

Company No 08182566



Written Resolution of Fitzroy Apparel Limited (the "Company")

Circulation Date: 31/08 2016

Pursuant to Chapter 2 of Part 13 of the Companies Act 2006, it is proposed that the following special and ordinary resolutions (the "**Resolutions**") be passed

Special resolution

THAT the draft articles of association attached to this resolution be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association

Ordinary resolution

THAT, in accordance with section 551 of the Companies Act 2006 ("**2006 Act**"), the directors of the Company ("**Directors**") be authorised to allot in the capital of the Company

- (a) A Preference Shares up to the aggregate nominal amount of £2,520,000,
- (b) A Ordinary Shares up to the aggregate nominal amount of £388 04,
- (c) C Ordinary Shares up to the aggregate nominal amount of £25 00,
- (d) D Ordinary Shares up to the aggregate nominal amount of £117 50,

all such shares to have all the rights, privileges and restrictions that attach to the shares of such classes as set out in the Articles of Association adopted by the special resolution above

This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 551 of the 2006 Act

Please read the Notes below before signifying your agreement to the Resolution

The undersigned, being the "eligible member" (as defined in Section 289 of the Companies Act 2006) and entitled to vote on the Resolutions on the circulation date specified above, irrevocably agree to the Resolution

For and on behalf of Active GP
Limited, as general partner of
Active Fitzroy Investment LP

Signature

Tom Kay

Date

31/08/16

31/08/16

Signature

Guy Critchlow

Date

31/08/16

Signature

Date

NOTES:

- 1 If you agree with the Resolutions, please indicate your agreement by signing and dating this document where indicated above and returning it to the Company using one of the following methods

By hand delivering the signed copy to Roger Swift at 6 Burnhall Street, London SW3 3ST

Post returning the signed copy by post to Roger Swift at 6 Burnhall Street aforesaid

Email attaching a scanned copy of the signed document to an email and sending it to roger.swift@apeq.co.uk

If you do not agree to the Resolutions, you do not need to do anything and you will not be deemed to agree if you fail to reply

- 2 Once you have indicated your agreement to the Resolutions, you may not revoke your agreement
- 3 Unless within 28 days from the circulation date sufficient agreement has been received for the Resolutions to be passed, they will lapse. If you agree to the Resolutions, please ensure that your agreement reaches the Company before or during this date

Date 31 / 08 2016

Company Number 08182566

The Companies Acts 2006

Articles of Association

of Fitzroy Apparel Limited Incorporated
on 16 August 2012

Adopted by special resolution Passed on [31 / 08] 2016

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Company No 08182566

The Companies Acts 2006

Private Company Limited By Shares

Articles of Association

Of Fitzroy Surfwear Limited

1. Definitions and Interpretation

1.1 In these Articles, unless the context otherwise requires

"A Ordinary Shares" the A ordinary Shares of £0.01 each in the capital of the Company being subject to the rights and restrictions set out in these Articles and **"A Shareholder"** shall mean a holder of any of them,

"Act" means the Companies Act 2006,

"acting in concert" shall have the meaning given to that expression in the City Code on Takeovers and Mergers in force at the date of adoption of these Articles,

"Affected Shares" means, in relation to a Bad Leaver, all of the Compulsory Sale Shares, and otherwise, the Relevant Number of the Compulsory Sale Shares,

"appointor" has the meaning given in article 17(1),

"Articles" means the company's articles of association for the time being in force,

"associated company" the relevant entity, its subsidiary undertakings, any of its holding companies and any subsidiary undertaking of any such holding company,

"Auditors" the auditors for the time being of the Company,

"B Ordinary Shares" the B ordinary Shares of £0.01 each in the capital of the Company being subject to the rights and restrictions set out in these Articles and **"B Shareholder"** shall mean a holder of any of them,

"Bad Leaver" shall have the meaning set out in Article 9.7.2,

"Board" the board of Directors of the Company from time to time present at a duly convened meeting at which a quorum is present in accordance with the Articles,

"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,

"Chairman" the Director appointed to that position in accordance with Article 21.2,

"Companies Acts" the 2006 Act, the Act, the Companies Consolidation (Consequential Provisions) Act 1985, the Companies Act 1989 and Part V of the Criminal Justice Act 1993 and where any specific provision or provisions of the Act is/are referred to, this will include, where

relevant, a reference to any equivalent provision or provisions (as the case may be) of the 2006 Act,

"Conflict" has the meaning given in article 26 1,

"connected person" shall have the meaning given to that expression in section 839 of the Income and Corporation Taxes Act 1988,

"C Ordinary Shares" the C Ordinary Shares of £0.01 each in the capital of the Company being subject to the rights and restrictions set out in these Articles and "C Shareholder" shall mean a holder of any of them,

"D Ordinary Shares" the D Ordinary Shares of £0.01 each in the capital of the Company being subject to the rights and restrictions set out in these Articles and "D Shareholder" shall mean a holder of any of them,

"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),

"Employee Member" from time to time, a Group Employee who (i) has an interest in any Share, whether legal or beneficial, absolute or contingent and including any interest arising under a Trust or (ii) in relation to whom, a Family Member has such an interest in a Share (and in relation to whom such employee is the Qualifying Holder),

"Encumbrance" includes any interest or equity of any person (including, without prejudice to the generality of the foregoing, any right to acquire, option, right of pre-emption or right of conversion) or any mortgage, charge, pledge, lien or assignment or any other Encumbrance, priority or security interest or arrangement of whatsoever nature over or in the relevant property,

"Exit" means

- (a) a Sale, or
- (b) a Listing, or
- (c) a Liquidation,

"FSMA 2000" the Financial Services and Markets Act 2000,

"GC" Guy Critchlow,

"Good Leaver" shall have the meaning set out in Article 9.7.1,

"Group" the Company and any subsidiary of the Company from time to time,

"Group Company" each body corporate in the Group,

"Group Employee" an employee of a Group Company (which includes for such time as he is engaged by the Company, whether under a service contract, letter of appointment or a contract for services, GC),

"Independent Accountant" such accountant jointly agreed in good faith by the Good Leaver and the Majority Shareholder or, in the absence of such agreement such accountant as may be nominated by the president for the time being of the Institute of Chartered Accountants in England and Wales,

"Insolvency Event" being declared bankrupt pursuant to the Insolvency Act 1986,

"lien enforcement notice" has the meaning given in article 11 2,

"Liquidation" means the making up of an order or passing of a resolution for the winding up of the Company,

"Listing" means the admission of any part of the Company's Shares to the Official List of the UK Listing Authority and their admission to trading on London Stock Exchange plc's market for listed securities or the grant of permission for dealings on the Alternative Investment Market of London Stock Exchange or to trading on a Recognised Investment Exchange,

"Majority Shareholder" the holder or holders of a majority in number of A Ordinary Shares from time to time,

"Majority Shareholder Consent" the prior written consent of the Majority Shareholder,

"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, and

"Ordinary Shares" any and/or all of the A Ordinary Shares, the B Ordinary Shares, the C Ordinary Shares and the D Ordinary Shares and **"Ordinary Shareholder"** shall mean a holder of any of them,

"A Preference Shares" the 6 per cent cumulative redeemable preference Shares of £1 00 each in the capital of the Company having the rights and being subject to the restrictions set out in these Articles and **"A Preference Shareholder"** shall mean a holder of any of them,

"B Preference Shares" the 3 per cent redeemable preference Shares of £1 00 each in the capital of the Company having the rights and being subject to the restrictions set out in these Articles and **"B Preference Shareholder"** shall mean a holder of any of them,

"Preference Shares" means both A Preference Shares and B Preference Shares

"A Preferred Capital" an amount per A Preference Share equal to the aggregate of £1 00 together with (if any) accrued but unpaid A Preferred Dividend relating to any prior Financial Year and relating solely to that A Preference Share,

"B Preferred Capital" an amount per B Preference Share equal to the aggregate of £1 00 together with (if any) accrued but unpaid B Preferred Dividend relating to any prior Financial Year and relating solely to that B Preference Share,

"Qualifying Holder" the person in relation to whom and by reason only of that relationship, a Family Member, a Trust, a personal representative or trustee in bankruptcy becomes and, is, from time to time, a member,

"Recognised Investment Exchange" has the same meaning as that set out in section 285 of the FSMA 2000,

"Relevant Accounts" the audited consolidated accounts of the Group for the Financial Year immediately preceding the Financial Year in which a person becomes a Good Leaver,

"Relevant Number" means, in relation to a Good Leaver holding A Ordinary Shares, 100% of his Compulsory Sale Shares unless the Trigger Event occurs after the fourth anniversary of the

Subscription Date in which case it shall be 50% of his Compulsory Sale Shares and, in relation to a Good Leaver holding B Ordinary Shares, that percentage of Compulsory Sale Shares as is set out in the Appendix and, in relation to a Good Leaver holding C Ordinary Shares or D Ordinary Shares, 100% of his Compulsory Sale Shares,

"Sale" means

- (a) other than as a result of an intra-group reorganisation, the completion of an agreement for the sale (whether by one transaction or a series of related transactions) of all or substantially all of the equity Share capital of the Company (or any Group Company to which all or substantially all of the business or assets of the Company have been transferred), or
- (b) the completion of the acquisition or, where more than one, the last such acquisition, of equity Share capital of the Company (or any Group Company to which all or substantially all of the business or assets of the Company have been transferred) made pursuant to an offer as a result of which the offeror becomes entitled or bound to acquire the remainder of such equity Share capital,

and for the purposes of paragraph (b) of this definition, the date of completion of the acquisition shall be the date upon which the last acquisition is completed and reference to the offeror shall include any person with whom he is acting in concert,

"Share" a Share in the capital of the Company of whatever class and **"Shares"** shall be construed accordingly,

"Shareholder" a holder or holders of Shares,

"Subscription Date" the date upon which a Shareholder first acquires an interest in Ordinary Shares,

"Summary Dismissal" has the meaning attributable to it as set out in clause 20 (Termination without notice) of a Group Employee's service agreement (or contract of employment, letter of appointment or the like) with Finisterre UK Limited (or any substantially similar clause, in any subsequent or replacement agreement) In respect of Heather Blackman's contract of employment, the relevant clause is clause 10.2 (Summary Dismissal),

"UK Listing Authority" the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA 2000,

- 1.2 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles
- 1.3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles
- 1.4 A reference in these Articles to an "article" is a reference to the relevant article of these Articles unless expressly provided otherwise
- 1.5 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of
- 1.5.1 any subordinate legislation from time to time made under it, and

- 1 5 2 any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts
- 1 6 Any phrase introduced by the terms **"including"**, **"include"**, **"in particular"** or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms
- 1 7 The Model Articles shall apply to the company, except in so far as they are modified or excluded by these Articles
- 1 8 Articles 8, 9(1), 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(2), 21, 24(2)(c), 26(5), 44(2) and 49 of the Model Articles shall not apply to the company
- 1 9 Article 7 of the Model Articles shall be amended by
- 1 9 1 the insertion of the words "for the time being" at the end of article 7(2)(a), and
- 1 9 2 the insertion in article 7(2) of the words "(for so long as he remains the sole director)" after the words "and the director may"
- 1 10 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 11 In article 25(2)(c) of the Model Articles, the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity"
- 1 12 Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor and, unless the Share is fully paid, the transferee
- 1 13 Article 27(3) of the Model Articles shall be amended by the insertion of the words ", subject to article 10," after the word "But"
- 1 14 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 15 Articles 31(1)(a) to (c) (inclusive) of the Model Articles shall be amended by the deletion, in each case, of the words "either" and "or as the directors may otherwise decide" Article 31(d) of the Model Articles shall be amended by the deletion of the words "either" and "or by such other means as the directors decide"
- 1 16 A person includes a reference to a body corporate, association or partnership
- 1 17 A person includes a reference to that person's legal personal representatives and successors in title and their assigns from time to time
- 1 18 The singular includes the plural, male includes female and vice versa, and
- 1 19 References to days (rather than Business Days) are to calendar days not working days
- 1 20 References in these Articles to a transfer of a Share shall include the disposal of any interest in that Share (including the creation of any security interest or other third party right over any interest in that Share and any renunciation in favour of another person of any right to the issue

and/or allotment or transfer of that Share) and shall be treated as if it were a transfer of those Shares and therefore shall be governed by Articles 5 to 9 inclusive

2 Further issues of Shares authority

Save to the extent authorised from time to time by an ordinary resolution of the Shareholders, the directors shall not exercise any power to allot Shares or to grant rights to subscribe for, or to convert any security into, any Shares

3 Further issues of Shares pre-emption rights

3 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

3 2 Unless otherwise agreed by Ordinary Shareholders representing not less than 90% of the Ordinary Shares then in issue, if the company proposes to allot any equity securities (other than any equity securities to be held under an employees' share scheme), those equity securities shall not be allotted to any person unless the company has first offered them to all Ordinary Shareholders on the date of the offer on the same terms, and at the same price, as those equity securities are being offered to other persons on a pari passu and pro rata basis to the number of Ordinary Shares held by those holders (as nearly as possible without involving fractions) The offer

3 2 1 shall be in writing, shall be open for acceptance for a period of 15 Business Days from the date of the offer and shall give details of the number and subscription price of the relevant equity securities, and

3 2 2 may stipulate that any Ordinary 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

3 3 Any equity securities not accepted by Ordinary Shareholders pursuant to the offer made to them in accordance with Article 3 3 shall be used for satisfying any requests for Excess Securities made pursuant to Article 3 3 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 Ordinary Shares held by the applicants immediately before the offer was made to Shareholders in accordance with Article 3 3 (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 Ordinary Shareholders

3 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

4 Shares

4 1 The rights attached to the Shares are as follows

4 1 1 Dividends

(a) The holders of the A Preference Shares shall, without any further resolution of the Company or the Board, be entitled, in respect of each A Preference Share, to receive a cumulative preferential dividend equal to 6% of the A Preferred Capital (excluding any

associated tax credit) which shall accrue daily ("**A Preference Dividend**") The A Preference Dividend shall be calculated assuming a 365 day year

- (b) The holders of the B Preference Shares shall, without any further resolution of the Company or the Board, be entitled, in respect of each B Preference Share, to receive a preferential dividend equal to 3% of the B Preferred Capital (excluding any associated tax credit) which shall accrue daily ("**B Preference Dividend**") The B Preference Dividend shall be calculated assuming a 365 day year
- (c) The A Preference Dividend and the B Preference Dividend shall be deemed to accrue from day to day after as before the commencement of winding-up and shall therefore be payable by a liquidator in respect of any period after such commencement in priority to other claims or rights of Shareholders in respect of share capital
- (d) The A Preference Dividend and the B Preference Dividend in respect of each A Preference Share and B Preference Share shall automatically become a debt due from the Company on the last day of the Company's accounting reference period
- (e) A Preference Dividend shall be paid in priority to B Preference Dividend
- (f) Subject to the foregoing provisions of this Article 4 and all A Preference Dividends and B Preference Dividend then due having been paid, the Ordinary Shareholders shall be entitled to receive all cash dividends that may be declared from time to time by the Company to be apportioned proportionately to the number of Ordinary Shares held by each of such Ordinary Shareholders

4 1 2 Capital

- (a) On an Exit the assets available for distribution amongst the holders of Shares shall be applied as follows -
 - (i) first, in paying to each holder of A Preference Shares in respect of each A Preference Share of which it is the holder, an amount equal to (i) the A Preferred Capital and (ii) the aggregate amount of any accruals and/or unpaid amounts of A Preference Dividend (to be calculated down to and including the date of the return of capital),
 - (ii) secondly, in paying to each holder of B Preference Shares in respect of each B Preference Share of which it is the holder, an amount equal to (i) the B Preferred Capital and (ii) the aggregate amount of any accruals and/or unpaid amounts of B Preference Dividend (to be calculated down to and including the date of the return of capital),
 - (iii) thereafter, the balance shall be applied rateably amongst the holders of the Ordinary Shares by reference to the number of Ordinary Shares held by each Shareholder at that time

4 1 3 Redemption

- (a) The Company may, at any time on written notice to the holders of A Preference Shares, redeem, in multiples of not less than 10,000 Preference Shares, such total number of Preference Shares as is specified in such notice ("**Company Redemption Notice**") The Company Redemption Notice shall specify the particular A Preference Shares to be redeemed and the date fixed for redemption

- (b) The number of Shares to be redeemed shall be apportioned between those holders of the A Preference Shares then in issue pro rata according to the number of A Preference Shares held by them respectively at the date fixed for redemption
- (c) On the date fixed for redemption, each of the holders of the Preference Shares falling to be redeemed shall be bound to deliver to the Company, at the Company's registered office, the certificate(s) for such A Preference Shares (or an indemnity, in a form reasonably satisfactory to the Board, in respect of any lost certificate) in order that the same may be cancelled. Upon such delivery, the Company shall pay to the holder (or, in the case of any joint holders, to the holder whose name stands first in the Company's register of members in respect of such Shares) the amount due to it in respect of such redemption against delivery of a proper receipt for the redemption of monies and in default of such payment the Company shall immediately return the share certificates to the relevant holders of such A Preference Shares
- (d) If any certificate delivered to the Company pursuant to Article (c) includes any A Preference Shares not falling to be redeemed on the date fixed for redemption, a new certificate in respect of those Shares shall be issued to the holder(s) thereof as soon as practicable thereafter (and, in any event, within 20 Business Days thereafter)
- (e) There shall be paid on the redemption of each A Preference Share an amount equal to
 - (i) the Preferred Capital, and
 - (ii) all accruals and/or unpaid amounts of A Preference Dividend pursuant to and in accordance with Article 4.1.1 in respect thereof, calculated down to and including the date of actual payment

and the amount referred to in this Article (e) shall at that time become a debt due from and immediately payable by the Company to the holders of such A Preference Shares
- (f) All Shares redeemed pursuant to these Articles shall be cancelled and shall not be available for re-issue
- (g) If there are no A Preference Shares in issue, the Company may, at any time, on written notice to the holders of B Preference Shares, redeem, in multiples of not less than 10,000 B Preference Shares, such total number of B Preference Shares as is specified in such notice. Thereupon the provisions of Articles 4.1.3.1 to 4.1.3.6 inclusive shall apply to such redemption, mutatis mutandis, provided only that the amount paid on redemption of each B Preference Share is £1.00 together with any unpaid B Preference Dividend relating thereto

4.1.4 Voting

Subject to Article 9.4, each holder of A Ordinary Shares, B Ordinary Shares and D Ordinary Shares shall respectively be entitled to cast one vote on a show of hands at general meetings of the Company and each such Share shall entitle its holder to cast one vote in respect of each such Share on a poll at general meetings of the Company. C Ordinary Shares and Preference Shares carry no entitlement to receive notice of or attend meetings of the Shareholders or to vote on any Shareholder matters

4.1.5 Re-classification

If a holder of A Ordinary Shares or a holder of B Ordinary Shares acquires Shares of another class the acquired Shares shall upon completion of such acquisition (without further authority than is herein contained) be deemed forthwith to have been designated as Ordinary Shares of the same class held by the acquiring Shareholder and having all the rights, privileges and restrictions attaching to such Shares. Upon any duly stamped transfers being lodged for registration which effects a transfer of the type described in this Article, the appropriate entries shall be made in the register of members and a new Share certificate reflecting the change of class and holder issued to the transferee(s) as soon as reasonably practicable.

5. Provisions Applying on Every Transfer of Shares

- 5 1 The Board shall not register a transfer of Shares unless such transfer is permitted by Article 6 (*Permitted Transfers*) or has been made in accordance with Article 7 (*Pre-emption Rights*) or, if appropriate Article 8 (*Drag and Tag Along*), or Article 9 (*Compulsory Transfers*)
- 5 2 For the purpose of ensuring that a particular transfer of Shares lodged for registration is permitted under, or made in accordance with, these Articles, the Board may require the transferor or the transferee named in that transfer to provide such information or evidence as the Board may reasonably think necessary or relevant. If such information or evidence is not provided to the satisfaction of the Board within 28 days after a request for it (or the first in a series of requests), the Board may refuse to register the transfer in question.
- 5 3 The Board may, in its absolute discretion and without giving any reason, refuse to register any transfer of any Share which would otherwise be permitted under, or made in accordance with, these Articles if it is a transfer
 - 5 3 1 of a Share on which the Company has a lien, or
 - 5 3 2 of a Share which is not fully paid
- 5 4 An obligation to transfer a Share under these Articles shall be deemed to be an obligation to transfer the entire legal and beneficial interest in such Share free from any lien, charge or other Encumbrance.
- 5 5 As security for his obligations under these Articles, each holder of Ordinary Shares hereby irrevocably appoints, jointly and severally, the Company and such person as may be nominated for the purpose by the Majority Shareholder as his duly appointed agent to do such things in his name (including the completion, execution and delivery of documents) as may be required to effect any transfer of Shares held by that holder required
 - 5 5 1 pursuant to Article 7 12 where those Shares are Sale Shares and have been allocated to purchasers pursuant to Article 7 9,
 - 5 5 2 following the issue to him of a Drag Along Notice, or
 - 5 5 3 pursuant to Article 9 (*Compulsory Transfers*)

6. Permitted Transfers of Shares

- 6 1 For the purposes of these Articles

"Family Member" means, in relation to any person, the spouse, widow or widower of that person and that person's children and grandchildren (including step and adopted children and grandchildren),

"Permitted Transfer" means any transfer of Shares permitted under this Article 6,

"Permitted Transferee" means a person to whom a Permitted Transfer has been made,

"Relevant Shares" means, in relation to a person any Shares for the time being held by that person or his Family Members, and

"Trust" means, in relation to a person, a trust under which no immediate beneficial interest in any of the Shares is for the time being vested in any person other than that individual and/or a Family Member of that individual

- 6 2 Shares may be transferred (i) by an individual to a Family Member or (ii) by an individual to the trustees of a Trust or (iii) by the trustees of a Trust of Shares held by them in that capacity to any new trustee(s) of that Trust, to a person who has an immediate beneficial interest under that Trust or to the settler, save that for the purposes of this Article 6 2 the transferee may not be a bankrupt or a trustee in bankruptcy
- 6 3 If any Family Member who has Shares (i) by reason of having received them from a member pursuant to this Article 6 or (ii) by reason only of being a Family Member in relation to an Employee Member, ceases to bear the relationship to that person by reason of which the Shares are held, that Family Member shall forthwith transfer the Relevant Shares back to the Qualifying Holder for such consideration as they may agree or, in default of agreement, within 28 days of the cessation, for the consideration (if any) for which that Family Member acquired them. In the event that such transfer is not effected within the prescribed time the Board may appoint any director to execute instruments of transfer in favour of the Qualifying Holder and shall procure that the name of such person be entered into the register of members in respect of such Shares. Similar provisions shall apply, mutatis mutandis, with regards a Trust which has acquired Shares either (i) from a member pursuant to this Article or (ii) by reason of being a Trust in relation to such person and which ceases to satisfy the definition of a Trust in relation to such person such that the trustees of the Trust shall forthwith transfer the Relevant Shares back to the Qualifying Holder or to another Family Member
- 6 4 Notwithstanding the other provisions of these Articles, any Shares may be transferred to any person and on any terms with Majority Shareholder Consent
- 6 5 Any Shareholder holding Shares either (i) as a result of a transfer made by a person in relation to whom such Shareholder was a Permitted Transferee or (ii) by reason only of being a Family Member or a Trust in relation to an Employee Member, may at any time transfer any Share to the Qualifying Holder (or to any other Permitted Transferee of such Qualifying Holder)
- 6 6 Subject to Articles 5 2 and 5 3, the Board shall be obliged to register any Permitted Transfer upon satisfying itself that the transfer concerned properly falls within the provisions of this Article 6
- 6 7 The following transfers of Shares may be made free of any restrictions
- 6 7 1 a transfer made following the issue of a Drag Along Notice or pursuant to a Tag Along Offer (each as defined in Article 8), and
- 6 7 2 a compulsory transfer made in accordance with Article 9
- 6 8 If a person at any time attempts or purports to transfer a Share otherwise than in accordance with these Articles the holder of that Share shall, unless the Board with Majority Shareholder Consent resolves otherwise, be deemed immediately before the attempt to have served the Company with a Sale Notice (as defined in Article 7 1) in respect of it

7. Pre-Emption Rights

- 7 1 Any member who wishes to transfer Ordinary Shares otherwise than in accordance with Article 6 (a "**Selling Shareholder**") shall serve notice on the Company (a "**Sale Notice**") stating the number of Shares they wish to transfer (the "**Sale Shares**") and the price per Sale Share they are willing to accept ("**the Asking Price**")
- 7 2 The Sale Notice shall, once given, unless the Board with Majority Shareholder Consent decides otherwise, be irrevocable. Subject to the terms of this Article 7 2, the Selling Shareholder may state in the Sale Notice that he is only willing to transfer all the Sale Shares, in which case no Sale Shares can be sold unless offers are received for all of them but in the absence of such a statement, the Sale Notice shall be deemed not to contain such a statement
- 7 3 Subject to Article 7 6, the Sale Notice shall make the Company the agent of the Selling Shareholder for the sale of the Sale Shares on the following terms (which the Company shall notify to the other Ordinary Shareholders within seven days of receiving the Sale Notice)
- 7 3 1 the price for each Sale Share is the Asking Price,
- 7 3 2 the Sale Shares are to be sold free from all liens, charges and Encumbrances and together with all rights attaching to them,
- 7 3 3 Subject to Article 7 6, Sale Shares shall be offered as follows
- (a) in the first instance, to all holders of A Ordinary Shares (save for the Selling Shareholders),
 - (b) to the extent not taken up in accordance with Articles 7 4 and 7 5 by holders of A Ordinary Shares, to the holders of B Ordinary Shares (save for the Selling Shareholders),
 - (c) to the extent not taken up in accordance with Articles 7 4 and 7 5 by persons in (a) and (b), to any bona fide arms length Third Party purchaser within three months of the Second Closing Date (as referred to in Article 7 8) in accordance with Article 7 10
- 7 4 Members to whom Sale Shares are offered pursuant to Article 7 3 3 shall be entitled to apply by notice in writing to the Company for any number of Sale Shares (up to a maximum proportion of Sale Shares which equals the proportion which all the Ordinary Shares then held by such member bears to all the Ordinary Shares held by all offerees in that category) ("**Due Proportions**") within 14 days of receiving notification from the Company in accordance with Article 7 3
- 7 5 Where the number of Sale Shares is more than the number of Sale Shares for which applications are made pursuant to Article 7 4, the excess Shares ("**Excess Shares**") shall be provisionally allocated (as nearly as possible) to each applicant who wishes to take his Due Proportions (each an "**Accepting Applicant**") in his due proportion (being that proportion of Excess Shares which equals the proportion which all his Ordinary Shares bear to all Accepting Applicants' Ordinary Shares) and the applicants notified of their greater entitlement on the day immediately after the First Closing Date. Those persons may (without being bound to do so) amend their application to buy any such Excess Shares within 7 days of notification of further provisional allocation. In amending their application, those persons may apply to acquire any number of additional Excess Shares beyond their provisional allocation (including all of them) ("**Top-up Shares**") and to the extent that Excess Shares are not taken up in line with their provisional allocation within the 7 days referred to, Top-up Shares shall be allocated according to those applications (or on a pro

rata basis (or as near as may be) referring to such applications if, together, they exceed the unallocated Excess Shares)

- 7 6 In Article 7 3 3(b) no offer shall be made to any person who has already given or who is deemed to have already given a Sale Notice
- 7 7 14 days after the Company's despatch of the terms for the sale of the Sale Shares (the "**First Closing Date**")
- 7 7 1 a person specified in Article 7 3 3 in relation to such Shares who has not responded to the offer in writing shall be deemed to have declined it, and
- 7 7 2 each application made (and not withdrawn) by any person (specified in Article 7 3 3 in relation to such Shares) to acquire Sale Shares shall become an irrevocable offer to purchase the same on the terms contained in Articles 7 3 1 and 7 3 2
- 7 8 If after the notice given pursuant to Article 7 5 , there remain any Excess Shares for which applications have not been made then such remaining Excess Shares shall be offered to the holders of B Ordinary Shares (as set out in Article 7 3 3(b)) and the provisions of Articles 7 3 to 7 7 (inclusive) shall be repeated in relation to such offer except that reference to the First Closing Date shall be replaced by reference to the Second Closing Date (which shall be the day falling 21 days after the offer was made to the holders of A Ordinary Shares)
- 7 9 Within 14 days of the Second Closing Date (or the First Closing Date if all of the Sale Shares have been applied for by then), the Company shall notify the Selling Shareholder and the persons who applied to buy Sale Shares of the result of the offer, and, if any Sale Shares are to be sold pursuant to the offer
- 7 9 1 the Company shall notify the Selling Shareholder of the names and addresses of the Ordinary Shareholders who have agreed to buy Sale Shares and the numbers to be bought by each,
- 7 9 2 the Company shall notify each Ordinary Shareholder buying Shares of the number of Sale Shares he is to buy, and
- 7 9 3 the Company's notice shall state a place and time, between 7 and 14 days later, on which the sale and purchase of the Sale Shares is to be completed
- 7 10 In relation to any offer of unsold Sale Shares to a Third Party, such transfer may only be made in relation to the Sale Shares for which offers were not received (or all the Sale Shares if the Sale Notice stated that the Selling Shareholder was only willing to transfer all the Sale Shares (or that is the extent of the right pursuant to Article 7 2), and applications were not made for all the Sale Shares in accordance with the provisions of Articles 7 3 to 7 9) and in any case at no less than the Asking Price per Share, with any other terms being no more favourable to the relevant Third Party than those in the Sale Notice and the Board shall be entitled to require such evidence as it deems necessary or desirable to satisfy itself as to such terms and no transfer to any Third Party will be registered until such information is provided to the reasonable satisfaction of the Board
- 7 11 Without prejudice to the generality of Articles 5 2 and Articles 5 3, the Board may require to be satisfied that any Sale Shares being transferred by a Selling Shareholder pursuant to Article 7 10 are being transferred under a bona fide sale for the consideration stated in the transfer without any deduction rebate or allowance to the Third Party and if not so satisfied (acting reasonably) may refuse to register the instrument of transfer
- 7 12 Save where the Selling Shareholder has specified that he is only willing to transfer all of the Sale Shares and not all Sale Shares have been allocated in accordance with this Article 7, if having

issued a Sale Notice the Selling Shareholder does not transfer Sale Shares, the Company may authorise any director to transfer the Sale Shares on the Selling Shareholder's behalf to the purchaser concerned against receipt by the Company of the Asking Price per Share. The Company shall hold the Asking Price in trust for the Selling Shareholder without any obligation to pay interest. The Company's receipt of the Asking Price shall be a good discharge to the purchaser. The directors shall then authorise registration of the transfer once appropriate stamp duty has been paid. The defaulting Selling Shareholder shall surrender his Share certificate for the Sale Shares to the Company. On surrender, the Company shall release to him the Asking Price for the Sale Shares.

8. Drag Along and Tag Along Rights

- 8.1 If at any time the Majority Shareholder ("**Proposed Sellers**") propose to sell, in one or a series of related transactions, their Ordinary Shares then in issue (a "**Majority Holding**") to a bona fide arm's length purchaser (or purchasers) who is (or are) not a connected person(s) ("**Third Party Purchaser**") the Proposed Sellers shall have the option ("**Drag Along Option**") to require all Shareholders to transfer all their Shares (if they so determine) ("**Called Shares**") to the Third Party Purchaser (or as it shall direct) in accordance with this Article 8.
- 8.2 The Proposed Sellers may exercise the Drag Along Option by giving notice to that effect (a "**Drag Along Notice**") to all other Shareholders ("**Called Shareholders**") at any time before the transfer of the Majority Holding. A Drag Along Notice shall specify that the Called Shareholders are required to transfer all their Called Shares pursuant to Article 8, the price at which the Called Shares are to be transferred which shall be on the basis of an allocation of the assets available as consideration in such a way as to comply with the provisions of Article 4.1.2 (*Capital*) and the proposed date of transfer.
- 8.3 The Called Shareholders shall be obliged to transfer the Called Shares on terms no less favourable than those applying to the Proposed Sellers vis a vis the Third Party Purchaser.
- 8.4 Completion of the sale of the Called Shares shall take place on the same date as the date proposed by the Proposed Sellers for completion of the sale of the Majority Holding unless
- 8.4.1 all of the Called Shareholders and the Proposed Sellers agree otherwise, or
- 8.4.2 that date is less than ten days after the Drag Along Notice, in which case the date for completion of the sale of the Called Shares shall be the tenth day after the Drag Along Notice.
- 8.5 No transfer or series of related transfers of any Shares shall be made if when taken together with such other transfers, it represents the transfer of 25% or more of a Shareholder's Ordinary Shares unless, before the transfer (or transfers) is/are made by the relevant Shareholder ("**Proposed Tag Transferor**"), the proposed transferee(s) make(s) a written offer (open for acceptance in England for a period of at least 21 days from its delivery and approved by the Majority Investor) to all the holders of Ordinary Shares to purchase a number of their Ordinary Shares equal to the proportion of the Proposed Tag Transferor's Ordinary Shares being transferred (at the same time and on the same terms and conditions for each Shareholder) at a price per Share at which the Proposed Tag Transferor propose to sell ("**Tag Along Offer**"). No holder of Ordinary Shares (including the Proposed Tag Transferor) shall complete any sale of Shares to the proposed transferee(s) unless the proposed transferee(s) completes the purchase of such number of Ordinary Shares agreed to be sold simultaneously.
- 8.6 Article 7 does not apply to transfers of Shares pursuant to a Drag Along Notice in accordance with this Article 8.

8 7 Any exercise of the Drag Along Option shall not preclude subsequent exercises if for any reason completion of the sale of the Called Shares does not occur

9 Compulsory Transfers

9 1 This Article 9 applies in the event of

9 1 1 an Employee Member ceasing (or giving or receiving notice of such cessation) for any reason to be a Group Employee, or

9 1 2 the death of an Employee Member, or

9 1 3 an Insolvency Event in relation to an Employee Member

each such event being a "**Trigger Event**"

9 2 For the purposes of this Article 9 "**Compulsory Sale Shares**" means the Ordinary Shares at the date of a Trigger Event -

9 2 1 held by the Employee Member and/or any of his Family members or a Trust or Shares in which any of them have a beneficial interest, or

9 2 2 held by any person in relation to whom the Employee Member is the Qualifying Holder

and any reference to a particular person's Compulsory Sale Shares shall be construed accordingly with the holder being, in each case a "**Compulsory Seller**"

9 3 In the event of a Trigger Event, the Majority Shareholder may, within 12 months thereof, give written notice (a "**Trigger Notice**") to the affected Employee Member that a Sale Notice (as defined in Article 7 1) shall be deemed to have been given by the relevant Employee Member (and/or, as appropriate, any other Compulsory Seller) in relation to, some or all of their Affected Shares (being some or all of their Compulsory sale Shares) Any reference to a particular person's Shares in this Article 9 shall be construed in relation to the relevant Compulsory Seller

9 4 After the occurrence of a Trigger Event, the holders of Compulsory Sale Shares shall not be entitled to receive notice of general meetings and neither will they be entitled to attend or vote at any general meeting unless and until such Compulsory Sale Shares have either been transferred to an offeree in accordance with this Article 9 or an Exit has occurred

9 5 Unless the Board, acting with Majority Shareholder Consent, determines that the Affected Shares should be acquired by the Company (subject always to the provisions of the Act) the Compulsory Seller shall offer his Affected Shares to the offerees (as per Article 7 3) free from all liens, charges and Encumbrances and together with all rights attaching to them on the terms set out in this Article 9

9 6 The price for the Affected Shares shall be as set out in Appendix 1

9 7 For the purposes of Article 9 6

9 7 1 "**Good Leaver**" shall mean any Compulsory Seller who is not (or in relation to whom, whose Qualifying Holder is not) a Bad Leaver,

9 7 2 "**Bad Leaver**" shall mean a person who becomes a Compulsory Seller as a result of his (or his Qualifying Holder's) lawful Summary Dismissal (as accepted by the Board or determined by Employment Tribunal or a Queen's Counsel jointly instructed by any Compulsory Seller and the

Company to provide an opinion on whether the Summary Dismissal was lawful, PROVIDED ALWAYS that if one party wishes to instruct said Queen's Counsel the other party shall also agree to do so, save that the costs of that instruction will be borne by the party against whom the determination is made)

- 9 8 Within seven days of the price for the Affected Shares having been determined
- 9 8 1 the Company shall notify each offeree of the number of Affected Shares on offer to him pursuant to the provisions of Article 7 save that the price shall be as determined in accordance with Article 9 6, and
- 9 8 2 the Company's notices shall specify a date, between seven and fourteen days after the First Closing Date or Second Closing Date (as applicable)), on which the sale and purchase of the Affected Shares is to be completed ("**Completion Date**")
- 9 9 By the Completion Date, the Compulsory Sellers shall deliver stock transfer forms for the Affected Shares, with the relevant Share certificates to the Company On the Completion Date and provided that the offerees have put the Company in the requisite funds, the Company shall pay the Compulsory Seller, on behalf of each of the offerees, the agreed or certified price for the Affected Shares The Company's receipt for the price shall be a good discharge to the offerees
- 9 10 To the extent that offerees have not, by the Completion Date, put the Company in funds to pay the agreed or certified price, the Compulsory Sellers shall be entitled to the return of the stock transfer forms and Share certificates for the relevant Compulsory Sale Shares and the Compulsory Sellers have no further rights or obligations under this Article 9 in respect of the Affected Shares
- 9 11 If a Compulsory Seller fails to deliver stock transfer forms for Affected Shares to the Company by the Completion Date, and provided that the offeree has, by the Completion Date, put the Company in funds to pay the price for the Affected Shares offered to him the directors may authorise any director to transfer (by signing appropriate stock transfer forms) the Affected Shares on the Compulsory Seller's behalf to each offeree The directors shall then authorise registration of the transfer once appropriate stamp duty has been paid The defaulting Compulsory Seller shall surrender his Share certificate for the Affected Shares to the Company On surrender, he shall be entitled to the price, without interest, for the Affected Shares
- 9 12 While Shares are Compulsory Sale Shares by virtue of Article 9 they may not be transferred under Articles 6 or 7
- 9 13 As an alternative to requiring the Compulsory Seller to offer some or all of his Affected Shares pursuant to Article 7, the Board (with Majority Investor Consent) may require the Compulsory Seller to offer his Affected Shares for purchase by the Company at the price referred to in Article 9 6 In such event the Compulsory Seller shall offer his Affected Shares in the same manner and subject to the same conditions as set out in Article 9 4 to 9 11, save that the timetable for completion of the sale and purchase of such Shares shall be such timetable as the Company requires and the Board (with Majority Investor Consent) approves, to enable the Company to comply with all requisite provisions of the Companies Acts in relation to such sale and purchase
- 9 14 Notwithstanding the foregoing provisions of this Article 9, any person acquiring A Ordinary Shares or D Ordinary Shares subsequent to the service of a Trigger Notice shall be required also to acquire (and the Compulsory Seller shall be required to sell) such proportion of A Preference Shares from the Compulsory Seller as equals the proportion of his A Ordinary Shares being acquired The price payable for each A Preference Share shall be equal to the A Preferred Capital and any accrued but unpaid A Preference Dividend, calculated down to and including the date of actual payment

10 Company's lien over Shares

- 10 1 The company has a lien (the "**company's lien**") over every Share, whether or not fully paid, which is registered in the name of any 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
- 10 2 The company's lien over a Share
 - 10 2 1 takes priority over any third party's interest in that Share, and
 - 10 2 2 extends to any dividend or other money payable by the company in respect of that Share and (if the lien is enforced and the Share is sold by the company) the proceeds of sale of that Share
- 10 3 The directors may at any time decide that a Share which is or would otherwise be subject to the company's lien shall not be subject to it, either wholly or in part

11 Enforcement of the company's lien

- 11 1 Subject to the provisions of this article, if
 - 11 1 1 a lien enforcement notice has been given in respect of a Share, and
 - 11 1 2 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
- 11 2 A lien enforcement notice
 - 11 2 1 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,
 - 11 2 2 must specify the Share concerned,
 - 11 2 3 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),
 - 11 2 4 must be addressed either to the holder of the Share or to a transferee of that holder, and
 - 11 2 5 must state the company's intention to sell the Share if the notice is not complied with
- 11 3 Where Shares are sold under this article
 - 11 3 1 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
 - 11 3 2 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
- 11 4 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
 - 11 4 1 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

11 4 2 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 for any money payable (whether payable immediately or at some time in the future) as existed upon the Shares before the sale in respect of all Shares registered in the name of such person (whether as the sole registered holder or as one of several joint holders) after the date of the lien enforcement notice

11 5 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

11 5 1 is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share, and

11 5 2 subject to compliance with any other formalities of transfer required by the Articles or by law, constitutes a good title to the Share

12. Call notices

12 1 Subject to the 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

12 2 A call notice

12 2 1 may not require a Shareholder to pay a call which exceeds the total amount of his indebtedness or liability to the company,

12 2 2 must state when and how any call to which it relates is to be paid, and

12 2 3 may permit or require the call to be made in instalments

12 3 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

12 4 Before the company has received any call due under a call notice the directors may

12 4 1 revoke it wholly or in part, or

12 4 2 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

13. Liability to pay calls

13 1 Liability to pay a call is not extinguished or transferred by transferring the Shares in respect of which it is required to be paid

13 2 Joint holders of a Share are jointly and severally liable to pay all calls in respect of that Share

13 3 Subject to the terms on which Shares are allotted, the directors may, when issuing Shares, provide that call notices sent to the holders of those Shares may require them

13 3 1 to pay calls which are not the same, or

13 3 2 to pay calls at different times

14 When call notice need not be issued

14 1 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

14 1 1 on allotment,

14 1 2 on the occurrence of a particular event, or

14 1 3 on a date fixed by or in accordance with the terms of issue

14 2 But if the due date for payment of such a sum has passed and it has not been paid, the holder of the Share concerned is treated in all respects as having failed to comply with a call notice in respect of that sum, and is liable to the same consequences as regards the payment of interest and forfeiture

15 Failure to comply with call notice: automatic consequences

15 1 If a person is liable to pay a call and fails to do so by the call payment date

15 1 1 the directors may issue a notice of intended forfeiture to that person, and

15 1 2 until the call is paid, that person must pay the company interest on the call from the call payment date at the relevant rate

15 2 For the purposes of this article

15 2 1 the "call payment date" is the time when the call notice states that a call is payable, unless the directors give a notice specifying a later date, in which case the "call payment date" is that later date, and

15 2 2 the "relevant rate" is

(a) the rate fixed by the terms on which the Share in respect of which the call is due was allotted,

(b) such other rate as was fixed in the call notice which required payment of the call, or has otherwise been determined by the directors, or

(c) if no rate is fixed in either of these ways, 5 per cent per annum

15 3 The relevant rate must not exceed by more than 5 percentage points the base lending rate most recently set by the Monetary Policy Committee of the Bank of England in connection with its responsibilities under Part 2 of the Bank of England Act 1998

15 4 The directors may waive any obligation to pay interest on a call wholly or in part

16. Notice of intended forfeiture

16 1 A notice of intended forfeiture

- 16 1 1 may be sent in respect of any Share in respect of which a call has not been paid as required by a call notice,
- 16 1 2 must be sent to the holder of that Share (or all the joint holders of that Share) or to a transmittee of that holder,
- 16 1 3 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),
- 16 1 4 must state how the payment is to be made, and
- 16 1 5 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

17. Appointment and removal of alternate directors

- 17 1 Any director (“**appointor**”) may appoint as an alternate any other director, or any other person approved by resolution of the directors, to
 - 17 1 1 exercise that director's powers, and
 - 17 1 2 carry out that director's responsibilities,
 - in relation to the taking of decisions by the directors, in the absence of the alternate's appointor
- 17 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 directors
- 17 3 The notice must
 - 17 3 1 identify the proposed alternate, and
 - 17 3 2 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

18 Rights and responsibilities of alternate directors

- 18 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
 - 18 2 Except as the Articles specify otherwise, alternate directors
 - 18 2 1 are deemed for all purposes to be directors,
 - 18 2 2 are liable for their own acts and omissions,
 - 18 2 3 are subject to the same restrictions as their appointors, and
 - 18 2 4 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 directors of which his appointor is a member

- 18 3 A person who is an alternate director but not a director
- 18 3 1 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),
- 18 3 2 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
- 18 3 3 shall not be counted as more than one director for the purposes of articles 18 3 1 and 18 3 2
- 18 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
- 18 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

19 Termination of alternate directorship

- 19 1 An alternate director's appointment as an alternate terminates
- 19 1 1 when the alternate's appointor revokes the appointment by notice to the company in writing specifying when it is to terminate,
- 19 1 2 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,
- 19 1 3 on the death of the alternate's appointor, or
- 19 1 4 when the alternate's appointor's appointment as a director terminates

20. Appointment, retirement and removal of directors

- 20 1 Without prejudice to any other rights, the Majority Shareholder shall have the right to appoint such nominees as it sees fit to act as Directors Any such nominee above two in number shall only be appointed after Consultation with the Board
- 20 2 The Majority Shareholder shall also have the right to remove any Director save for a Director appointed in accordance with Article 20 3 Any such appointment and removal shall be effected by giving notice in writing (signed on behalf of the Majority Shareholder) to the secretary of the Company at the Company's registered office address and shall take effect (subject to any contrary intention expressed in the notice) immediately upon delivery
- 20 3 A holder of B Ordinary Shares shall have the right to be a director of the Company for such time as he holds Ordinary Shares representing at least 15 per cent of the Company's equity share capital

21 Votes

- 21 1 Each Director shall be entitled to cast one vote on each resolution put before a meeting of the Board and decisions shall be on the basis of a simple majority vote

- 21 2 The Majority Shareholder shall be entitled to nominate and (after prior consultation with the Managers) appoint one of the Directors to act as Chairman and shall be entitled to remove such Director from that post and to appoint another Director to act as Chairman in his place. Such appointments and removals shall be effected in the same manner as the appointment and removal of Directors pursuant to Article 20 1

Directors

22. Unanimous decisions

- 22 1 A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter
- 22 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
- 22 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

23 Calling a directors' meeting

Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice

24. Quorum for directors' meetings

- 24 1 The quorum for the transaction of business at a meeting of directors is any two eligible directors
- 24 2 For the purposes of any meeting (or part of a meeting) held pursuant to Article 26 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
- 24 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
- 24 3 1 to appoint further directors, or
- 24 3 2 to call a general meeting so as to enable the Shareholders to appoint further directors

25 Transactions or other arrangements with the company

- 25 1 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
- 25 1 1 may be a party to, or otherwise interested in, any transaction or arrangement with the company or in which the company is otherwise (directly or indirectly) interested,
- 25 1 2 shall be an eligible director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such contract or proposed contract in which he is interested,
- 25 1 3 shall be entitled to vote at a meeting of directors (or of a committee of the directors) or participate in any unanimous decision, in respect of such contract or proposed contract in which he is interested,

- 25 1 4 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,
- 25 1 5 may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the company is otherwise (directly or indirectly) interested, and
- 25 1 6 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

26 Directors' conflicts of interest

- 26 1 The directors may, in accordance with the requirements set out in this article, authorise any matter or situation proposed to them by any director which would, if not authorised, involve a director (an **"Interested Director"**) breaching his duty under section 175 of the Act to avoid conflicts of interest (**"Conflict"**)
- 26 2 Any authorisation under this Article 26 will be effective only if
- 26 2 1 the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of these Articles,
- 26 2 2 any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director or any other interested director, and
- 26 2 3 the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's and any other interested director's vote had not been counted
- 26 3 Any authorisation of a Conflict under this Article 26 may (whether at the time of giving the authorisation or subsequently)
- 26 3 1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised,
- 26 3 2 provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict,
- 26 3 3 provide that the Interested Director shall or shall not be an eligible director in respect of any future decision of the directors in relation to any resolution related to the Conflict,
- 26 3 4 impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit,
- 26 3 5 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

26 3 6 permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the directors and be excused from reviewing papers prepared by, or for, the directors to the extent they relate to such matters

26 4 Where the directors authorise a Conflict, the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the directors in relation to the Conflict

26 5 The directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, prior to such revocation or variation, in accordance with the terms of such authorisation

26 6 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the directors or by the company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds

27. Records of decisions to be kept

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

28. Number of directors

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

29. Secretary

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

Decision making by Shareholders

30 Poll votes

30 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

30 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

31 Proxies

31 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"

- 31 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

32 Means of communication to be used

- 32 1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient
- 32 1 1 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),
- 32 1 2 if properly addressed and delivered by hand, when it was given or left at the appropriate address,
- 32 1 3 if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied, and
- 32 1 4 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

- 32 2 In proving that any notice, document or other information was properly addressed, it shall suffice to show that the notice, document or other information was addressed to an address permitted for the purpose by the Act

33 Indemnity

- 33 1 Subject to article 33 2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled
- 33 1 1 each relevant officer shall be indemnified out of the company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer

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

33 1 2 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 18(1)(a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure

33 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

33 3 In this Article "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))

34. Insurance

34 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

34 2 In this article

34 2 1 a "relevant officer" means any director or other officer or former director or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act)),

34 2 2 a "relevant loss" means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the company, any associated company or any pension fund or employees' Share scheme of the company or associated company, and

34 2 3 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate

Appendix
Arrangements applying to a holder of Ordinary Shares
upon a Trigger Notice being served

The price payable to holders of Ordinary Shares in circumstances where such holder has become a Compulsory Seller and the maximum number of shares to be sold shall be determined as follows

If the Compulsory Seller is (i) a Bad Leaver, or (ii) a holder of C Ordinary Shares and a Good Leaver, then the price payable for each Affected Share shall be the nominal value

If the Compulsory Seller is a Good Leaver and a holder of B Ordinary Shares then the price payable for each Affected Share is fair market value

For Good Leavers holding B Ordinary Shares, the Relevant Number is 50% save in circumstances of voluntary resignation in which case the Relevant Number is determined as follows

B Ordinary Shareholder voluntary resignation	Trigger Event occurring on or before.		
	2nd Anniversary of the Subscription Date	3rd Anniversary of the Subscription Date	4th Anniversary of the Subscription Date and thereafter
Relevant Number	100% of Compulsory Sale Shares	75% of Compulsory Sale Share	50% of Compulsory Sale Shares

If the Compulsory Seller is a Good Leaver (which for these purposes does not include voluntary resignation by the Compulsory Seller, as to which see below) and a holder of A Ordinary Shares then the price payable for each Affected Share is determined as follows

	Trigger Event occurring on or before				
	1st Anniversary of the Subscription Date	2nd Anniversary of the Subscription Date	3rd Anniversary of the Subscription Date	4th Anniversary of the Subscription Date	Thereafter
% of Shares for which the price payable is the lower of £0.01 per Share and fair market value	100%	66.6%	33.3%	0%	0
% of Shares for which the price payable is fair market value	0	33.3%	66.6%	100%	100%

If the Compulsory Seller is a Good Leaver (which for these purposes does not include voluntary resignation by the Compulsory Seller, as to which see below) and a holder of D Ordinary Shares then the price payable for each Affected Share is determined as follows

	Trigger Event occurring on or before					
	1 st Anniversary of the Subscription Date	2 nd Anniversary of the Subscription Date	3 rd Anniversary of the Subscription Date	4 th Anniversary of the Subscription Date	5 th Anniversary of the Subscription Date	Thereafter
% of Shares for which the price payable is the lower of £0.01 per Share and fair market value	100%	80%	60%	40%	20%	0%
% of Shares for which the price payable is fair market value	0	20%	40%	60%	80%	100%

If the Compulsory Seller is a Good Leaver and a holder of A Ordinary Shares and the Trigger Event is the voluntary resignation by the Compulsory Seller then the price payable for each Affected Share is determined as follows

	Trigger Event occurring on or before:				
	1 st Anniversary of the Subscription Date	2 nd Anniversary of the Subscription Date	3 rd Anniversary of the Subscription Date	4 th Anniversary of the Subscription Date	Thereafter
% of Shares for which the price payable is the lower of £0.01 and fair market value	100%	75%	50%	25%	0%
% of Shares for which the price payable is fair market value	0	25%	50%	75%	100%

If the Compulsory Seller is a Good Leaver and a holder of D Ordinary Shares and the Trigger Event is the voluntary resignation by the Compulsory Seller then the price payable for each Affected Share is determined as follows

	Trigger Event occurring on or before			
	3 rd Anniversary of the Subscription Date	4 th Anniversary of the Subscription Date	5 th Anniversary of the Subscription Date	Thereafter
% of Shares for which the price payable is the lower of £0.01 and fair market value	100%	70%	60%	50%
% of Shares for which the price payable is fair market value	0%	30%	40%	50%

If less than 100% of a Compulsory Seller's A Ordinary Shares are the subject of a Trigger Notice then the proportion of Shares bought at the different prices as set out above shall apply to whatever the number of Shares being acquired

If the Majority Shareholder and the Compulsory Seller are unable, within 1 month of service of a Trigger Notice, to agree the price to be paid for the Affected Shares then the fair market value shall be the price per Share determined in writing by the Independent Accountant on the following bases and assumptions

- (a) valuing each of the Affected Shares as a proportion of the total value of all the issued Shares in the capital of the Company without any premium or discount being attributable to the percentage of the issued Share capital of the Company which they represent,
- (b) on the assumption that the Company continues to carry on as a going concern,
- (c) the sale is on arm's length terms between a willing seller and a willing buyer,
- (d) the Affected Shares are sold free of all Encumbrances,
- (e) the sale is taking place on the date the Trigger Event occurred and by reference to the prior year's audited financial statements, and
- (f) disregarding the existence of any Shareholders' Agreement

The Majority Shareholder shall procure that the Company appoint the Independent Accountant and in this respect, it shall be for the Company to agree the terms of such appointment (subject always to the valuation principles set out above) The costs of the Independent Accountant shall be for the Company's account unless, in its absolute discretion, the Independent Accountant shall determine that in all the circumstances a contribution by the Compulsory Seller is appropriate, in which case, any such contribution shall be deducted from the price payable for the Compulsory Sale Shares and remitted to the Company)