has or have been entered in the register of members in purported exercise of the aforesaid power the validity of the proceedings shall not be questioned by any person.

25.7 If completion of the sale of all of the shares in the Company does not take place in accordance with the terms of the Offer then the deemed Sale Notice shall be deemed never to have been given.

## **26. Tag Along**

26.1 No sale or transfer of the legal or beneficial interest in any shares in the Company may be made or validly registered without the consent in writing of all of the Shareholders if as a result of such sale or transfer and its registration an interest in shares giving to the holder or holders control of the Company (within the meaning of Section 840 of the Income and Corporation Taxes Act 1988)

(Controlling Interest) is obtained in the Company.

- (a) by a company or a person or persons (other than a company) who are not Original Members (as defined below) unless the proposed transferee or transferees or his or their nominees are independent third parties acting in good faith and has or have offered to purchase all the issued shares at the Specified Price (as defined below); or
- (b) by a company in which one or more of the members of the Company or persons acting in concert (which expression shall have the meaning ascribed to it in the most recent Edition of the City Code on Takeovers and Mergers) with any member of the Company has or as a result of such sale or transfer will have a Controlling Interest

26.2 For the purpose of these Articles:

- (a) the expression "Original Members" shall mean persons who were members of the Company on the date of the adoption of these Articles
- (b) the expression "transfer" and "transferee" shall include respectively the renunciation of a renounceable letter of allotment and the renounee under any such letter of allotment and
- (c) the expression "Specified Price" shall mean the consideration (in cash or otherwise) per share equal to that offered or paid or payable by the proposed transferee or transferees or his or their nominees for any other shares in the Company plus the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of such other shares which having regard to the substance of the transaction as a whole can reasonably be regarded as an addition to the price paid or payable for such other shares and in the event of disagreement the calculation of the Specified Price shall be referred to the Valuer for determination and the provisions of article 22 shall apply, with all necessary changes, to the appointment and determination of the Valuer.

All other regulations of the Company relating to the transfer of shares and the right to registration of transfers shall be read subject to the provisions of this article 26.

### **Administrative arrangements**



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

27.1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:

- (a) if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted (or five Business Days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five Business Days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider);
- (b) if properly addressed and delivered by hand, when it was given or left at the appropriate address;
- (c) if properly addressed and sent or supplied by electronic means, one hour(s) after the document or information was sent or supplied; and
- (d) if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.

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

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

## **28. Indemnity**

28.1 Subject to article 28.2 but without prejudice to any indemnity to which a relevant officer is otherwise entitled

- (a) each relevant officer shall be indemnified out of the assets of the company against all costs, charges, losses, expenses and liabilities *incurred by him as a relevant officer*:

- (i) in the actual or purported execution and/or discharge of his duties, or in relation to them; and
- (ii) in relation to the activities of the company (or any activities of an associated company) 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 in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the company (or any affairs of an associated company); and*

- (b) the company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article 28.1(a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

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

28.3 In this article:

- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and
- (b) a "relevant 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 is also a director or other officer), to the extent he acts in his capacity as auditor).

## 29. Insurance

29.1 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.

29.2 In this article:

- (a) 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 is also a director or other officer), to the extent he acts in his capacity as auditor);
- (b) 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; and
- (c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.