

Company Number 05905491

A Private Company Limited by Shares

Articles of Association of The Recovery Centre Limited

(Adopted by Special Resolution on 2 March 2021)



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1. Preliminary

1.1 Definitions

In these Articles the following expressions have the following meanings:

"Accepting Shareholder" has the meaning given in Article 8(e);

"Acting in Concert" has the meaning given to such term in The City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended from time to time);

"Act" means the Companies Act 2006, as may be amended, extended, consolidated or re-enacted by or under any other enactment from time to time;

"Adoption Date" means the date (as stated above) on which these Articles are adopted by resolution of the Company as its articles of association;

"Allocation Notice" has the meaning given in Article 7.3(i);

"Applicant" has the meaning given in Article 7.3(i);

"Auditors" means the auditors of the Company for the time being (if any);

"Available Profits" means profits available for distribution within the meaning of Part 23 of the Act;

"Board" means the board of directors of the Company for the time being (and references to decisions of, or approvals by, the Board shall be to a decision of the directors made in accordance with Model Articles 7 and 8 (as varied or supplemented by these Articles), and references in the Model Articles to "the directors" shall be deemed to be references to the Board);

"Board Meeting" means a duly convened meeting of the Board;

"Business Day" means a day (other than a Saturday, Sunday or public holiday) when clearing banks in the City of London are open for business;

"Business Sale" means the disposal by the Investment Group of all or substantially all of its business, undertaking and assets;

"Continuing Shareholders" has the meaning given in Article 7.3(d);

"Controlling Interest" means an interest in shares giving to the holder or holders control of the Company within the meaning of Section 1124 of the Corporation Tax Act 2010;

"Director" means a director of the Company for the time being;

"Drag Along Notice" has the meaning given in Article 9(c);

"Drag Along Right" has the meaning given in Article 9(a);

"Dragged Shareholders" has the meaning given in Article 9(a);

"Dragging Shareholders" has the meaning given in Article 9(b);

"Dragged Shares" has the meaning given in Article 9(a);

"electronic means" shall have the meaning given in Section 1168 of the Act;

"Expert Valuers" has the meaning given in Article 7.5(a);

"Fair Value" means the price for a Share determined in accordance with Article 7.5;

"Family Trust" means a trust, whether arising under:

- (a) a settlement inter vivos;
- (b) a testamentary disposition made by any person; or
- (c) intestacy,

in respect of which no beneficial interest in Shares is for the time being vested in any person other than a Shareholder or a Privileged Relation of a Shareholder and no power of control over the voting powers conferred by those Shares is for the time being exercisable by or subject to the consent of any person other than the Trustees or a Shareholder or a Privileged Relation of that Shareholder;

"Group" means in relation to a company: (i) that company; (ii) any holding company of that company, and (iii) any subsidiary undertaking of that company or of any such holding company, and a **"Group Member"** shall mean another company which is a member of that company's Group;

"Initial Surplus Shares" has the meaning given in Article 7.3(h);

"Investment Group" means the Company and any Subsidiaries;

"Investment Group Company" means a company which is a member of the Investment Group;

"Investors" means any Shareholder designated as an 'Investor' pursuant to the terms of any shareholders' agreement or similar document in force between some or all of the Shareholders and the Company;

"Investor Director" means a Director appointed in accordance with Article 3.1;

"Liquidation" means the liquidation or winding up of the Company (except for the purposes of a solvent reorganisation, reconstruction or amalgamation where no cash or cash equivalent is distributed to Shareholders);

"Liquidity Event" means any of:

- (a) a Liquidation;
- (b) completion of a Sale; or
- (c) a distribution of assets by the Company;

"Mandatory Offer" has the meaning given in Article 8(b);

"Model Articles" means the model articles for private companies limited by shares as set out at Schedule 1 to The Companies (Model Articles) Regulations 2008 (SI 2008/3229) (being the version of such model articles in force as at the date of adoption of these Articles by the Company), and reference to a numbered Model Article shall be to the relevant article of the Model Articles;

"New Securities" means shares in the capital of the Company or rights to subscribe for or to convert into such shares which, in either case, the Company proposes to allot or grant (as the case may be) after the Adoption Date;

"Offer Period" has the meaning given in Article 7.3(e);

"Original Shareholder" has the meaning given in Article 7.2(a);

"Permitted Transfer" means a transfer of Shares permitted in accordance with Article 7.2;

"Permitted Transferee" has the meaning given in 7.2(c);

"Privileged Relation" means in relation to a Shareholder who is an individual member or deceased or former member means a spouse, civil partner (as defined in the Civil Partnerships Act 2004), child or grandchild (including step or adopted or illegitimate children and their issue);

"Proposed Purchaser" means a person who is a proposed purchaser of Shares and who at the relevant time has made an offer on arm's length terms for such Shares;

"Proposed Seller" means a person proposing to transfer any Shares;

"Proposed MO Transfer" has the meaning given in Article 8(a);

"Sale" means a Business Sale or a Share Sale;

"Sale Shares" has the meaning given in Article 7.5(a) or Article 7.6(a) (as applicable);

"Secretary" means the secretary for the time being of the Company (including any joint or assistant secretaries);

"Securities Offer" has the meaning given in Article 6.1(b);

"Shares" means the ordinary shares of £0.01 each in the capital of the Company;;

"Shareholders" means the registered holders of the Shares (each being a **"Shareholder"**);

"Share Sale" means the sale of (or the grant of a right to acquire or to dispose of) any Shares (in one transaction or as a series of transactions) which will result in the purchaser of those Shares (or grantee of that right) and persons Acting in Concert with him together acquiring a Controlling Interest in the Company, except where following completion of the sale the Shareholders and the proportion of Shares held by each of them are the same as the Shareholders and their shareholdings in the Company immediately prior to the sale;

"Subscription Price" means the amount paid up or credited as paid up on a Share, including the full amount of any premium at which that Share was issued (whether or not that premium is subsequently applied for any purpose);

"Subsidiary" means a subsidiary or subsidiary undertaking of the Company;

"Tag Along Notice" has the meaning given in Article 10(b);

"Tag Offer" has the meaning given in Article 10(c);

"Tagging Shareholder" has the meaning given in Article 10(b);

"these Articles" means the articles of association of the Company for the time being in force;

"Transfer Completion" means in respect of a transfer of Shares, formal completion of such transfer;

"Transfer Notice" has the meaning given in Article 7.3(a);

"Transfer Price" has the meaning given in Article 7.3(a);

"Trustees" means in relation to a Shareholder, the trustee or the trustees of a Family Trust of that Shareholder.

1.2 Interpretation

In these Articles, unless the contrary intention appears:

- (a) any reference to an enactment (which term shall include any directly applicable EU legislation) includes:
 - (i) that enactment as amended, extended, consolidated, re-enacted or applied by or under any other enactment before or after the Adoption Date;
 - (ii) any enactment which that enactment re-enacts, consolidates or enacts in rewritten form (in each case with or without modification, and irrespective of whether the enactment which is re-enacted or consolidated has been or is subsequently repealed); and
 - (iii) any subordinate legislation made (before or after the Adoption Date) under that or any other applicable enactment, including one within paragraphs (i) or (ii) above;

(b) any reference to:

- (i) a person includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having a separate legal personality);
- (ii) the singular includes the plural and vice versa, and reference to any gender includes the other genders;
- (iii) a time of day is to London time;
- (iv) "**written**" or "**in writing**" includes all forms of visible reproduction in permanent form, including electronic messages;
- (v) an "**encumbrance**" includes any mortgage, charge, security interest, lien, pledge, assignment by way of security, hypothecation, equity, claim, right of pre-emption, option, covenant, restriction, reservation, lease, trust, order, decree, judgment, title defect (including retention of title claim), conflicting claim of ownership or any other encumbrance of any nature whatsoever;

(c) a reference to a "**transfer**" of a Share shall be deemed to include:

- (i) any sale or other disposition by way of mortgage, charge or other security interest of the whole or any part of the legal or beneficial interest in any Share;
- (ii) the grant of any put, call, forward contract, future or other option or contract or hedging instrument in connection with the whole or any part of the legal or beneficial interest in any Share;
- (iii) any direction (by way of renunciation or otherwise) by a holder entitled to an allotment or transfer of a Share that a Share be allotted or issued or transferred to some person other than such holder;
- (iv) the creation of or entrance into any voting trust or other arrangement in respect of voting rights attaching to any Share (other than an appointment of a proxy or corporate representative in connection with a general meeting of the Company); and
- (v) any other sale or other disposition of any legal or equitable interest in a Share, and whether or not by the relevant holder, whether or not for consideration, whether or not effected by an instrument in writing and whether or not made voluntarily or by operation of law;

(d) the expressions "**subsidiary**", "**wholly owned subsidiary**", and "**holding company**" shall have the respective meanings given in Section 1159 of the Act, and "**subsidiary undertaking**" and "**parent undertaking**" shall have the respective meanings given in Section 1162 of the Act, and the persons corresponding with the definitions referred to in this paragraph shall mean those persons which fulfil the relevant definitions from time to time;

- (e) the expression "**Insolvency Event**" shall mean the occurrence of any act or event of insolvency or related corporate action, legal proceedings or other procedural step taken in respect of a Shareholder or any of its Group Members (references in this paragraph to "the Shareholder" being construed in such circumstances as references to the relevant Group Member), including:
- (i) any arrangement or composition with or for the benefit of creditors being proposed or entered into by or in relation to that Shareholder or any application for an interim order (including an interim administration order) or moratorium being made;
 - (ii) a liquidator, provisional liquidator, receiver, administrator, administrative receiver or person with similar powers taking possession of or being appointed over, or any distress, attachment, sequestration, execution or other process being levied or enforced (and not being discharged within 14 days) upon the whole or any part of the assets of that Shareholder (other than for the purposes of a solvent reconstruction or amalgamation, with the resulting entity assuming all the obligations of the party in question);
 - (iii) that Shareholder ceasing or threatening to cease to carry on business, or admitting in writing its inability to pay or being or becoming unable to pay its debts within the meaning of Section 123(1) of the Insolvency Act 1986 (without the need to prove any fact or matter to the satisfaction of the court) or suspending or threatening to suspend payment with respect to all or any class of its debts or becoming insolvent or commencing negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness;
 - (iv) a petition being presented and (other than, in the case of an administration petition, any frivolous or vexatious petition or any petition which is actively defended) not being dismissed within 14 days of presentation, or a meeting being convened for the purpose of considering a resolution for the winding up or dissolution of that Shareholder (other than for the purposes of a solvent reconstruction or amalgamation with the resulting entity assuming all the obligations of the party in question);
 - (v) the enforcement of a security interest (including the holder of a qualifying floating charge appointing an administrator or filing a notice of appointment with the court) over any assets of that Shareholder;
 - (vi) that Shareholder (being an individual) becoming the subject of a bankruptcy petition or order;
 - (vii) to the extent that such an act is not specified in paragraphs (i) to (vi) (inclusive) above, any legal process or proceeding which is instituted in relation to that Shareholder in connection with its insolvency or its inability to pay its debts as they fall due, provided that such process or proceeding is of equivalent or greater seriousness to the acts of insolvency so specified in the said paragraphs (i) to (vi); or
 - (viii) that Shareholder suffering any event analogous to any of the foregoing in any jurisdiction in which the party in question is resident or the laws of which it is subject to;

- (f) the expression "**full title guarantee**" in relation to the disposal of any matter shall imply the covenants referable to such expression contained in Sections 2 and 3 of the Law of Property (Miscellaneous Provisions) Act 1994 save that the word "reasonably" shall be deleted from the covenant set out in Section 2(1)(b) of that Act, and the covenant set out in Section 3(1) of that Act shall not be qualified by the words "other than any charges, incumbrances or rights which that person does not and could not reasonably be expected to know about"; and
- (g) the words "**including**" and "**in particular**" and any similar words or expressions are by way of illustration and emphasis only and do not operate to limit the generality or extent of any other words or expressions.

1.3 Applicability of Model Articles

- (a) The Model Articles shall apply to the Company subject to the modifications and additions made by these Articles. References to a Model Article being amended or omitted, or any similar phrase, shall refer to the application (or disapplication) of that Model Article in relation to these Articles.
- (b) Model Articles 9(3), 11(2), 13, 18(d), 22(1) and 39 shall not apply to the Company.
- (c) No other regulations or articles prescribed by subordinate legislation under any statute concerning companies shall form part of the articles of association of the Company.

2. Decision-Making by Directors

2.1 Calling Board Meetings

- (a) Notice of a Board Meeting must be given to each director in writing, and Model Article 9(3) shall not apply.
- (b) Entitlement to notice of a Board Meeting may be waived by a Director at any time before the meeting (as well as up to 7 days after the date on which the meeting is held), and Model Article 9(4) shall be construed accordingly.
- (c) Notice of a Board Meeting (or any adjournment thereof) given to a director by electronic means shall, if properly addressed, be deemed to have been received by the recipient one hour after it was sent.

2.2 Quorum for Board Meetings

- (a) No business shall be conducted at any Board Meeting unless a quorum is present at the beginning of the meeting and at the time when there is to be voting on any business. The quorum for the transaction of business at Board Meetings shall be two Directors, and (unless all Investor Directors confirm in writing they shall not attend but the Board Meeting may take place in any event) must include all Investor Directors. Model Article 11(2) shall not apply.
- (b) If a quorum is not present within half an hour of the time specified for the Board Meeting in the relevant notice, or ceases to be present at any time, the Directors shall adjourn the Board Meeting to a specified place and time not less than 5 Business Days after the original date for the Board Meeting. Notice of the adjourned meeting shall be given to

all Directors in writing by the Secretary. At such adjourned meeting, provided that there are at least two directors present, the directors present shall constitute a quorum.

- (c) In addition to any other rights, if an Investor has not exercised its entitlement to appoint an Investor Director in accordance with Article 3.1(b) at any time, that Investor shall be entitled to appoint a representative to attend as an observer each and any Board Meeting. The representative shall be entitled to attend and speak at all Board Meetings and receive copies of all board papers as if he were a Director but shall not be entitled to form part of the quorum or vote on any resolutions proposed at any Board Meeting.

2.3 Voting at Board Meetings

All questions arising at any Board Meeting shall be decided by a majority of votes.

2.4 Chairman of the Board

In relation to matters which are not matters requiring Investor Consent or Investor Director Consent pursuant to any shareholders' agreement or similar document in force between some or all of the Shareholders and the Company from time to time, in the case of an equality of votes at a Board Meeting the chairman shall have a casting vote, unless the chairman in accordance with the articles is not to be counted in the decision-making process. Model Article 13 shall not apply.

2.5 Unanimous decisions

- (a) For a unanimous decision of the Directors to be taken in accordance with Model Article 8, the eligible Directors must indicate to the others that they share a common view by means whereby each such indication is capable of being readily reproduced in hard copy form. Model Article 8 shall be varied accordingly.
- (b) For the purposes of Model Article 8(3), a Director whose vote on a resolution is not to be counted in respect of the relevant matter shall not constitute an eligible Director.

2.6 Records of decisions to be kept

The directors shall ensure that a written record of each decision of the Board is kept in a permanent form (such that it may be read with the naked eye).

3. Directors

3.1 Methods of appointing and removing directors

- (a) The minimum number of Directors shall be two and the maximum number of Directors shall be 5.
- (b) An Investor shall for such time as it holds not less than 10 per cent of the total Shares in issue be entitled to appoint a Director. Any person appointed by an Investor pursuant to this paragraph shall be designated as an Investor Director.
- (c) An Investor shall be entitled at any time and for any reason to remove and replace any Investor Director appointed by that Investor. An Investor Director shall only be appointed and removed by the appointing Investor.

- (d) Any appointment or removal of an Investor Director pursuant to paragraphs 3.1(b) or 3.1(c) shall be made by notice in writing to the Company and shall take effect upon the earlier of delivery to the Company in accordance with these Articles and delivery to a Board Meeting (or on any subsequent date of appointment or removal which may be specified in the notice).

3.2 Termination of a Director's appointment

In addition to the events specified in Model Article 18, the office of a Director shall also be vacated if:

- (a) he is convicted of a criminal offence (other than a minor motoring offence) and the Board resolves that his office be vacated; or
- (b) the Directors resolve to remove him from office on the grounds that they reasonably believe he has become mentally or physically incapable of acting as a director and may remain so for more than three months (Model Article 18(d) does not apply); or
- (c) in the case of a Director other than an Investor Director, if a majority of the other Directors serve notice on him in writing removing him from office; or
- (d) in the case of an Investor Director:
 - (i) he is removed from office in accordance with Article 3.1(d); or
 - (ii) the relevant Investor's holding of Shares falls below the threshold specified in article 3.1(b).

3.3 Directors' interests

3.3.1 Authorisation of conflicts:

Subject to the provisions of the Act, and provided that he has disclosed (by notice in writing to the Company or at a Board Meeting) the nature and extent of any material interest of his, a Director notwithstanding his office:

- (a) may act by himself or through a firm or other business entity in a professional capacity to the Company (except that of auditor) and he or such firm or other entity shall be entitled to remuneration for professional services as if he were not a director; and
- (b) may be a director or other officer of, or be employed by or a member of, or a party to any transaction or arrangement with, or otherwise interested in, any other member of the Investment Group.

Any Investor Director shall be entitled from time to time to disclose to the appointing Investor and/or any Permitted Transferee of the appointing Investor such information concerning the business and affairs of the Company and the Investment Group as he shall at his discretion see fit.

3.3.2 Participation in decision-making by conflicted directors:

If a director has an interest in a proposed decision of the Board which is required to be declared to the other directors pursuant to Section 177 of the Act, that director shall (provided that such

interest has been declared in accordance with, and the director has otherwise complied with, Sections 177 and 182 of the Act) be entitled notwithstanding such interest to participate fully in the decision-making process for quorum and voting purposes. Model Articles 14(1), (2), (3) and (4) shall not apply.

3.3.3 No liability to account:

A Director shall not be liable to account to the Company for any remuneration, profit or other benefit resulting from any interest which is authorised or otherwise permitted under this Article 3.3, or in respect of which the director has complied with the requirements of Sections 177 or 182 of the Act, and no contract shall be liable to be avoided on the grounds of any such profit or benefit, nor shall the receipt of any such remuneration, profit or other benefit constitute a breach of Section 176 of the Act.

3.4 Alternate directors

- (a) Each Director shall have the power to nominate any other Director or other person approved for that purpose by a prior decision of the Board to act as alternate director at Board Meetings in his place during his absence. Each Director shall be further entitled, at his discretion, to revoke such nomination at any time. However, a Director shall not be entitled to appoint more than one alternate director and an alternate director shall not be entitled to appoint an alternate director for himself in such capacity.
- (b) Any appointment or removal of an alternate director must (unless the Board decides to waive any of the following requirements, in whole or in part):
 - (i) be made by notice in writing and shall either be signed by the appointor or (if sent in electronic form) duly authenticated by the appointor in accordance with Section 1146(3) of the Act; and
 - (ii) in the case of an appointment, be accompanied by such evidence as the Board may require that the alternate director has agreed to act and by such further details as the Company requires to comply with its statutory obligations in respect of that appointee.
- (c) Appointment of an alternate director shall take effect upon the later of the documentation required in paragraph (b) above being delivered to the Company in accordance with these Articles or delivered to a Board Meeting, and approval of the alternate director (where he is not already a director) by the Board (or at such later time as may be specified in the notice of appointment).
- (d) In addition to removal by notice in accordance with paragraph (b) above, an alternate director shall cease to be an alternate director:
 - (i) immediately and automatically if his appointor ceases for any reason to be a Director; or
 - (ii) if he resigns from being an alternate director by notice in writing to the Company.
- (e) An alternate director shall be entitled to receive notice of all Board Meetings and to perform at such meetings all the functions of his appointor. An alternate director shall

have one vote for each Director he represents, in addition to his own vote if he is a Director, but he shall not be counted more than once in the quorum, nor shall he count towards any minimum or maximum number of Directors permitted under these Articles. The alternate director's signature or agreement to any document comprising a unanimous decision of the Directors shall be as effective as the signature or agreement of his appointor, provided that such document is not signed or agreed to by his appointor (but if such document is signed or agreed to by the appointor, it need not also be signed or agreed to by the alternate director in that capacity).

(f) An alternate director:

- (i) shall be an authorised person for the purposes of Model Article 49(4); and
- (ii) shall be entitled to be paid expenses in accordance with Model Article 20, and shall constitute a "relevant director" for the purposes of Model Articles 52 and 53,

but otherwise an alternate director shall not have power to act as a Director nor shall he be deemed to be a Director for the purposes of these Articles.

- (g) An alternate director shall not be entitled to receive from the Company in respect of his appointment as alternate director any remuneration, except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct.
- (h) For the purposes of any provisions of these Articles relating to Directors' interests, an interest of an alternate director's appointor shall be treated as an interest of that alternate director, without prejudice to any interest which that alternate director has otherwise.
- (i) The provisions of this Article 3.4 relating to attendance and voting at Board Meetings also apply mutatis mutandis in respect of meetings of any committee of the Board.
- (j) An alternate director shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of his appointor.

4. Share Capital

In these Articles, unless the context requires otherwise, references to Shares of a particular class shall include Shares created and/or issued after the Adoption Date and ranking *pari passu* in all respects (or in all respects except only as to the date from which those Shares rank for dividend) with the Shares of the relevant class then in issue.

5. Rights Attaching to Shares

5.1 Income and dividends

- (a) Any Available Profits which the Company may determine to distribute in respect of any financial year will be distributed among the holders of the Shares *pro rata* to their respective holdings of Shares.

- (b) Subject to the Act and these Articles, the Board may pay interim dividends if justified by the Available Profits in respect of the relevant period.

5.2 Capital

On a Liquidity Event, the surplus assets of the Company remaining after payment of its debts and liabilities and of the costs, charges and expenses of the matters giving rise to the Liquidity Event (or, in relation to a Share Sale, the net proceeds of sale) shall be distributed among the Shareholders pro rata to the number of Shares held.

5.3 Voting

- (a) The Shareholders shall be entitled to receive notice of, to attend, to speak at and to vote at, general meetings of the Company.
- (b) Subject to any special rights or restrictions in these Articles every Shareholder shall have one vote on a show of hands, and one vote on a poll for each Share held by it.

5.4 Variation of class rights

- (a) Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any such class may only be varied or abrogated (either whilst the Company is a going concern or during or in contemplation of a Liquidation) with the consent in writing of the holders of not less than 75 per cent. in nominal value of the issued shares of that class and the consent of the Investors.
- (b) Neither the creation of a new class of shares which has preferential rights to one or more existing classes of Shares nor the creation or issue of further shares ranking pari passu with any the shares of any existing class of Shares shall, except as provided in paragraph (a) above, constitute a variation of the rights of those existing classes of Shares.
- (c) All the provisions of these Articles relating to general meetings of the Company or to the proceedings at general meetings shall apply, with such modifications as are necessary, to separate general meetings of the holders of any class of Shares, except that:
 - (i) the quorum at a separate general meeting shall be two Shareholders of the class present in person or by proxy (or one Shareholder, where it is the holder of all issued shares of that class);
 - (ii) a poll may be demanded by the chairman of the meeting or by any Shareholder of the class present in person or by proxy; and
 - (iii) every Shareholder of the class shall, on a poll, have one vote in respect of every Share of the class held by it.

6. Allotment and Issue of Shares

6.1 Pre-emption rights

- (a) 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.
- (b) If the Company proposes to allot any New Securities those New Securities shall not be allotted to any person unless the Company has in the first instance offered them to all the Shareholders on the same terms and at the same price as those New Securities are being offered to other persons on a *pari passu* and *pro rata* basis to the number of Shares held by those holders (as nearly as may be without involving fractions). Such offer (the "**Securities Offer**"):
 - (i) shall be in writing, give details of the number and subscription price of the New Securities; and
 - (ii) may stipulate that any Shareholder wishing to subscribe for a number of New Securities in excess of the proportion to which each is entitled shall in its acceptance state the number of excess New Securities ("**Excess Securities**") for which it wishes to subscribe.
- (c) Any New Securities not accepted by the Shareholders pursuant to the Securities Offer shall be used for satisfying any requests for Excess Securities made pursuant to paragraph (b) above and in the event that there are insufficient Excess Securities to satisfy such requests, the Excess Securities shall be allotted to the applicants on a *pro rata* basis to the number of Shares held by the applicants immediately prior to the making of the Securities Offer (as nearly as may be without involving fractions or increasing the number allotted to any Investor beyond that applied for by it) and after that allotment, any Excess Securities remaining shall be offered, subject to paragraph (e) below, to any other person as the Board may determine at the same price and on the same terms as the offer to the Shareholders.
- (d) Subject to paragraphs (b) to (c) inclusive above and to the provisions of the Act, any New Securities shall be at the disposal of the Board who may allot, grant options over or otherwise dispose of them to any persons at those times and generally on the terms and conditions they think proper.
- (e) The provisions of paragraphs (b) to (c) (inclusive) above shall not apply to:
 - (i) New Securities issued or granted in order for the Company to comply with its obligations under these Articles;
 - (ii) New Securities issued in consideration of the acquisition by the Company of any company or business which has been approved in writing by the Investors;
 - (iii) New Securities which all Shareholders have agreed in writing should be issued without complying with the pre-emption procedures set out in this Article 6.1; and

- (iv) New Securities issued as a result of a bonus issue of shares which has been approved in writing by the Investors.

7. Share Transfers

7.1 General

- (a) No person shall transfer any Share except for:
 - (i) a Permitted Transfer made in accordance with Article 7.2;
 - (ii) a transfer made in accordance with Article 7.3 (whereby a right of first refusal is afforded to other Shareholders);
 - (iii) a transfer to a Proposed Purchaser pursuant to a Drag Along Notice made in accordance with Article 9; or
 - (iv) a transfer to a Proposed Purchaser pursuant to a Tag Along Notice made in accordance with Article 10.
- (b) If a Shareholder transfers or purports to transfer a Share otherwise than in accordance with these Articles, such act shall be void and have no legal effect nor confer any legal or beneficial rights on the purported beneficiary or recipient.
- (c) The Board may, as a condition to the registration of any transfer of Shares, require the transferee to execute and deliver to the Company, in a form that the Board may reasonably require, a deed agreeing to be bound by the terms of any shareholders' agreement or similar document in force between some or all of the Shareholders and the Company (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), and if any such condition is imposed the transfer may not be registered unless the deed has been executed and delivered by the transferee.
- (d) Where reference is made in these Articles to a Shareholder giving or being deemed to have given a Transfer Notice in respect of its Shares, such reference shall be construed as relating to all Shares held by that Shareholder together with all Shares held by its nominees and Permitted Transferees, and that Shareholder shall procure that each of its nominees and Permitted Transferees takes such action and executes such notices and documents as may be required to give full effect to the provisions of these Articles.

7.2 Permitted Transfers

- (a) A "Permitted Transfer" shall mean a transfer of a Share by a Shareholder (the "Original Shareholder") to a Permitted Transferee made fully in accordance with the provisions of this Article 7.2.
- (b) A Shareholder shall be entitled to make a Permitted Transfer without restriction as to price or otherwise, and without being subject to the right of first refusal provisions set out in Article 7.3.

- (c) In respect of a Shareholder, each of the following shall be a **"Permitted Transferee"** for the transfer of Shares:
- (i) a Privileged Relation of that Shareholder;
 - (ii) the Trustees of a Family Trust of that Shareholder, and, on a change of trustees, the new trustees of the same Family Trust but subject to paragraph (d) below;
 - (iii) a member of the same Group as that Shareholder;
 - (iv) any other person in respect of which each Shareholder (in addition to the Original Shareholder) has given its prior consent in writing.
- (d) No transfer of Shares shall be made to the Trustees of a Family Trust save where the following conditions have been fulfilled to the reasonable satisfaction of the Investors:
- (i) the prior consent of the Investors (not to be unreasonably delayed or withheld) has been obtained having regard to:
 - (A) the terms of the trust instrument relating to that Family Trust and in particular the powers of the trustees pursuant to that instrument; and
 - (B) the identity of the proposed trustees;
 - (ii) no costs incurred in connection with the setting up or administration of the relevant Family Trust are to be paid by the Investment Group; and
 - (iii) if and whenever the relevant Shares are to cease to be held by a Family Trust of the relevant Shareholder, the Trustees shall be bound to serve a Transfer Notice.
- (e) If a transferee is a Permitted Transferee by virtue of being a Group Member of the Original Shareholder and subsequently ceases to be a Group Member, the Permitted Transferee must not later than 10 Business Days after the date on which the Permitted Transferee so ceases, transfer the Shares held by it to the Original Shareholder or a Group Member of the Original Shareholder (which in either case is not in liquidation), such transfer to be without restriction as to price, otherwise failing which it will be deemed to have given a Transfer Notice in respect of those Shares.
- (f) If a transferee is a Permitted Transferee by virtue of being a spouse or civil partner of the Original Shareholder and subsequently ceases to be a spouse or civil partner of the Original Shareholder (whether by reason of divorce or otherwise) such transferee must, within 10 Business Days of so ceasing either:
- (i) execute and deliver to the Company a transfer of the relevant Shares to the Original Shareholder (or to any Permitted Transferee of the Original Shareholder) for such consideration as may be agreed between them; or
 - (ii) give a Transfer Notice to the Company in accordance with Article 7.3 in respect of such Shares,

failing which such transferee shall be deemed to have given a Transfer Notice in respect of such Shares.

- (g) Where under the provision of a deceased Shareholder's will or laws as to intestacy, the persons legally or beneficially entitled to any Shares, whether immediately or contingently, are Permitted Transferees of the deceased Shareholder, the legal personal representatives of the deceased Shareholder may transfer any Share to those Permitted Transferees, in each case such transfer being without restriction as to price or otherwise. Shares previously transferred as permitted by this paragraph (g) may be transferred by the transferee to any other Permitted Transferee of the Original Shareholder without restriction as to price or otherwise.
- (h) On the death (subject to paragraph (g) above), bankruptcy, liquidation, administrator or administrative receivership of a Permitted Transferee (other than a joint holder) his personal representatives or trustee in bankruptcy, or its liquidator, administrator or administrative receiver, must within 5 Business Days after the date of the grant of probate, the making of the bankruptcy order or the appointment of the liquidator, administrator or the administrative receiver (as the case may be) execute and deliver to the Company a transfer of the Shares held by the Permitted Transferee, such transfer being without restriction as to price or otherwise. The transfer shall be to the Original Shareholder if still living (and not bankrupt or in liquidation) or, if so directed by the Original Shareholder, to any Permitted Transferee of the Original Shareholder. If the transfer is not executed and delivered within 5 Business Days of such period or if the Original Shareholder has died or is bankrupt or is in liquidation, the personal representative or trustee in bankruptcy or liquidator will be deemed to have given a Transfer Notice in respect of such Shares.

7.3 Transfers subject to right of first refusal

- (a) A Proposed Seller proposing to transfer Shares under this Article 7.3 shall before transferring or agreeing to transfer any Shares give notice in writing (a "**Transfer Notice**") to the Company specifying:
 - (i) the number of Shares which the Proposed Seller wishes to transfer (the "**Sale Shares**");
 - (ii) if the Proposed Seller wishes to transfer the Sale Shares to a third party, the name of the proposed transferee; and
 - (iii) the price (in cash) at which the Proposed Seller wishes to transfer the Sale Shares, which will be deemed to be the Fair Value of the Sale Shares if no cash price is specified in the Transfer Notice or the Transfer Notice is deemed to have been served (the "**Transfer Price**").
- (b) Except with the written consent of the Investors, or as provided in Article 7.5(f), no Transfer Notice once given or deemed to have been given under these Articles may be withdrawn.
- (c) A Transfer Notice constitutes the Company the agent of the Proposed Seller for the sale of the Sale Shares at the Transfer Price.
- (d) As soon as practicable following the later of:

- (i) receipt of a Transfer Notice; and
- (ii) in the case where the Transfer Price has not been specified or the Transfer Notice is deemed to have been served, the determination of the Transfer Price,

the Board shall offer the Sale Shares for sale to the Shareholders (other than the Proposed Seller) ("**Continuing Shareholders**") in the manner set out in paragraphs (e) to (m) (inclusive) below. Each offer must be in writing and give details of the number and Transfer Price of the Sale Shares offered.

Transfers: Offer

- (e) The Board shall offer the Sale Shares to all Continuing Shareholders inviting them to apply in writing within the period from the date of the offer to the date 15 Business Days after the offer (inclusive) (the "**Offer Period**") for the maximum number of Sale Shares they wish to buy.
- (f) If, at the end of the Offer Period, the number of Sale Shares applied for is equal to or exceeds the number of Sale Shares, the Board shall allocate the Sale Shares to each Continuing Shareholder in the proportion (fractional entitlements being rounded to the nearest whole number) which its existing holding of Shares bears to the total number of Shares held by those Continuing Shareholders applying for Sale Shares, but no allocation shall be made to an Investor of more than the maximum number of Sale Shares which it has stated it is willing to buy.
- (g) If not all Sale Shares are allocated in accordance with paragraph (f) above but there are applications for Sale Shares that have not been satisfied, those Sale Shares shall be allocated to the relevant applicant(s) in accordance with the procedure set out in paragraph (f) above.
- (h) If, at the end of the Offer Period, the number of Sale Shares applied for is less than the number of Sale Shares, the Board shall allocate the Sale Shares to the Shareholders in accordance with their applications and the balance (the "**Surplus Shares**") may be offered to any other person in accordance with paragraph (k) below.

Completion of transfer of Sale Shares

- (i) If allocations have been made in respect of all the Sale Shares, the Board shall, when no further offers are required to be made under the preceding paragraphs of this Article 7.3, give written notice of allocation (an "**Allocation Notice**") to the Seller and each Shareholder to which Sale Shares have been allocated (an "**Applicant**") specifying the number of Sale Shares allocated to each Applicant and the place and time (being not less than 10 Business Days nor more than 20 Business Days after the date of the Allocation Notice) for completion of the transfer of the Sale Shares.
- (j) Upon service of an Allocation Notice, the Proposed Seller must, against payment of the Transfer Price, transfer the Sale Shares in accordance with the requirements specified in such notice.

- (k) If an Allocation Notice does not relate to all the Sale Shares then, subject to paragraph (l) below, the Seller may, within 12 weeks after service of the Allocation Notice, transfer the Surplus Shares to any person at a price at least equal to the Transfer Price.
- (l) The right of the Proposed Seller to transfer Shares under paragraph (k) above does not apply, and the Board shall refuse to register any purported transfer, if the Board is of the opinion (on reasonable grounds) that:
 - (i) the transferee is a Competitor;
 - (ii) the sale of the Sale Shares is not bona fide; or
 - (iii) the Proposed Seller has failed or refused to provide promptly information available to it and reasonably requested by the Board in connection with the proposed transfer of Shares.
- (m) The restrictions imposed by this Article may be waived in relation to any proposed transfer of Shares with the prior written consent of the Investors and the consent of Shareholders who, but for the waiver, would or might have been entitled to have such Shares offered to them in accordance with this Article 7.3.

7.4 Compulsory transfers

On bankruptcy

- (a) A person entitled to any Shares in consequence of the bankruptcy of a Shareholder shall be deemed to have given a Transfer Notice in respect of those Shares at a time determined by the Board.

On death

- (b) If any Shares remain registered in the name of a deceased Shareholder for longer than one year after the date of his death the Board may require the legal personal representatives of that deceased Shareholder either:
 - (i) to effect a Permitted Transfer of those Shares under Article 7.2(g) (including for that purpose to make an election to be registered as the holder); or
 - (ii) to show to the satisfaction of the Board that such a Permitted Transfer will be effected before or promptly on the completion of the administration of the estate of the deceased Shareholder,

and if either of these requirements are not fulfilled when required, a Transfer Notice shall be deemed to have been given in respect of those Shares at a time determined by the Board, except to the extent that the Board determines otherwise.

On liquidation of a Shareholder

- (c) If a Shareholder which is a company is subject to an Insolvency Event, that Shareholder shall be deemed to have given a Transfer Notice in respect of all of the Shares held by it at a time determined by the Board, except to the extent that the Board determines otherwise.

7.5 Valuation of Shares

- (a) If a Transfer Notice does not specify a Transfer Price, or if a Transfer Notice is deemed to have been served then, upon service of the Transfer Notice (or, in the case of the deemed service of a Transfer Notice, on or as soon as practicable after the date on which the Board first has actual knowledge of the facts giving rise to such deemed service) the Board shall appoint expert valuers (the "**Expert Valuers**") in accordance with this Article to certify the Fair Value of the relevant Shares to be sold (the "**Sale Shares**"), save that if the Fair Value of any Share has been determined by Expert Valuers in accordance with this Article 7.5 not more than 12 weeks previously, the Board may elect instead that the Fair Value in respect of the Sale Shares shall be the Fair Value per Share as so previously determined multiplied by the number of Sale Shares (provided that neither the Company nor its business has been subject to any material change since the date of such previous valuation).
- (b) The Expert Valuers will be an independent firm of accountants, that is not directly or indirectly associated with any party to the sale transaction and that has no interest (other than the receipt of customary fees and expenses) in any of the transactions contemplated thereby.
- (c) The identity of the Expert Valuers shall be as agreed between the Board and the Proposed Seller, or failing such agreement not later than the date 10 Business Days after the date of service of the Transfer Notice shall be as nominated by the then President of the Institute of Chartered Accountants in England and Wales on the application of either party.
- (d) The "**Fair Value**" of the Sale Shares shall be determined by the Expert Valuers on the following assumptions and bases:
 - (i) valuing the Sale Shares as on a sale between a willing seller and a willing buyer contracting at arm's length;
 - (ii) if the Investment Group is then carrying on business as a going concern, on the assumption that it will continue to do so;
 - (iii) on the assumption that the Sale Shares are capable of being transferred without restriction;
 - (iv) valuing the Sale Shares as a rateable proportion of the total value of all the issued Shares without any premium or discount being attributable to the percentage of the issued share capital of the Company which they represent and without taking into account the fact that the Sale Shares may constitute either a minority or majority holding;
 - (v) taking into account any unconditional, financial and bona fide offers for the purchase of the Company; and
 - (vi) reflecting any other factors which the Expert Valuers reasonably believe should be taken into account.

- (e) If any difficulty arises in applying any of these assumptions or bases then the Expert Valuers shall resolve that difficulty in whatever manner they shall in their absolute discretion think fit.
- (f) The Expert Valuers shall be instructed to determine the Fair Value of the Sale Shares and to notify the Board of their written determination within 20 Business Days of their appointment. As soon as the Board receives the determination of the Fair Value, it shall deliver a copy of such determination to the Proposed Seller and the Investors. Unless the Sale Shares are to be sold under a Transfer Notice which is deemed to have been served, the Proposed Seller may by notice in writing to the Company within 5 Business Days of the service on it of the copy determination, cancel the Company's authority to sell the Sale Shares.
- (g) The cost of obtaining the written determination of the Fair Value shall be paid by the Company, unless the Proposed Seller cancels the Company's authority to sell in which case the Proposed Seller shall bear the cost.
- (h) The Expert Valuers shall act as experts and not as arbitrators and their determination shall be final and binding on the parties (in the absence of fraud or manifest error).
- (i) The Board shall supply and make available to the Expert Valuers access to all accounting records or other relevant documents of the Company (including access to the working papers of the Auditors) subject to the Expert Valuers agreeing such confidentiality provisions as the Board may reasonably impose.
- (j) If the Expert Valuers become unwilling to act or incapable of acting, or do not deliver the written determination within the time required in paragraph (f) above then the Board shall be entitled to discharge the Expert Valuers and to appoint with the agreement of the Proposed Seller (or by way of the nomination of the President of the Institute of Chartered Accountants in England and Wales) replacement Expert Valuers with the required qualifications, and this Article 7.5 shall apply in relation to the new Expert Valuers as if they were the first valuers appointed.

7.6 Completion of transfers of Shares

- (a) The provisions of this Article 7.6 shall apply to any transfer of Shares ("**Sale Shares**") by a Shareholder pursuant to Articles 7.3, 7.4, 8, 9 and 10.
- (b) Where the transfer is made by one Shareholder to another (or by or to their respective Permitted Transferees), such transfer will be deemed to include a warranty that the transferor sells the Sale Shares with full title guarantee and free from encumbrances.
- (c) Not later than 3 Business Days prior to Transfer Completion, the transferor shall:
 - (i) deliver to the transferee for surrender to the Company the original share certificate(s) relating to the Sale Shares (or an indemnity, in a form satisfactory to the Board, in respect of any lost certificate); and
 - (ii) deliver to the transferee a duly executed transfer form relating to the Sale Shares.
- (d) If the transferor fails to comply with the provisions of paragraph (c) above:

- (i) any Director, or any other person nominated by the Board, may on behalf of the transferor:
 - (A) complete, execute and deliver in the transferor's name all documents necessary to give effect to the transfer of the Sale Shares;
 - (B) receive the purchase price to be paid to the transferor by the transferee for the Sale Shares and give a good discharge for it; and
 - (C) (subject to the transfer being duly stamped) procure the entering of the transferee into the Company's register of members as the holder of the Sale Shares; and
- (ii) the Company shall pay the purchase price received from the transferee into a separate bank account in the Company's name on trust (but without interest) for the transferor until the transferor has complied with all of its obligations under paragraph (c) above.
- (e) Once the transferee (or its nominee) has been registered as the holder of the Sale Shares, the validity of the proceedings shall not be questioned by any person. It shall be no impediment to a registration of the transferee as holder of the Sale Shares that no share certificate has been produced.

7.7 Investigations and enforcement

- (a) To enable the Board to determine whether or not there has been a transfer of Shares in breach of these Articles the Board may (and shall if requested in writing by an Investor) require any Shareholder or the legal personal representatives of any deceased Shareholder or any person named as transferee in any transfer lodged for registration or any other person as the Board or the Investor may reasonably believe to have relevant information, to furnish to the Company such information and evidence as the Board may think fit regarding any matter which they deem relevant, including the names, addresses and interests of all persons having an interest in the Shares registered in the holder's name.
- (b) If any information or evidence referred to in paragraph (a) above is not furnished to enable the Board to determine to its reasonable satisfaction that no breach has occurred, or if as a result of the information and evidence the Board is reasonably satisfied that a breach has occurred, the Board shall without delay notify the holder of the relevant Shares in writing of that fact and:
 - (i) all of the relevant Shares shall cease to confer on the holder any rights to vote or to receive dividends or other distributions (other than the Subscription Price of the relevant Shares on a return of capital), and
 - (ii) the holder of the relevant Shares may be required at any time following the notice to transfer some or all of its Shares to such person(s) at such price and on such terms as the Board may require by notice in writing to such holder.
- (c) The rights referred to in paragraph (b)(i) above may be reinstated by the Board with the consent of the Investor or, if earlier, on the completion of any transfer referred to in paragraph (b)(ii) above.

- (d) If the Board shall in accordance with these Articles have required a Transfer Notice to be given and it is not given within a period of 1 month (or such longer period as the Board may allow for the purpose), the Transfer Notice shall be deemed to have been given on any date after the expiration of that period as the Board may notify to the holder of the relevant Shares and these Articles shall take effect accordingly.

8. Mandatory Tag Right on Change of Control

- (a) Except in the case of Permitted Transfers, transfers of Shares pursuant to Article 7.4, and circumstances where a Drag Along Notice is given pursuant to Article 9, the provisions of paragraph (b) below will apply if (after going through the right of first refusal procedure in Article 7.3) one or more Proposed Sellers propose to transfer in one or a series of related transactions any Shares (the "**Proposed MO Transfer**") which would, if put into effect, result in any Proposed Purchaser (and persons Acting in Concert with him) acquiring a Controlling Interest in the Company.
- (b) A Proposed Seller must, before entering into a Proposed MO Transfer, procure the making by the Proposed Purchaser of an offer (the "**Mandatory Offer**") to the other Shareholders to acquire all of the Company's Shares for a consideration per share the value of which is at least equal to the Specified Price (as defined in paragraph (g) below).
- (c) The Mandatory Offer must be given by written notice at least 15 Business Days prior to the proposed sale date. The notice must set out, to the extent not described in any accompanying documents:
 - (i) the identity of the Proposed Purchaser;
 - (ii) the number of Shares proposed to be transferred to the Proposed Purchaser.
 - (iii) the proposed price to be paid by the Proposed Purchaser for the Shares to be transferred and the other terms and conditions of payment; and
 - (iv) the proposed sale date and the intended place and time of completion of the transfer.
- (d) If any Shareholder is not given the rights accorded by this Article 8, the Proposed Sellers will not be entitled to complete their sale and the Company will not register any transfer intended to carry that sale into effect.
- (e) If the Mandatory Offer is accepted by any Shareholder (an "**Accepting Shareholder**") up to the date 5 Business Days prior to the proposed sale date referred to in paragraph (c)(iv) above, the completion of the Proposed MO Transfer will be conditional upon the completion of the purchase of all the Shares held by Accepting Shareholders, and completion shall (unless otherwise agreed by the parties) take place no later than such proposed sale date.
- (f) The Proposed MO Transfer is subject to the rights of first refusal provisions of Article 7.3 but the purchase of the Accepting Shareholders' shares shall not be subject to that Article.

- (g) For the purpose of this Article 8:
- (i) **"Specified Price"** shall mean in respect of each Share a sum in cash equal to the highest price per Share offered or paid by the Proposed Purchaser:
- (A) in the Proposed MO Transfer; or
- (B) in any related or previous transaction by the Proposed Purchaser or any person Acting in Concert with the Proposed Purchaser in the 12 months preceding the date of the Proposed MO Transfer,
- plus an amount (apportioned on a per share basis) in cash equal to any other consideration (in cash or otherwise) paid or payable by the Proposed Purchaser or any other person Acting in Concert with the Proposed Purchaser, 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 the Shares.

9. Drag Along

- (a) If at any time Dragging Shareholders intend to sell all of their Shares to a Proposed Purchaser, the Dragging Shareholders shall have the right (the **"Drag Along Right"**) to require all Shareholders other than Dragging Shareholders (the **"Dragged Shareholders"**) to sell and transfer, in accordance with the provisions of this Article 9, all of their Shares (the **"Dragged Shares"**) to the Proposed Purchaser or as the Proposed Purchaser may direct.
- (b) For the purposes of this Article, **"Dragging Shareholders"** means Shareholders holding at least 50 per cent of the issued Shares.
- (c) The Drag Along Right shall be exercisable by the Dragging Shareholders' giving written notice (a **"Drag Along Notice"**) to that effect to the Company at least 20 Business Days prior to the transfer of the Dragging Shareholders' Shares to the Proposed Purchaser. The Drag Along Notice shall specify:
- (i) that the Dragged Shareholders are required to transfer all their Dragged Shares pursuant to this Article;
- (ii) the identity of the Proposed Purchaser;
- (iii) the proposed price (which must be in cash) to be paid by the Proposed Purchaser for each of the Dragging Shareholders' Shares and the other terms and conditions of payment; and
- (iv) the proposed place, date and time of completion of the transfer.
- (d) The Board shall promptly send the Drag Along Notice to each of the Dragged Shareholders and require all of them to sell to the Proposed Purchaser at Transfer Completion all of their Dragged Shares on the terms set out in the Drag Along Notice, the price for each of the Dragged Shares being the highest price proposed to be paid for any Share of a Dragging Shareholder in the Drag Along Notice.

- (e) Transfer Completion shall take place on the same date as the date proposed for completion of the sale of the Dragging Shareholders' Shares unless the holders of a majority of the Dragged Shares and the holders of a majority of the Dragging Shareholders' Shares agree otherwise.
- (f) A Drag Along Notice served on the Company shall be irrevocable but shall lapse (and the obligations under such notice shall lapse) if the sale of the Dragging Shareholders' Shares to the Proposed Purchaser does not proceed either:
 - (i) due to the expiry or non-fulfilment of any conditions to the sale (unless the conditions have been waived in accordance with the terms of the sale documentation);
 - (ii) if there are no conditions to the sale, within 60 Business Days after the date of service of the Drag Along Notice; or
 - (iii) if notices are issued under Section 979 of the Act in respect of the Dragged Shares,

and the Dragging Shareholders shall be entitled to serve further Drag Along Notices no earlier than 5 Business Days following the lapse of any previous Drag Along Notice.

- (g) Not later than 3 Business Days prior to Transfer Completion, the Proposed Purchaser shall send to the Company in cleared funds the purchase moneys required to pay the price due to the Dragged Shareholders for the Dragged Shares as stated in the Drag Along Notice. The Company's receipt for such price shall be a good discharge to the Proposed Purchaser. The Company shall hold the purchase moneys due to the Dragged Shareholders in trust for the Dragged Shareholders but without any obligation to pay interest.
- (h) To the extent that the Proposed Purchaser fails to comply with its obligation under paragraph (g) above, the Dragged Shareholders shall be entitled to the return of the stock transfer form(s) and share certificate(s) (or suitable indemnity) for the such Dragged Shares and the Dragged Shareholders shall have no further rights or obligations under this Article in respect of their Shares.
- (i) A transfer of Dragged Shares by Dragged Shareholders to a Proposed Purchaser (or as it may direct) pursuant to the terms of this Article shall not be subject to the right of first refusal provisions set out in Article 7.3.

10. Mandatory Tag Right for Partial Sale on a 40% Sale

- (a) No transfer (other than a Permitted Transfer) of any Shares (or series of related transfers) held by a Shareholder which comprise more than 40 per cent. of the issued Shares may be made by any person or shall be validly registered by the Board unless the Proposed Seller has complied with the procedures set out in this Article 10.
- (b) After the Proposed Seller has gone through the right of first refusal procedures set out in Article 7.3, the Proposed Seller shall send a notice (a "**Tag Along Notice**") to each Investor (a "**Tagging Shareholder**"), with a copy to the Company, not less than 20 Business Days nor more than 3 months in advance of the proposed transfer specifying:

- (i) the identity of the person (the "**buyer**") to which the Proposed Seller is proposing to transfer Shares;
 - (ii) the price per Share which the buyer is proposing to pay, and the other terms and conditions of payment;
 - (iii) the number of Shares which the Proposed Seller proposes to transfer to the buyer;
 - (iv) the proposed date and time of completion of the transfer; and
 - (v) the address where a notice of acceptance pursuant to paragraph (d) below should be sent.
- (c) The Proposed Seller shall procure that:
- (i) the buyer makes a binding written offer (the "**Tag Offer**") to each Tagging Shareholder to purchase a proportion of that Tagging Shareholder's shares as equals the same proportion of the Shares to be sold by the relevant Proposed Seller(s) for a price per Share equal to the highest price per Share paid or payable by the buyer for any of the Proposed Seller's Shares, and on the same terms as the proposed transaction with the Proposed Seller as to the date of completion and terms of payment;
 - (ii) the Tag Offer is kept open for at least 10 Business Days from delivery of the Tag Along Notice to the relevant Tagging Shareholder;
 - (iii) the Tag Offer is made on the basis that if the transfer by the Proposed Seller to the buyer does not take place (for any reason) on the date stated in the Tag Along Notice that the Tagging Shareholder has the right to elect at its absolute discretion whether to proceed with the transfer of its Shares to the buyer (and if so whether so to proceed on that stated date or on any later date as such transfer by the Proposed Seller may in fact take place) or whether to revoke its acceptance of the Tag Offer; and
 - (iv) the Tag Offer is otherwise on terms that are not worse in any respect than the terms applicable between the Proposed Seller and the buyer and the Tag Offer is not conditional on, nor does it require the Tagging Shareholder to give, any undertakings, covenants, warranties, or indemnities to the buyer other than in relation to that Tagging Shareholder's ownership of its Shares, that its Shares are free from encumbrances, and that it agrees to waive any pre-emption right it may have in relation to any Shares.
- (d) Each Tagging Shareholder shall be entitled to accept the Tag Offer by sending a notice of acceptance to the buyer, with a copy to the Proposed Seller, and which notice shall specify the number of Shares which the Tagging Shareholder wishes to sell to the buyer (but for the avoidance of doubt acceptance must be in respect of all and not some only of the Tagging Shareholder's Shares).
- (e) If a Tagging Shareholder does not send a notice of acceptance of the Tag Offer in accordance with paragraph (d) above, it shall be deemed to have specified that it does not wish to sell any Shares to the buyer.

- (f) The Proposed Seller shall not be entitled to sell any Shares to the buyer:
- (i) prior to the proposed date for completion of the transfer specified in the Tag Along Notice;
 - (ii) which exceed the number of Shares specified in the Tag Along Notice; and
 - (iii) unless and until the buyer purchases, in compliance with the terms of the Tag Offer, the Shares of any Tagging Shareholder serving a notice of acceptance pursuant to paragraph (d) above.
- (g) Transfers of Shares to a buyer made in accordance with this Article 10 by a Tagging Shareholder to a buyer shall not be subject to the right of first refusal provisions set out in Article 7.3.