

THE COMPANIES ACT 2006

Psonar Limited

Incorporated in England with limited liability

Registered in England: No 06609165

Registered Office: 15A Water Lane, Impington, Cambridge, CB24 9XP

MINUTES OF EXTRAORDINARY GENERAL MEETING

Attendees: Martin Rigby and Richard Urwin

An Extraordinary General Meeting of the Company was held at 15A Water Lane, Impington, Cambridge, CB24 9XP at 2pm on 4 March 2013 for the purpose of considering and if thought fit passing the following special resolution:

IT IS RESOLVED THAT the Articles of Association a copy whereof is attached and has been signed for the purposes of identification be and hereby are adopted as the Articles of Association of Psonar Limited in substitution for and to the exclusion in their entirety of all previous Articles of Association of the Company

- 1 Martin Rigby took the chair at 2pm and noted that the meeting was quorate and that no forms of proxy had been received from any other members.
2. The special resolution was put to the meeting and approved on a show of hands, with two members voting on favour and none against



4 March 2013

Martin Rigby
Chairman

TUESDAY



A20 *A27DT83M* 30/04/2013 #217
COMPANIES HOUSE

Company Number: 06609165

THE COMPANIES ACT 2006

**PRIVATE COMPANY LIMITED BY
SHARES**

ARTICLES OF ASSOCIATION

OF

PSONAR LIMITED

**(Adopted by special resolution passed on
4 March 2013)**

Ms. [Signature]
Chairman
4 Mar 13

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PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
PSONAR LIMITED
(Adopted by special resolution passed
on 4 March 2013)

INTRODUCTION

1. INTERPRETATION

1.1 In these Articles, unless the context otherwise requires

Act: means the Companies Act 2006,

appointor: has the meaning given in Article 10.1,

Articles: means these articles of association (as amended from time to time),

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

Board: means the board of directors of the company from time to time,

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,

Company Share Options: means such unapproved options to subscribe for shares as may be approved by the board from time to time and granted to directors, relevant officers or consultants of the company,

Conflict: has the meaning given in Article 6 1,

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),

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,

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), and

Transfer Notice has the meaning set out in Article 20

- 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 The regulations contained in the Model Articles shall apply to the company except when they are excluded or varied by or are inconsistent with these Articles and the Model Articles (except for any exclusions, variations or inconsistencies) and these Articles shall be the articles of association of the company. References in these Articles to a model article shall be to the model article of that number contained in the Model Articles. References in the Model Articles to an "article" or the "articles" shall be references to these Articles (which for this purpose shall not be deemed to include the Model Articles). For the avoidance of doubt, where the Model Articles are inconsistent with these Articles, the provisions of these Articles shall apply
- 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 Articles 8, 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(2), 21, 26(4) and (5), 44(2), 49, 52 and 53 of the Model Articles shall not apply to the company
- 1 8 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 9 Article 20 of the Model Articles shall be amended by the insertion of the words "(including alternate directors) and the secretary" before the words "properly incur"
- 1 10 Model article 24(1)(c) shall be amended by the deletion of the words "that the shares are fully paid" and the insertion in their place of the words "the amount paid up on the shares".
- 1 11 Model article 26(1) shall be amended by the insertion of the words "Subject to the articles", before the words "Shares may be transferred".
- 1 12 Article 27(3) of the Model Articles shall be amended by the insertion of the words ", subject to article 9 of the Articles," 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 To the extent that the Model Articles require that the seal be affixed to any document (including a share certificate), any requirement shall be treated as satisfied if that document is executed in accordance with section 44(2) of the Act

DIRECTORS

2. UNANIMOUS DECISIONS

- 2 1 A decision of the Board 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. QUORUM FOR DIRECTORS' MEETINGS

3 1 Subject to Article 3 2, the quorum for the transaction of business at a meeting of directors is any two eligible directors unless otherwise fixed by a decision of the directors

3 2 For the purposes of any meeting (or part of a meeting) held pursuant to Article 6 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

3 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

4. CASTING VOTE

4 1 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 has a casting vote

4 2 Article 4 1 shall not apply in respect of a particular meeting (or part of a meeting) if, in accordance with the Articles, the chairman or other director is not an eligible director for the purposes of that meeting (or part of a meeting).

5. 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

6. DIRECTORS' CONFLICTS OF INTEREST

6.1 The Board 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**)

6.2 Any authorisation under this Article 6 will be effective only if

- (a) to the extent permitted by the Act, the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the Board under the provisions of these Articles or in such other manner as the Board may determine,
- (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director, and
- (c) the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted

- 6 3 Any authorisation of a Conflict under this Article 6 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 Board 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 Board think fit;
 - (e) provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a director of the company) information that is confidential to a third party, he will not be obliged to disclose that information to the company, or to use it in relation to the company's affairs where to do so would amount to a breach of that confidence, and
 - (f) permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the Board and be excused from reviewing papers prepared by, or for, the Board to the extent they relate to such matters
- 6 4 Where the Board authorise a Conflict, the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the Board in relation to the Conflict
- 6 5 The Board 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
- 6 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 Board 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

7. RECORDS OF DECISIONS TO BE KEPT

Where decisions of the Board 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

8. NUMBER OF DIRECTORS

Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not be subject to any maximum and the minimum number of directors shall be one

9. 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

10. APPOINTMENT AND REMOVAL OF ALTERNATE DIRECTORS

10 1 Any director (**appointor**) may appoint as an alternate any other director, or any other person approved by resolution of the Board, 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's appointor

10 2 Any appointment or removal of an alternate must be effected by notice in writing to the company signed by the appointor, or in any other manner approved by the Board

10 3 The notice must

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

11. RIGHTS AND RESPONSIBILITIES OF ALTERNATE DIRECTORS

11.1 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's appointor.

11.2 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 appointors; and
- (d) are not deemed to be agents of or for their appointors

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 Board of which his appointor is a shareholder

11.3 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 Articles 11.3(a) and (b)

11.4 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), but shall not count as more than one director for the purposes of determining whether a quorum is present.

11.5 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 alternate's appointor's remuneration as the appointor may direct by notice in writing made to the company

12. TERMINATION OF ALTERNATE DIRECTORSHIP

An alternate director's appointment as an alternate terminates

- (a) when the alternate'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, of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director,
- (c) on the death of the alternate's appointor, or
- (d) when the alternate's appointor's appointment as a director terminates.

13. SECRETARY

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

SHARES AND DISTRIBUTIONS

14. LIEN, CALLS ON SHARES AND FORFEITURE

- 14 1 The company has a lien (the **Company's Lien**) over every share which is registered in the name of a person indebted or under any liability to the company, whether he is the sole registered holder of the share or one of several joint holders, for all monies payable by him (either alone or jointly with any other person) to the company, whether payable immediately or at some time in the future
- 14 2 The provisions of articles 52(2) and (3), 55, 56(2), 57(2), (3) and (4), 59, 60, 61 and 62 for public companies set out in Schedule 3 to The Companies (Model Articles) Regulations 2008 (*SI 2008/3229*) shall apply to the Company, save that each reference in those articles to a "member" or "members" shall be deemed to be references to a "shareholder" or "shareholders" (as the case may be)
- 14 3 **Lien Enforcement Notice**
 - (a) Subject to the provisions of this Article 14 3, if
 - (i) a notice in writing which complies with the requirements of Article (b) (a **Lien Enforcement Notice**) has been given in respect of a share, and
 - (ii) the person to whom the notice was given has failed to comply with it,
 the company may sell that share in such manner as the directors decide
 - (b) A Lien Enforcement Notice
 - (i) may only be given in respect of a share which is subject to the Company's Lien, in respect of which a sum is payable and the due date for payment of that sum has passed,
 - (ii) must specify the share(s) concerned,

- (iii) must require payment of the sum within 14 clear days of the notice (that is, excluding the date on which the notice is given and the date on which that 14 day period expires),
 - (iv) must be addressed either to the holder of the share or to a transmittee of that holder; and
 - (v) must state the company's intention to sell the share(s) if the notice is not complied with
- (c) Where shares are sold under this Article 14 3
- (i) the directors may authorise any person to execute an instrument of transfer of the shares to the purchaser or to a person nominated by the purchaser, and
 - (ii) the transferee is not bound to see to the application of the consideration, and the transferee's title is not affected by any irregularity in or invalidity of the process leading to the sale.
- (d) The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the lien) must be applied
- (i) first, in payment of so much of the sum for which the lien exists as was payable at the date of the Lien Enforcement Notice; and
 - (ii) second, to the person entitled to the shares at the date of the sale, but only after the certificate for the shares sold has been surrendered to the company for cancellation, or an indemnity in a form reasonably satisfactory to the directors has been given for any lost certificates, and subject to a lien equivalent to the Company's Lien over the shares before the sale for any money payable by that person (or his estate or any joint holder of the shares) after the date of the Lien Enforcement Notice
- (e) A statutory declaration by a director or the company secretary that the declarant is a director or the company secretary and that a share has been sold to satisfy the Company's Lien on a specified date
- (i) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share, and
 - (ii) subject to compliance with any other formalities of transfer required by these Articles or by law, constitutes a good title to the share

14 4 Call notices

- (a) Subject to these Articles and the terms on which shares are allotted, the directors may send a notice (a **Call Notice**) to a shareholder requiring the shareholder to pay the company a specified sum of money (a **Call**) which is payable to the company at the date when the directors decide to send the Call Notice
- (b) A Call Notice

- (i) may not require a shareholder to pay a Call which exceeds the total amount of his indebtedness or liability to the company;
 - (ii) must state when and how any Call to which it relates is to be paid, and
 - (iii) may permit or require the Call to be made in instalments
- (c) A shareholder must comply with the requirements of a Call Notice, but no shareholder is obliged to pay any Call before 14 clear days (that is, excluding the date on which the notice is given and the date on which that 14 day period expires) have passed since the notice was sent.
- (d) Before the company has received any Call due under a Call Notice the directors may
- (i) revoke it wholly or in part, or
 - (ii) specify a later time for payment than is specified in the notice,
- by a further notice in writing to the shareholder in respect of whose shares the Call is made
- (e) A Call Notice need not be issued in respect of sums which are specified, in the terms on which a share is issued, as being payable to the company in respect of that share:
- (i) on allotment,
 - (ii) on the occurrence of a particular event, or
 - (iii) on a date fixed by or in accordance with the terms of issue.

14.5 Forfeiture

- (a) If a person is liable to pay a Call and fails to do so by the Call payment date:
- (i) the directors may issue a notice of intended forfeiture to that person; and
 - (ii) until the Call is paid, that person must pay the company interest on the Call from the Call payment date at the relevant rate
- (b) A notice of intended forfeiture
- (i) may be sent in respect of any share in respect of which a Call has not been paid as required by a Call Notice,
 - (ii) must be sent to the holder of that share (or all the joint holders of that share) or to a transferee of that holder,
 - (iii) must require payment of the Call and any accrued interest and all expenses that may have been incurred by the company by reason of such non-payment by a date which is not less than 14 clear days after the date of the notice (that is, excluding the date on which the notice is given and the date on which that 14 day period expires),

- (iv) must state how the payment is to be made, and
- (v) must state that if the notice is not complied with, the shares in respect of which the Call is payable will be liable to be forfeited.
- (c) At any time before the company disposes of a forfeited share, the directors may decide to cancel the forfeiture on payment of all Calls, interest and expenses due in respect of it and on such other terms as they think fit

15. FURTHER ISSUES OF SHARES: AUTHORITY

15.1 Subject to Article 16 the directors are generally and unconditionally authorised, in accordance with section 550 of the 2006 Act and generally, to exercise any power of the company to

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

any ordinary shares of £0.01 each in the company (**Ordinary Shares**) to any person, at any time and subject to any terms and conditions as the directors think proper

16. FURTHER ISSUES OF SHARES: PRE-EMPTION RIGHTS

16.1 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

16.2 Unless otherwise agreed by special resolution, if the company proposes to allot any equity securities (other than any equity securities to be held under an employees' share scheme or equity securities granted in connection with Company Share Options), those equity securities shall not be allotted to any person unless the company has first made an offer to all shareholders to allot to those holders a proportion of those securities that is as nearly as practicable (without involving fractions) equal to the proportion in nominal value of the share capital of the company held by each shareholder. The offer

- (a) shall be on the same or more favourable terms, and at the same or more favourable price, as those equity securities are being offered to other persons on a pari passu and pro rata basis,
- (b) shall be in writing, shall be open for acceptance for a period of 10 business days from the date of the offer and shall give details of the number and subscription price of the relevant equity securities, and
- (c) may stipulate that any shareholder who wishes to subscribe for a number of equity securities in excess of the proportion to which he is entitled shall, in

his acceptance, state the number of excess equity securities (**Excess Securities**) for which he wishes to subscribe

16 3 Any equity securities not accepted by shareholders pursuant to the offer made to them in accordance with Article 16 2 shall be used for satisfying any requests for Excess Securities made pursuant to Article 16 2. If there are insufficient Excess Securities to satisfy such requests, the Excess Securities shall be allotted to the applicants pro rata to the number of shares held by the applicants immediately before the offer was made to shareholders in accordance with Article 16 2 (as nearly as possible without involving fractions or increasing the number of Excess Securities allotted to any shareholder beyond that applied for by him). After that allotment, any Excess Securities remaining shall be offered to any other person as the directors may determine, at the same price and on the same terms as the offer to the shareholders.

16 4 No shares shall be allotted to any employee, director, prospective employee or director unless such person has entered into a joint election with the company under section 431 of the Income Tax (Earnings and Pensions) Act 2003 or is not UK tax resident

17. **TRANSFER OF SHARES: GENERAL PROVISIONS**

17 1 The directors shall refuse to register the transfer of any shares

- (a) unless it is made in accordance with these Articles,
- (b) on which the company has a lien,
- (c) to a person who is (or whom the directors reasonably believe to be) under 18 years of age or a person who does not have (or whom the directors reasonably believe does not have) the legal capacity freely to dispose of any shares without let, hindrance or court order.

17 2 The transferor shall remain the shareholder and holder of the shares until the name of the transferee is entered into the Register of Members in respect of them.

17 3 For the purpose of these Articles, **transfer** shall mean the transfer of either or both of the legal and beneficial ownership in such share and/or the grant of an option to acquire either or both of the legal and beneficial ownership in such share and the following shall also be deemed (but without limitation) to be a transfer of a share

- (a) any direction (by way of renunciation or otherwise) by a shareholder entitled to an allotment or issue of any share that a share be allotted or issued to some person other than himself,
- (b) any sale or other disposition of any legal or equitable interest in a share (including any voting right attached thereto) and whether or not by the

registered holder thereof and whether or not for consideration or otherwise and whether or not effected by an instrument in writing,

- (c) any grant or creation of a security interest over any share, and
- (d) any agreement, whether or not subject to any conditions, to do any of the matters set out in Articles 17 3(a) to (c)

18. TRANSFER OF SHARES: PERMITTED TRANSFERS

18 1 For the purposes of this Article 18

Family Member means the spouse, civil partner (as defined in the Civil Partnership Act 2004) or child or grandchild of a shareholder who is a director or employee of the company (including step or adopted or illegitimate children of that shareholder and their issue);

Family Trust means a trust established by a transferor of shares as settlor and which is wholly for the benefit of such transferor and/or any Family Member of such transferor,

18 2 Any shareholder being a company shall be entitled, without restriction as to price or otherwise, to transfer all or any of their shares or any beneficial interest in them or any rights attaching to them to any subsidiary or holding company for the time being of that shareholder or any other subsidiary of any holding company of that shareholder

18 3 Where a shareholder holds shares as a nominee or trustee, that shareholder may transfer those shares to any other nominee or trustee, whether directly or indirectly, holding shares for the same beneficiaries

18 4 Any share in the company may be transferred by a shareholder who is a director or employee of the company to a Family Member or to a Family Trust provided that

- (a) any person holding the shares transferred to him or it in accordance with this Article shall be deemed to have irrevocably appointed the original transferor of the shares as his proxy and no instrument of appointment shall be necessary to be deposited with the company,
- (b) the trustees of any Family Trust shall be entitled to transfer shares to a beneficiary of that Family Trust or the trustees of any new Family Trust, provided that the restrictions set out in paragraph (a) above shall apply to any such transfer as if it had been made by the original transferor

18 5 In the event that any person to whom shares are transferred in accordance with the foregoing provisions of this Article ceases to be within the required relationship to the original transferee, the shares shall be transferred back to the person who originally transferred them or to any other person falling within the required relationship and if the holder of the shares fails to transfer the shares in those circumstances within 7

days of receiving a notice in writing from the directors requiring him or it to do so the shareholder shall be deemed to have served a Transfer Notice and the provisions of Article 20 shall apply, with all necessary changes, save that the Transfer Price shall be Fair Value on the date of transfer

- 18.6 A shareholder may at any time transfer shares, or any beneficial interest in them, to any other person for whatever consideration with the approval of a special resolution.

19. TRANSFER OF SHARES: COMPULSORY TRANSFERS

19.1 Bankruptcy

A person entitled to a share in consequence of the bankruptcy of a shareholder (or equivalent procedure in any jurisdiction outside England and Wales) shall be deemed to have given a Transfer Notice in respect of that share at such time as the Board may determine

19.2 Insolvency

If a shareholder which is a body corporate either suffers or resolves to appoint a liquidator, administrator or administrative receiver over it, or any material part of its assets (other than a voluntary liquidation for the purpose of a bona fide scheme of solvent amalgamation or reconstruction) or suffers or takes any equivalent action in any jurisdiction outside England and Wales, that shareholder shall be deemed to have given a Transfer Notice in respect of all shares held by it at such time as the Board may determine

19.3 Change of control

If there is a change in control (as control is defined in section 1124 of the Corporation Tax Act 2010) of any shareholder which is a company (or, where a permitted transfer has been made under Article 18, a change in control of the original transferor), the shareholder and/or any transferor shall notify the Board and, if in the opinion of the Board such change of control is likely to cause the company material disadvantage, then if and when required in writing by the Board to do so, the shareholder shall give (or procure the giving of) a Transfer Notice in respect of all the shares registered in its name or in the name of any subsidiary or holding company of that shareholder

19.4 Material breach

Any shareholder (including, where a permitted transfer has been made under Article 18, the original transferor(s)) which is in material breach of any of his or its obligations under these Articles and/or any shareholders' agreement applicable to the

company which, if capable of remedy, is not remedied within 14 days of a request to do so, shall be deemed to have given a Transfer Notice in respect of all the shares registered in his or its name

19 5 **Pre-emption rights**

No person who is deemed to have served a Transfer Notice in accordance with this Article 19 (or otherwise) shall be entitled to exercise any pre-emption rights attaching to the shares which are subject to such Transfer Notice

20. TRANSFER OF SHARES: PRE-EMPTION RIGHTS

20 1 Save as otherwise provided under Articles 18, 22 and 23 any shareholder who wishes, or is deemed, to sell or transfer shares or any beneficial interest in them (referred to as the **Seller**) shall give, or be deemed to give, notice in writing to the company (a **Transfer Notice**) specifying.

- (a) the shares which he or it wishes to sell or transfer (the **Sale Shares**),
- (b) the name of any third party to whom he or it proposes to sell or transfer the Sale Shares (if any),
- (c) the price at which he or it wishes to sell or transfer the Sale Shares (which in the case of a deemed transfer under Article 18 5 or 19 shall be the Fair Value); and
- (d) whether or not the Transfer Notice is conditional on all and not part only of the Sale Shares being sold (a **Total Transfer Condition**) and, in the absence of so specifying, the Transfer Notice shall be deemed not to include a Total Transfer Condition For the avoidance of doubt, no Transfer Notice deemed to be issued pursuant to Article 18 5 or 19 shall contain a Total Transfer Condition,

and, if the share capital of the company comprises more than one class of shares, each Transfer Notice shall relate to one class of shares only.

20 2 The Transfer Notice (or deemed Transfer Notice) shall constitute the company as the agent of the Seller for the sale of the Sale Shares in accordance with this Article 20, which shall be sold at the following price (the **Transfer Price**)

- (a) if agreed by the Board, at the price (if any) specified in the Transfer Notice, or
- (b) at any other price that may be agreed between the Seller and the Board, or
- (c) if a price cannot be agreed or if it is a deemed transfer under Article 18 5 or 19, at the Fair Value,



- 20 3 A Transfer Notice once given shall not be capable of withdrawal without the approval of the Board provided that where the Seller has served (as opposed to being deemed to have served) a Transfer Notice and the Fair Value is either less than the price specified in the Transfer Notice or, if no price was specified, is otherwise unacceptable to the Seller, the Seller shall be entitled to withdraw the Transfer Notice. The Seller shall be obliged to accept the Fair Value or reject it and withdraw the Transfer Notice within 14 days of having been notified of the Fair Value in writing. If he or it fails so to do, the Seller shall be deemed to have accepted the Fair Value and the Transfer Notice may not subsequently be withdrawn without the approval of the Board.
- 20 4 The company shall within 14 days of receipt of a Transfer Notice or, where the Fair Value is to be determined, as soon as practicable upon receipt of the valuation, give notice in writing to each of the other shareholders of the company informing them that the Sale Shares are available and of the Transfer Price and shall invite him or it to state in writing within 28 days from the date of that notice (which date shall be specified in the notice) whether he or it is willing to purchase any and, if so, how many of the Sale Shares,
- 20 5 It shall be a term of the invitation and notice referred to in Article 20 4 that
- (a) if the share capital of the company comprises more than one class of share, the Sale Shares shall be treated as having been offered, first, to all persons (other than the Seller) holding shares of the same class as the Sale Shares in priority to all other shareholders,
 - (b) if there is competition between shareholders holding the same class of shares for the Sale Shares treated as having been offered to them, such Sale Shares shall be treated as offered among such shareholders in proportion (as nearly as may be) to the number of shares they hold expressed as a percentage of the aggregate number of shares of that class held by all shareholders (other than the Seller) (the "**Proportionate Allocation**") However, in his application for Sale Shares a shareholder may, if he so desires, indicate that he would be willing to purchase a particular number of shares in excess of his Proportionate Allocation ("**Excess Shares**")
- 20 6 After the expiry of the 28 day period or sooner if all the Sale Shares offered have been accepted in the manner provided above, the Board shall allocate the Sale Shares in the following manner:
- (a) if the total number of shares applied for is equal to or less than the number of the Sale Shares, the company shall allocate the number applied for in accordance with the applications, or
 - (b) if the total number of shares applied for is more than the number of Sale Shares, each shareholder shall be allocated his or its proportionate entitlement (or that lesser number of Sale Shares which he or it may have

applied for) and the applications for Excess Shares shall be allocated (as nearly as may be) in the proportions which the applications for Excess Shares bear to one another,

and, in either case, the company shall give notice without delay of the allocation (an **Allocation Notice**) to the Seller and each of the persons to whom Sale Shares have been allocated (an **Applicant**) and shall specify in the Allocation Notice the place and time (being not later than 7 days after the date of the Allocation Notice) at which the sale of the Sale Shares shall be completed

- 20 7 Subject as provided below, on the allocations referred to above being made, the Seller shall be bound, on payment of the Transfer Price, to transfer the shares comprised in the Allocation Notice to the Applicant named at the time and place specified. If he or it makes any default in doing this the Chairman or, failing him, the secretary shall immediately be deemed to be the duly appointed attorney of the Seller with full power to execute, complete and deliver, in the name and on behalf of the Seller, a transfer of the relevant Sale Shares to the Applicant and the Board may receive and give a good discharge for the purchase money on behalf of the Seller and (subject to the transfer being duly stamped) enter the name of the Applicant in the register of members as the shareholder by transfer of the shares so purchased by him or it. The company shall immediately pay the purchase money into a separate bank account in the company's name and shall hold the money in trust for the Seller until he or it shall deliver up his or its certificate or certificates for the relevant shares to the company (or an indemnity in respect of them reasonably satisfactory to the company) when he or it shall be immediately paid the purchase money. The company shall have no liability to pay or account for any interest on any of the monies
- 20 8 If the Transfer Notice included a Total Transfer Condition then, if the total number of shares applied for is less than the number of Sale Shares, the Allocation Notice shall contain a further invitation open for 28 days to those persons to whom Sale Shares have been allocated to apply for further Sale Shares and completion of the sale in accordance with the preceding provisions of this Article 20 shall be conditional on the Total Transfer Condition being complied with in full.
- 20 9 In the event of all the Sale Shares not being sold under the preceding provisions of this Article 20, the Seller may (subject to Article 23) transfer any Sale Shares not sold to any person or persons (i) at any time within 3 calendar months after receiving confirmation from the company that the pre-emption provisions contained in these Articles have been exhausted; and (ii) at any price being not less than the Transfer Price provided that any sale is a bona fide sale and the Board may require to be reasonably satisfied, in whatever manner it may require, that the Sale Shares are being sold in connection with a bona fide sale for the consideration stated in the Transfer Notice without any deduction, rebate or allowance whatsoever to the purchaser and, if not so satisfied, the Board may refuse to register the instrument of transfer.

20 10 For the purpose of ensuring that a transfer of shares is duly authorised or that no circumstances have arisen where a Transfer Notice is required to be given, the Board may from time to time require any shareholder or the legal personal representatives of any deceased shareholder or any person named as transferee in any transfer lodged for registration to give to the company all information and evidence as the Board may require regarding any matter which it deems relevant for that purpose. If this information or evidence is not provided to the satisfaction of the Board within 28 days of the request being made, the Board may refuse to register the transfer in question or (if no transfer is in question) to require by notice in writing that a Transfer Notice be given in respect of the shares concerned. If the information or evidence discloses that a Transfer Notice ought to have been given in respect of any shares the Board may by notice in writing require that a Transfer Notice be given in respect of the shares concerned.

21. TRANSFERS OF SHARES: VALUATION

21 1 For the purposes of this Article 21

Sale Shares includes any share transferred or proposed to be transferred pursuant to Articles 18.5, 19 and 20; and

Independent Expert means the auditors for the time being of the company or, if they decline the instruction, an independent firm of accountants jointly appointed by the company and the Seller or, in the absence of agreement between the company and the Seller on the identity of the expert within 10 days of the expiry of the 14 day period referred to in Article 21.2, an independent firm of accountants appointed 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)

21 2 The Transfer Price for each Sale Share the subject of a Transfer Notice (or deemed Transfer Notice) shall, save where expressly provided otherwise in these Articles, be the price per Sale Share (in cash) agreed between the directors (any director with whom the Seller is connected not voting) and the Seller or, in default of agreement within 14 days of the date of service of the Transfer Notice (or, in the case of a deemed Transfer Notice, the date on which the Board first has actual knowledge of the facts giving rise to such deemed service), the Fair Value of each Sale Share.

21 3 The Fair Value shall be the price per Sale Share determined by the Independent Expert on the following bases and assumptions

- (a) valuing the Sale Shares as on an arm's-length sale between a willing seller and a willing buyer as at the date the Transfer Notice was served (or deemed served),
- (b) if the company is then carrying on business as a going concern, on the assumption that it will continue to do so,
- (c) that the Sale Shares are capable of being transferred without restriction,

- (d) valuing the Sale Shares as a rateable proportion of the total value of all the issued Shares without any premium or discount being attributable to the percentage of the issued share capital of the company which they represent, and
 - (e) reflecting any other factors which the Independent Expert reasonably believes should be taken into account
- 21.4 If any difficulty arises in applying any of these assumptions or bases then the Independent Expert shall resolve that difficulty in whatever manner it shall in its absolute discretion think fit
- 21.5 The directors will give the Independent Expert access to all accounting records or other relevant documents of the company, subject to it agreeing such confidentiality provisions as the Directors may reasonably impose
- 21.6 The parties are entitled to make submissions to the Independent Expert and shall provide (or procure that others provide) the Independent Expert with such assistance and documents as the Independent Expert may reasonably require for the purpose of reaching a decision
- 21.7 The Independent Expert shall act as expert and not as arbitrator and its determination shall be final and binding on the parties (in the absence of fraud or manifest error)
- 21.8 The Independent Expert shall be requested to determine the Fair Value within 21 days of its appointment and to deliver its certificate to the company. Forthwith upon receipt, the company shall deliver a copy of the certificate to the Seller
- 21.9 The cost of obtaining the Independent Expert's certificate shall be borne by the parties equally or in such other proportions as the Independent Expert directs

22. DRAG ALONG

- 22.1 For the purposes of this Article 22 (and Article 23 in the case of the definition of Controlling Interest),

Controlling Interest means an aggregate holding of (i) shares, and/or (ii) the beneficial interest in shares which in aggregate give the holder(s) seventy per cent (70%) or more of the total voting rights at general meetings of the company conferred by all the shares entitled to vote at a general meeting of the company and in issue at that time (including for this purpose any shares which would be issued if any other options, warrants or other rights to subscribe for shares granted prior to that time had been exercised in full),

Other Members means other shareholders of the company holding shares at a relevant time, together with those persons who acquire shares subsequently as a result of the exercise of any options or other rights to subscribe for shares

- (i) prior to the Drag Along Notice where such shares have not been transferred to them at the time of the Drag Along Notice, and
- (ii) which become exercisable as a result of the change of control of the company when the Controlling Interest is transferred

Third Party Purchaser means any person, firm or company who is not connected with any shareholder and who is a bona fide and arm's length third party purchaser

- 22.2 If the holder(s) (**Selling Member(s)**) of a Controlling Interest (for the purposes of this Article 22 the **Selling Members' Shares**) wish to transfer all (but not some only) of their shares, they shall have the option (the **Drag Along Option**) to require, in accordance with this Article 22, all of the Other Members to transfer all their shares (together with any shares arising from exercise of options or other rights to subscribe for shares) with full title guarantee to a Third Party Purchaser
- 22.3 The Selling Members may exercise the Drag Along Option by giving notice to that effect (a **Drag Along Notice**) to all of the Other Members. A Drag Along Notice shall specify that the Other Members are required to transfer all of their shares under this Article 22 (together with any shares arising from exercise of options or other rights to subscribe for shares) to the Third Party Purchaser, the price at which the shares are to be transferred (being the same price as that paid by the Third Party Purchaser to the Selling Members), the proposed date of transfer and the identity of the Third Party Purchaser.
- 22.4 A Drag Along Notice shall be irrevocable and shall lapse if for any reason the Selling Members shall not transfer their shares to the Third Party Purchaser within 90 days after the date of the Drag Along Notice
- 22.5 The Other Members shall be obliged to sell their shares at the price specified in the Drag Along Notice
- 22.6 Completion of the sale of the Other Members' shares shall take place on the same date as the date proposed for completion of the sale of the Selling Members' Shares (or, in the case only of any shares arising pursuant to the exercise of options, or other rights to subscribe for shares, at such later date as such shares are issued)
- 22.7 Each of the Other Members shall on the date of service of the Drag Along Notice be deemed to have irrevocably appointed each of the Selling Members separately to be his or its attorney to execute any stock transfer form and to do any other things that may be necessary or desirable to accept, transfer and complete the sale of the Other Members' shares under this Article 22.

22 8 The rights of pre-emption and other restrictions contained in these Articles shall not apply on any sale and transfer of shares to the Third Party Purchaser named in a Drag Along Notice

23. TAG ALONG

23 1 For the purposes of this Article 23, **Controlling Interest** has the meaning set out in Article 22.

23 2 Subject to Articles 18 and 22, no sale, transfer or other disposition resulting in a Controlling Interest being acquired by any person or persons acting in concert (in one or a series of connected transactions) shall be made unless and until such person or persons shall have offered to acquire for cash all of the other shares held and any other options or other subscription rights granted by the company (the **Offer Shares**) at the same time and, subject to Article 23 4, on no less favourable terms than being offered by such person for the Controlling Interest

23 3 The offer to be made by such person or persons under this Article 23 shall be unconditional, in writing and capable of acceptance for not less than 14 days from the date of the offer. The offer shall be deemed to have been irrevocably rejected by a person if that person shall not accept the offer in accordance with its terms and, in particular, but without limitation, if not accepted within the specified period for acceptance of the offer

23 4 The price payable in cash for the Offer Shares shall be no less than the price per share offered by such person or persons for the Controlling Interest

23 5 Completion of the transfer of the Offer Shares shall take place on the same date as the date proposed for completion of the sale of the Controlling Interest (or, in the case only of any shares arising pursuant to the exercise of options, or other rights to subscribe for shares, at such later date as such shares are issued)

23 6 The rights of pre-emption and other restrictions contained in these Articles shall not apply on any sale and transfer of Offer Shares made pursuant to this Article 23

DECISION MAKING BY SHAREHOLDERS

24. POLL VOTES

24 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.

- 24 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.

25. PROXIES

- 25 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"
- 25 2 Article 45(1) of the Model Articles shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid, unless the directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that article.

ADMINISTRATIVE ARRANGEMENTS

26. MEANS OF COMMUNICATION TO BE USED

- 26 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 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.

26 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.

27. INDEMNITY

27 1 Subject to Article 27.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

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

(i) in the actual or purported execution and/or discharge of his duties, or in relation to them, and

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

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

(b) the company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in Article 27 1(a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure

27 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 applicable to the company

28. INSURANCE

28 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

28 2 In this Article 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,