

Company Number: 08499203

The Companies Act 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

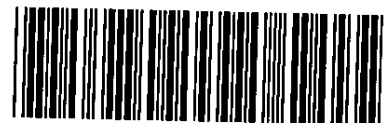
PENCARRIE GROUP LTD

Incorporated on 22 April 2013

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THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
PENCARRIE GROUP LTD
(Adopted by special resolution passed on 25 October 2018)

INTRODUCTION

1 INTERPRETATION

- 1.1 In these Articles, unless expressly provided otherwise, the following words have the following meanings:

A Ordinary Shares: the A ordinary shares of £1.00 each in the capital of the Company;

Act: the Companies Act 2006;

acting in concert: has the meaning given to it in the City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended);

Adoption Date: the date of adoption of these Articles;

Articles: the Company's articles of association for the time being in force;

Available Profits: profits available for distribution within the meaning of part 23 of the Act;

B Ordinary Shares: the B ordinary shares of £1.00 each in the capital of the Company;

Bank: Santander UK PLC;

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

C Ordinary Shares: the C ordinary shares of £1.00 each in the capital of the Company;

Call: has the meaning given to it in *article 25.3*;

Call Notice: has the meaning given to it in *article 25.3*;

Companies Acts: has the meaning given to it in the Act;

Company: means PenCarrie Group Ltd (Company number 8499203);

Compulsory Departing Shareholder: a Shareholder who is deemed to have served a Transfer Notice under any of the provisions of these Articles;

connected: has the meaning given in section 252 of the Act;

Controlling Interest: an interest in Shares conferring on the holder or holders control of the Company within the meaning of section 1124 of the Corporation Tax Act 2010;

Deemed Transfer Notice: a Transfer Notice which is deemed to have been served by any of the provisions of these Articles;

Directors: the directors of the Company from time to time;

Disposal: the disposal by the Company of all, or a substantial part of, its business and assets;

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);

Equity Shares: the Preferred Shares and the Ordinary Shares;

Exit: a Share Sale, a Disposal or a Listing;

Family Trust: as regards any particular individual Shareholder (or deceased or former individual Shareholder) trusts (whether arising under a settlement, declaration of trust or other instrument by whomsoever or wheresoever made, or under a testamentary disposition or on an intestacy) under which no immediate beneficial interest in any of the Shares in question is for the time being vested in any person other than the particular Shareholder and/or any of the Privileged Relations of that Shareholder (and so that for this purpose a person shall be considered to be beneficially interested in a Share if such Share or the income thereof is liable to be transferred or paid or applied or appointed to or for the benefit of any such person or any voting or other rights attaching thereto are exercisable by or as directed by any such person pursuant to the terms of the relevant trusts or in consequence of an exercise of a power or discretion conferred thereby on any person or persons);

Financial Year: an accounting reference period (as defined in section 391 of the Act) of the Company;

First Offer Shareholders: in respect of:

- (a) an offer of Preferred Shares, the holders of Preferred Shares; and
- (b) an offer of Ordinary Shares, the holders of Ordinary Shares;

Founder: a holder for the time being of Preferred Shares;

Founder Consent: the prior consent in writing of the Founder Director;

Founder Director: has the meaning given in *article 6.1*;

Founder Majority: the holder(s) for the time being of more than 50% by nominal value of the Preferred Shares in issue from time to time;

Founder Shareholders: Paul Richard Persey and Caroline Eleanor Persey;

Group: the Company and its subsidiaries (if any) from time to time and **Group Company** shall be construed accordingly;

holding company: has the meaning given in section 1159 of the Act;

Independent Expert: 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, 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);

Issue Price: in respect of any Share, the subscription price paid (or agreed to be paid) in respect of that Share, including any share premium;

Lien Enforcement Notice: means a notice in writing which complies with the requirements of *article 25.2.2*;

Listing: the successful application and admission of all or any of the Shares, or securities representing such Shares (including American depositary receipts, American depositary shares and/or other instruments) to the Official List of the UK Listing Authority or on the AIM market operated by the London Stock Exchange plc, or the Nasdaq National Stock Market of the Nasdaq Stock Market Inc., or to any recognised investment exchange (as defined in section 285 of the Financial Services and Markets Act 2000);

Loan Notes means £800,000 secured loan notes 2028, or such amount thereof outstanding, constituted by the Company on or around the Adoption Date;

Member of the Same Group: as regards any company, a company which is from time to time a holding company or a subsidiary of that company or a subsidiary of any such holding company;

Model Articles: the model articles for private companies limited by shares contained in Schedule 1 to The Companies (Model Articles) Regulations 2008 (*SI 2008/3229*), as amended prior to the Adoption Date;

Ordinary Shares: the A Ordinary Shares, the B Ordinary Shares and the C Ordinary Shares;

Original Shareholder: has the meaning given in *article 17.1*;

Permitted Transfer: a transfer of Shares made in accordance with *article 17*;

Permitted Transferee: in relation to a Shareholder who is an individual, any of his Privileged Relations or the trustee(s) of a Family Trust;

Preferred Shares: the redeemable preferred ordinary shares of £1.00 each in the capital of the Company;

Privileged Relation: in relation to a Shareholder who is an individual Shareholder (or a deceased or former individual Shareholder) means a child or grandchild (including step or adopted or illegitimate child and their issue) or a Privileged Relation of another Shareholder;

Relevant Securities: any Shares or other securities convertible into, or carrying the right to subscribe for Shares, issued by the Company after the Adoption Date, other than:

- (a) the grant of any options under a Share Option Plan (and the issue of Shares on the exercise of any such options);
- (b) any Shares or other securities issued by the Company in order for the Company to comply with its obligations under these Articles; and

- (c) any Shares or other securities issued in consideration of the acquisition by the Company of any company or business which has been approved by Investor Consent;

Restricted Shares: has the meaning given in *article 20.3*

Sale Shares: has the meaning given in *article 18.2.1*;

Second Offer Shareholders: in respect of an offer of Preferred Shares, the holders of Ordinary Shares;

Seller: has the meaning given in *article 18.2*;

Shareholder: a holder for the time being of any Share or Shares;

Shares: shares (of any class) in the capital of the Company and **Share** shall be construed accordingly;

Share Sale: the sale of (or the grant of a right to acquire or to dispose of) any Shares (in one transaction or as a series of transactions) which would, if completed, result in the buyer of those Shares (or grantee of that right) and persons acting in concert with him together acquiring a Controlling Interest, except where the Shareholders and the proportion of Shares held by each of them following completion of the sale are the same as the Shareholders and their shareholdings in the Company immediately before the sale;

subsidiary: in relation to a holding company wherever incorporated, means a "subsidiary" (as defined in section 1159 of the Act) for the time being and any other company which for the time being is itself a subsidiary (as so defined) of a company which is itself a subsidiary of such holding company;

Transfer Notice: has the meaning given in *article 18.2*; and

Transfer Price: has the meaning given in *article 19*.

1.2 A reference in these Articles to:

1.2.1 an **Article** is a reference to the relevant numbered article of these Articles; and

1.2.2 a **model article** is a reference to the relevant article,

unless expressly provided otherwise.

1.3 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 (but excluding any statutory modification of them not in force on the Adoption Date).

1.4 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.

1.5 In these Articles, words denoting the singular include the plural and vice versa and reference to one gender includes the other gender and neuter and vice versa.

1.6 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:

- 1.6.1 any subordinate legislation from time to time made under it; and
- 1.6.2 any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.

2 ADOPTION OF THE MODEL ARTICLES

- 2.1 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles or are inconsistent with these Articles, and, subject to any such modifications, exclusions or inconsistencies, shall together with these Articles constitute the articles of association of the Company to the exclusion of any other articles or regulations set out in any statute or in any statutory instrument or other subordinate legislation.
- 2.2 Model articles 7, 8, 9(1) and (3), 11(2) and (3), 12, 13, 14(1) to (4) (inclusive), 22, 26(5), 38, 50 and 51 shall not apply to the Company.
- 2.3 Model article 20 shall be amended by the insertion of the words "and the secretary" before the words "properly incur".
- 2.4 In model article 25(2)(c), the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity".
- 2.5 Model article 29 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".

DIRECTORS

3 NUMBER OF DIRECTORS

Unless otherwise determined by ordinary resolution, the number of Directors shall not be less than two.

4 PROCEEDINGS OF DIRECTORS

- 4.1 Any decision of the Directors must be taken at a meeting of Directors in accordance with these Articles or must be a decision taken in accordance with *article 4.2* (subject to *article 4.3* and *article 4.4*).
- 4.2 A unanimous decision of the Directors is taken when all Eligible Directors indicate to each other by any means that they share a common view on a matter.
- 4.3 A decision taken in accordance with *article 4.2* 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.
- 4.4 A decision may not be taken in accordance with *article 4.2* if the Eligible Directors would not have formed a quorum at a Directors' meeting to vote on the matter in accordance with *article 4.6* and *article 4.7*.

4.5 Any Director may call a meeting of the Directors, or authorise the company secretary (if any) to give such notice. At least 5 Business Days' advance notice of each such meeting shall be given to each Director (except with the prior consent of the Founder Director, when meetings of the Directors may take place on shorter notice).

4.6 The quorum for any meeting (or, where specified below, part of a meeting) of the Directors shall be two Eligible Directors, which must include the Founder Director in office for the time being, unless:

4.6.1 there is no Founder Director in office for the time being; or

4.6.2 such Founder Director has, in respect of any particular meeting (or part of a meeting), otherwise agreed ahead of such meeting; or

4.6.3 such Founder Director is not, in respect of any particular meeting (or part of a meeting), an Eligible Director.

in which case, subject to *article 4.7*, the quorum for such meeting (or part of the meeting, as the case may be) shall be any two Eligible Directors. If the necessary quorum is not present within 30 minutes from the time appointed for the meeting, or if, during a meeting, such quorum ceases to be present, the meeting shall stand adjourned to such time and place as the Directors determine. If a quorum is not present at any such adjourned meeting within 30 minutes from the time appointed, then the meeting shall proceed.

4.7 For the purposes of any meeting (or part of a meeting) held pursuant to *article 8* to authorise a Conflict (as defined in *article 8.1*), if there is only one Eligible Director in office other than the conflicted Director(s), the quorum for such meeting (or part of a meeting) shall be one Eligible Director.

4.8 If the number of Directors in office for the time being is less than two, the Director in office must not take any decision other than a decision to:

4.8.1 appoint further Directors; or

4.8.2 call a general meeting so as to enable the Shareholders to appoint further Directors.

4.9 Questions arising at any meeting of the Directors shall be decided by a majority of votes. If there is an equality of votes, the chairman of the meeting shall not have a second or casting vote.

4.10 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.

5 APPOINTMENT AND REMOVAL OF DIRECTORS

5.1 Model article 18 shall be modified by the addition of the following events upon the occurrence of which a person shall cease to be a Director:

5.1.1 he is convicted of a criminal offence (other than a minor motoring offence) and a majority of the other Directors resolve that he cease to be a Director;

- 5.1.2 save in the case of the Founder Director a majority of the other Directors resolve that he cease to be a Director; and
 - 5.1.3 in the case of an executive Director only, he shall cease to be employed by the Company or other Group Company (as appropriate) and does not continue as an employee of any other Group Company.
- 5.2 The right to appoint and remove the Founder Director under this *article 5* shall be a class right attaching to the Preferred Shares.
- 5.3 No Founder Director shall be appointed or removed otherwise than pursuant to these Articles, save as provided by law.

6 FOUNDER DIRECTOR

- 6.1 A Founder Majority shall from time to time have the right, for so long as the Founders hold Preferred Shares to appoint, by notice in writing addressed to the Company, and to maintain in office, one person as a Director (a **Founder Director**) and to remove any such Founder Director and to appoint a replacement.
- 6.2 Any appointment or removal of a Founder Director made in accordance with *article 6.1* shall take immediate effect upon receipt (or deemed receipt) by the Company of such notice in writing, or the production of such notice at a meeting of the Directors or, if later, the date (if any) specified in such notice.
- 6.3 A Founder Director shall be entitled to be appointed to any committee of the Directors established from time to time.

7 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:

- 7.1.1 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;
- 7.1.2 shall be an Eligible Director for the purposes of any proposed decision of the Directors (or committee of the Directors) in respect of such existing or proposed transaction or arrangement in which he is interested;
- 7.1.3 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 existing or proposed transaction or arrangement in which he is interested;
- 7.1.4 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;

- 7.1.5 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
- 7.1.6 shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him) derives from any such transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such 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.

8 DIRECTORS' CONFLICTS

- 8.1 The Directors may, in accordance with the requirements set out in this *article 8*, 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**).
- 8.2 Any authorisation under this *article 8* will be effective only if:
 - 8.2.1 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 Directors under the provisions of these Articles or in such other manner as the Directors may determine;
 - 8.2.2 any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
 - 8.2.3 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.
- 8.3 Any authorisation of a Conflict under this *article 8* may (whether at the time of giving the authorisation or subsequently):
 - 8.3.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
 - 8.3.2 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;
 - 8.3.3 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;
 - 8.3.4 impose upon the Interested Director such other terms for the

purposes of dealing with the Conflict as the Directors think fit;

- 8.3.5 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
- 8.3.6 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.
- 8.4 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.
- 8.5 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.
- 8.6 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 in accordance with these Articles or by the Company in general meeting (subject in each case to any terms and conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

9 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

10 DIVIDENDS

- 10.1 Subject to *article 10.4*, any Available Profits which the Company may determine to distribute in respect of any Financial Year will be apportioned between the four classes of shares of the Company in such manner as the directors shall determine.
- 10.2 Subject to the Companies Acts and *article 10.4*, the Directors may pay interim dividends provided that:
 - 10.2.1 the Available Profits of the Company justify the payment; and
 - 10.2.2 the Company obtains Founder Consent to any such interim dividend.

- 10.3 Unless the Directors in their discretion determine otherwise, the Company shall procure that the profits of any other Group Company available for distribution shall from time to time (and to the extent lawful), be paid by way of dividend to the Company (or, as the case may be, the relevant Group Company that is its immediate holding company).
- 10.4 No profits shall be distributed either by the Company or any Group Company if at the time of such distribution there is then subsisting any circumstances which entitle the holders of the Preferred Shares to vote at any general meeting of the Company.

11 REDEMPTION OF PREFERRED SHARES

- 11.1 Subject to the Act, the Company may redeem all or any number of the Preferred Shares at any time by giving not less than 14 days' written notice to the holders of Preferred Shares (**Redemption Notice**) provided that there are no circumstances subsisting on the date of the Redemption Notice which entitle the holders of the Preferred Shares to vote at any general meeting of the Company.
- 11.2 The Preferred Shares shall be redeemed immediately following the expiry of, or on the date stated in, Redemption Notice (**Redemption Date**).
- 11.3 On the Redemption Date, the Company shall pay the original Issue Price on each of the Preferred Shares redeemed.
- 11.4 On any Redemption Date the Company shall pay to each registered holder of Preferred Shares the amount payable in respect of such redemption. On receipt of that amount, each such holder shall surrender to the Company the certificate for the shares that are to be redeemed (or an indemnity in a form reasonably satisfactory to the board of directors of the Company in respect of any lost share certificate) to be cancelled. If any certificate (or indemnity) so surrendered includes any shares that are not redeemable at that time, the Company shall issue a new share certificate for the balance of the shares not redeemable to the holder. If there is more than one holder of Preferred Shares, any redemption shall be made among such holders pro rata (as nearly as possible) to their respective holdings.
- 11.5 If, on any Redemption Date, the Company is prohibited from redeeming some or all of the Preferred Shares then due to be redeemed, the Company shall redeem such number of Preferred Shares as it is lawfully able to redeem. If there is more than one holder whose Preferred Shares are due to be redeemed, those Preferred Shares shall be redeemed in proportion as nearly as possible to their existing holdings of Preferred Shares and the Company shall redeem the balance of those shares as soon as practicable.
- 11.6 For the avoidance of doubt, the Company shall not be entitled to redeem any of the Ordinary Shares at any time.

12 LIQUIDATION PREFERENCE

On a return of assets on liquidation, capital reduction or otherwise (other than a conversion or purchase of Shares), the assets of the Company remaining

after the payment of its liabilities shall be applied (to the extent that the Company is lawfully able to do so) in the following order of priority:

- 12.1.1 first, in paying to the holders of the Preferred Shares in respect of each Preferred Share held the Issue Price of that Preferred Share, together with a sum equal to any arrears and accruals of any dividends in respect of that Preferred Share calculated down to (and including) the date of the return of capital and, if there is a shortfall of assets remaining to satisfy such payments in full, the proceeds shall be distributed to the holders of the Preferred Shares pro rata to the aggregate amounts due under this *article 12.1.1* to each such Preferred Share held; and
- 12.1.2 second, in paying to the holders of the Ordinary Shares in respect of each Ordinary Share held the Issue Price of that Ordinary Share, together with a sum equal to any arrears and accruals of dividend in respect of that Ordinary Share and, if there is a shortfall of assets remaining to satisfy such payments in full, the proceeds shall be distributed to the holders of the Ordinary Shares pro rata to the aggregate amounts due under this *article 12.1.2* to each such Ordinary Share held; and
- 12.1.3 thereafter, in distributing the balance among the holders of the A Ordinary Shares and B Ordinary Shares pro rata to the number of A Ordinary Shares and/or B Ordinary Shares held.

13 EXIT PROVISIONS

- 13.1 The proceeds of a Share Sale shall be distributed in the order of priority set out in clause 12. The Directors shall not register any transfer of Shares if the consideration payable (including any deferred consideration) whether in cash or otherwise to those Shareholders selling Shares under a Share Sale (**Sale Proceeds**) is not distributed in that manner provided that, if the Sale Proceeds are not settled in their entirety upon completion of the Share Sale:
 - 13.1.1 the Directors may register the transfer of the relevant Shares, provided that the Sale Proceeds due on the date of completion of the Share Sale have been distributed in the order of priority set out in *article 12*; and
 - 13.1.2 each Shareholder shall take any reasonable action (to the extent lawful) required by a Founder Majority to ensure that the balance of the Sale Proceeds are distributed in the order of priority set out in *article 12*.
- 13.2 On a Disposal, the surplus assets of the Company remaining after payment of its liabilities shall be distributed (to the extent that the Company is lawfully permitted to do so) in the order of priority set out in *article 12*, provided always that if it is not lawful for the Company to distribute its surplus assets in accordance with the provisions of these Articles, each Shareholder shall (to the extent lawful) take any reasonable action required by a Founder Majority (including, but without prejudice to the generality of this *article 13.2*, such action as may be necessary to put the Company into voluntary liquidation so that *article 12* applies).

13.3 In the event of an Exit approved by the Directors (acting with Founder Consent) (**Proposed Exit**), all Shareholders shall consent to, vote for, raise no objections to and waive any applicable rights in connection with the Proposed Exit. The Shareholders shall be required to take all lawful actions with respect to the Proposed Exit as are reasonably required by the Directors to facilitate the Proposed Exit. If any Shareholder fails to comply with the provisions of this *article 13.3*:

13.3.1 the Company shall be constituted the agent and attorney of each defaulting Shareholder for taking such actions as are necessary to effect the Proposed Exit;

13.3.2 the Directors may authorise an officer of the Company or a Shareholder to execute and deliver on behalf of such defaulting Shareholder all or any necessary documents; and

13.3.3 the Company may receive any purchase money due to the defaulting Shareholder in trust for each of the defaulting Shareholders (without any obligation to pay interest).

14 **VARIATION OF CLASS RIGHTS**

14.1 Whenever the share capital of the Company is divided into different classes of Shares, the special rights attached to any such class may only be varied or abrogated (either whilst the Company is a going concern or during or in contemplation of a winding up) with the consent in writing of the holders of at least 75% in nominal value of the issued Shares of that class.

14.2 Without prejudice to the generality of *article 14.1*, the special rights attaching to the Preferred Shares shall be deemed to be varied by the occurrence of any of the following events:

14.2.1 the amendment or repeal of any provision of, or addition of any provision to, the constitution of any Group Company;

14.2.2 the alteration in any manner (including, without limitation, by an increase, reduction, sub-division, consolidation, re-classification or a change in any of the rights attached) of any of the issued share capital or other securities of any Group Company or the creation by any Group Company of any shares or other securities (save as expressly provided otherwise in these Articles);

14.2.3 the grant of any option, warrant or other right to acquire or subscribe for shares in or other securities of any Group Company;

14.2.4 the approval of any merger, liquidation, dissolution or acquisition of any Group Company or the sale of all or a substantial part of the business, undertaking or assets of any Group Company;

14.2.5 the purchase by any Group Company of any Shares or the redemption of any shares or other securities of any Group Company other than the Preferred Shares;

14.2.6 the acquisition by any Group Company of any shares or other securities, or any option, warrant or other right to acquire or

subscribe for any of the same, in any entity (whether or not incorporated);

- 14.2.7 save as expressly provided otherwise in these Articles, the application by capitalisation of any sum in or towards paying up any shares or other securities of any Group Company, or any other reduction of any amount standing from time to time to the credit of the share premium account or capital redemption reserve of any Group Company;
 - 14.2.8 the entering into by any Group Company of a voluntary winding up;
 - 14.2.9 the transferring of any profits to reserves or otherwise (save in the ordinary course of business) and the taking of any action (excluding payment of dividends) which may reduce the amount of the profits of any Group Company available for distribution;
 - 14.2.10 the appointment or removal of any director of any Group Company, other than the appointment or removal of a Founder Director made in accordance with *article 6* and save as provided by law;
 - 14.2.11 the redenomination of any of the issued share capital of any Group Company; and
 - 14.2.12 any Group Company incurring any obligation (whether or not conditional) to do any of the foregoing .
- 14.3 The creation of a new class of Shares which has preferential rights to one or more existing classes of Shares shall not, except as provided in *article 14.2*, constitute a variation of the rights of those existing classes of Shares.

15 PRE-EMPTION RIGHTS ON THE ISSUE OF FURTHER SHARES

- 15.1 Save to the extent authorised by these Articles, the Directors shall not, save with Founder Consent, exercise any power to allot Shares or to grant rights to subscribe for, or to convert any security into, any Shares.
- 15.2 Subject to the remaining provisions of this *article 15*, the Directors are generally and unconditionally authorised, for the purposes of section 551 of the Act, to exercise any power of the Company to:
- 15.2.1 offer or allot;
 - 15.2.2 grant rights to subscribe for or to convert any security into; and
 - 15.2.3 otherwise deal in, or dispose of,
- any Shares (or any options, warrants, conversion rights and all other rights to acquire or subscribe for Shares) to any person, at any time and subject to any terms and conditions as the Directors think proper.
- 15.3 The authority referred to in *article 15.2*:
- 15.3.1 shall be limited to a maximum nominal amount of £7,200,000 of Preferred Shares and £660 A Ordinary Shares, £100 B Ordinary Shares and £1,275,000 C Ordinary Shares; and

- 15.3.2 may only be exercised for a period of five years from the Adoption Date save that, subject to these Articles, the Directors may make an offer or agreement which would, or might, require any Shares to be allotted after the expiry of such authority (and the Directors may allot Shares in pursuance of an offer or agreement as if such authority had not expired).
- 15.4 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 TRANSFERS OF SHARES: GENERAL**
- 16.1 In these Articles, reference to the transfer of a Share includes the transfer, assignment or other disposal of a beneficial or other interest in that Share, or the creation of a trust or encumbrance over that Share, and reference to a Share includes a beneficial or other interest in a Share.
- 16.2 No Share shall be transferred, and the Directors shall refuse to register a transfer of any Share, unless it is made in accordance with these Articles. Subject to *article 16.4*, the Directors shall register any duly stamped transfer made in accordance with these Articles, unless they suspect that the proposed transfer may be fraudulent.
- 16.3 If a Shareholder transfers (or purports to transfer) a Share other than in accordance with these Articles, he shall be deemed to have immediately served a Transfer Notice in respect of all Shares held by him.
- 16.4 The Directors may, as a condition to the registration of any transfer of Shares, require the transferee to execute and deliver to the Company a deed, in favour of the Company agreeing to be bound by the terms of any shareholders' agreement (or similar document) in force between any of the Shareholders, in such form as the Directors may reasonably require (but not so as to oblige the transferee to have any obligations or liabilities greater than those of the proposed transferor). If any condition is imposed in accordance with this *article 16.4*, the transfer may not be registered unless and until that deed has been executed and delivered to the Company's registered office by the transferee.
- 16.5 To enable the Directors to determine whether or not there has been any transfer (or purported transfer) of Shares the Directors may, and shall if so requested by the Founder Director, require:
- 16.5.1 any holder (or the legal representatives of a deceased holder); or
- 16.5.2 any person named as a transferee in a transfer lodged for registration; or
- 16.5.3 such other person as the Directors or the Founder Director may reasonably believe to have information relevant to that purpose,
- to provide the Company with any information and evidence that the Directors think fit regarding any matter which they deem relevant to that purpose.
- 16.6 If any such information or evidence referred to in *article 16.5* is not provided

to enable the Directors to determine to their reasonable satisfaction that no breach has occurred, or that as a result of the information and evidence provided the Directors are reasonably satisfied that a breach has occurred, the Directors shall immediately notify the holder of such Shares of that fact in writing and, if the holder fails to remedy that situation to the reasonable satisfaction of the Directors (including the founder Director) within 5 Business Days of receipt of such written notice, then, unless otherwise directed in writing by the Directors (including for this purpose the Founder Director):

16.6.1 the relevant Shares shall cease to confer on the holder of them any rights:

16.6.1.1 to vote (whether on a show of hands, on a poll or otherwise and whether in person, by proxy or otherwise), including in respect of any resolution of any class of Shares; or

16.6.1.2 to receive dividends or other distributions; and

16.6.2 the Directors may (with the approval of the Founder Director), by notice in writing to the relevant holder, determine that a Transfer Notice shall be deemed to have been given in respect of some or all of his Shares with effect from the date of service of the notice (or such later date as may be specified in such notice).

The Directors may (with Founder Consent) reinstate the rights referred to in *article 16.6.1* at any time and, in any event, such rights shall be reinstated in respect of any Shares transferred pursuant to *article 16.6.2* on completion of such.

16.7 Unless expressly provided otherwise in these Articles, if a Transfer Notice is deemed to have been given under these Articles, the Deemed Transfer Notice shall be treated as having specified that:

16.7.1 it does not contain a Minimum Transfer Condition; and

16.7.2 the Seller wishes to transfer all the Shares held by him (including any Shares acquired after the date the relevant Transfer Notice is deemed given but before completion of the transfer of Shares pursuant to the relevant Transfer Notice).

16.8 Any Transfer Notice (but not a Drag Along Notice (as defined in *article 20*) or an Offer Notice as defined in *article 22.2*) served in respect of the transfer of any Share which has not completed before the date of service of a Deemed Transfer Notice shall (save with Founder Consent to the contrary) automatically be revoked by the service of a Deemed Transfer Notice.

17 PERMITTED TRANSFERS OF SHARES

17.1 A Shareholder (the **Original Shareholder**) may transfer all or any of his or its Shares to a Permitted Transferee at any time and for any price with the exception that no Ordinary Shares may be transferred by any of the Shareholders to either of the Founder Shareholders at any time.

17.2 Where Shares are held by the trustee(s) of a Family Trust, the trustee(s) may

transfer Shares to:

- 17.2.1 the Original Shareholder;
- 17.2.2 any Privileged Relation(s) of the Original Shareholder, other than a Founder Shareholder;
- 17.2.3 subject to *article 17.3*, the trustee(s) of another Family Trust of which the Original Shareholder is the Settlor; or
- 17.2.4 subject to *article 17.3*, to the new (or remaining) trustee(s) upon a change of trustee(s) of a Family Trust,

without any price or other restriction.

17.3 A transfer of Shares may only be made to the trustee(s) of a Family Trust if the Founder Director is satisfied:

- 17.3.1 with the terms of the trust instrument and, in particular, with the powers of the trustee(s);
- 17.3.2 with the identity of the proposed trustee(s);
- 17.3.3 that the proposed transfer will not result in 50% or more of the aggregate of the Company's equity share capital being held by trustees of that and any other trusts; and
- 17.3.4 that no costs incurred in connection with the setting up or administration of that Family Trust are to be paid by the Company.

17.4 A Shareholder may transfer all or any of his Preferred Shares to another Shareholder at any time and for any price.

17.5 Notwithstanding any other provision of this *article 17*, a transfer of any Shares approved by the Directors (acting with Founder Consent) may be made without any price or other restriction and any such transfer shall be registered by the Directors.

18 PRE-EMPTION RIGHTS ON THE TRANSFER OF SHARES

18.1 Except where the provisions of *article 17* apply and save as otherwise provided in clauses 21.11 and 22.6, any transfer of Shares by a Shareholder shall be subject to the pre-emption rights in this *article 18*.

18.2 A Shareholder who wishes to transfer Shares (a **Seller**) shall, before transferring or agreeing to transfer any Shares, give notice in writing (a **Transfer Notice**) to the Company specifying:

- 18.2.1 subject to *article 16.7.2*, the number and class of Shares he wishes to transfer (**Sale Shares**);
- 18.2.2 the name of the proposed transferee, if any;
- 18.2.3 the price per Sale Share (in cash), if any, at which he wishes to transfer the Sale Shares and which, if the Sale Shares are Preferred Shares, shall be the par value (the **Proposed Sale**

Price); and

18.2.4 subject to *article 16.7.1*, whether the Transfer Notice is conditional on all or a specific number of the Sale Shares being sold (a **Minimum Transfer Condition**).

18.3 Once given, a Transfer Notice may only be withdrawn with Founder Consent

18.4 A Transfer Notice (or Deemed Transfer Notice) constitutes the Company the agent of the Seller for the sale of the Sale Shares at the Transfer Price.

18.5 As soon as practicable following the later of:

18.5.1 receipt of a Transfer Notice (or in the case of a Deemed Transfer Notice, the date such notice is deemed to be served); and

18.5.2 if the Sale Share are Ordinary Shares, the determination of the Transfer Price,

the Directors shall (unless the Transfer Notice is withdrawn in accordance with *article 18.3*) offer the Sale Shares for sale in the manner set out in the remaining provisions of this *article 18* at the Transfer Price. Each offer shall be in writing and give details of the number and Transfer Price of the Sale Shares offered.

18.6 If the Sale Shares are Preferred Shares, the Company shall offer them in the following order of priority:

18.6.1 first, to the holders of Preferred Shares; and

18.6.2 second, to the holders of Ordinary Shares other than the Founder Shareholders,

in each case on the basis set out in *article 18.9* to *article 18.18* (inclusive).

18.7 If the Sale Shares are Ordinary Shares, then within 7 days of the Transfer Price being determined in accordance with *article 19*, the Sale Shares shall first be offered to the Company whereupon the Directors shall consider and decide whether the Company wishes to and, subject to due compliance with all statutory requirements, is in a position to purchase back all or some of the Sale Shares. The Directors' decision shall be communicated to the Seller within 30 days of the offer being made to the Company. If the Directors decide that the Company wishes to and is able to buy back some or all of the Sale Shares, the Directors and the Seller shall procure that all requisite resolutions are validly passed at duly convened and quorate meetings of the board of Directors and the Ordinary Shareholders and that all the provisions of the Act and all other statutory requirements are fully complied with in relation to the buy-back of any of the Sale Shares. If the company decides to buy back all or any number of the Sale Shares, then any references to Sale Shares in *articles 18.8* to *18.18* shall mean the number of unsold Sale Shares which are Ordinary Shares.

18.8 At the end of the 30 day period referred to in Article 18.7 or, if sooner, within 7 days of the Directors confirming that the Company is unable to purchase all or any of the Sale Shares (which are Ordinary Shares), then the Company shall

offer the unsold Sale Shares to the holders of Ordinary Shares other than the Founder Shareholders on the basis set out in *article 18.9* to *article 18.18* (inclusive).

18.9 The Directors shall offer the Sale Shares in the order of priority referred to in *article 18.6* or *article 18.8* (as appropriate) to the First Offer Shareholders (other than the Seller), inviting them to apply in writing within the period from the date of the offer to the date 20 Business Days after the offer (both dates inclusive) (the **First Offer Period**) for the maximum number of Sale Shares they wish to buy.

18.10 If:

18.10.1 at the end of the First Offer Period, the number of Sale Shares applied for is equal to or exceeds the number of Sale Shares, the Directors shall allocate the Sale Shares to each First Offer Shareholder who has applied for Sale Shares in the proportion which his existing holding of Shares bears to the total number of Shares of the class being offered held by all First Offer Shareholders (other than the Seller). Fractional entitlements shall be rounded down to the nearest whole number (save where such rounding would result in not all Sale Shares being allocated, in which case, the allocation of any such fractional entitlements shall be determined by the Directors). No allocation shall be made to a Shareholder of more than the maximum number of Sale Shares which he has stated he is willing to buy;

18.10.2 not all Sale Shares are allocated following allocations in accordance with *article 18.10.1*, but there are applications for Sale Shares that have not been satisfied, the Directors shall allocate the remaining Sale Shares to such applicants in accordance with the procedure set out in *article 18.10.1*. The procedure set out in this *article 18.10.2* shall apply on any number of consecutive occasions until either all Sale Shares have been allocated or all applications for Sale Shares have been satisfied; and

18.10.3 at the end of the First Offer Period, the total number of Sale Shares applied for is less than the number of Sale Shares, the Directors shall allocate the Sale Shares to the First Offer Shareholders in accordance with their applications. The balance (the **Initial Surplus Shares**) shall be dealt with in accordance with *article 18.11*.

18.11 If the Sale Shares are Preferred Shares, then at the end of the First Offer Period, the Directors shall offer the Initial Surplus Shares (if any) to the Second Offer Shareholders (other than the Seller), inviting them to apply in writing within the period from the date of the offer to the date 20 Business Days after the offer (both dates inclusive) (the **Second Offer Period**) for the maximum number of Initial Surplus Shares they wish to buy.

18.12 If:

18.12.1 at the end of the Second Offer Period, the number of Initial Surplus Shares applied for is equal to or exceeds the number of Initial Surplus Shares, the Directors shall allocate the Initial Surplus Shares to each Second Offer Shareholder who has applied for

Initial Surplus Shares in the proportion which his existing holding of Shares of the class held by Second Offer Shareholders bears to the total number of Shares of the class held by all Second Offer Shareholders (other than the Seller). Fractional entitlements shall be rounded down to the nearest whole number (save where such rounding would result in not all Initial Surplus Shares being allocated, in which case, the allocation of any such fractional entitlements shall be determined by the Directors). No allocation shall be made to a Shareholder of more than the maximum number of Initial Surplus Shares which he has stated he is willing to buy;

18.12.2 not all Initial Surplus Shares are allocated following allocations in accordance with *article 18.12.1*, but there are applications for Initial Surplus Shares that have not been satisfied, the Directors shall allocate the remaining Initial Surplus Shares to such applicants in accordance with the procedure set out in *article 18.12.1*. The procedure set out in this *article 18.12.2* shall apply on any number of consecutive occasions until either all Initial Surplus Shares have been allocated or all applications for Initial Surplus Shares have been satisfied; and

18.12.3 at the end of the Second Offer Period, the total number of Initial Surplus Shares applied for is less than the number of Initial Surplus Shares, the Directors shall allocate the Initial Surplus Shares to the Second Offer Shareholders in accordance with their applications. The balance (the **Second Surplus Shares**) shall, subject to *article 18.13*, be offered to any other person in accordance with *article 18.17*.

18.13 Where the Transfer Notice contains a Minimum Transfer Condition:

18.13.1 any allocation made under *article 18.9* to *article 18.12* (inclusive) shall be conditional on the fulfilment of the Minimum Transfer Condition; and

18.13.2 if the total number of Sale Shares applied for under *article 18.9* to *article 18.12* (inclusive) is less than the number of Sale Shares, the Board shall notify the Seller and all those Shareholders to whom Sale Shares have been conditionally allocated stating that the condition has not been met and that the relevant Transfer Notice has lapsed with immediate effect.

18.14 Where either:

18.14.1 the Transfer Notice does not contain a Minimum Transfer Condition; or

18.14.2 allocations have been made in respect of all the Sale Shares,

the Directors shall, when no further offers or allocations are required to be made under *article 18.9* to *article 18.12* (inclusive), give notice in writing of the allocations of Sale Shares (an **Allocation Notice**) to the Seller and each Shareholder to whom Sale Shares have been allocated (each an **Applicant**). The Allocation Notice shall specify the number of Sale Shares allocated to each Applicant and the place and time for completion of the transfer of the

Sale Shares (which shall be at least 10 Business Days, but not more than 20 Business Days, after the date of the Allocation Notice).

18.15 On the date specified for completion in the Allocation Notice, the Seller shall, against payment from an Applicant, transfer the Sale Shares allocated to such Applicant, in accordance with any requirements specified in the Allocation Notice.

18.16 If the Seller fails to comply with *article 18.15*:

18.16.1 any Director (or some other person nominated by a resolution of the Directors) may, as agent and attorney on behalf of the Seller):

18.16.1.1 complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicants;

18.16.1.2 receive the Transfer Price and give a good discharge for it (and no Applicant shall be obliged to see to the distribution of the Transfer Price); and

18.16.1.3 (subject to the transfer being duly stamped) enter the Applicants in the register of Shareholders as the holders of the Shares purchased by them; and

18.16.2 the Company shall pay the Transfer Price into a separate bank account in the Company's name on trust (but without interest) for the Seller until he has delivered his certificate(s) for the relevant Shares (or an indemnity, in a form reasonably satisfactory to the Directors, in respect of any lost certificate, together with such other evidence (if any) as the Board may reasonably require to prove good title to those Shares) to the Company.

18.17 Where a Transfer Notice lapses pursuant to *article 18.13.2* or an Allocation Notice does not relate to all the Sale Shares, then, subject to *article 18.18*, the Seller may, at any time during the 30 Business Days following the date of lapse of the Transfer Notice, or the date of service of the Allocation Notice as the case may be, transfer the Sale Shares (in the case of a lapsed offer) or the Second Surplus Shares (as the case may be) to any person at a price at least equal to the Transfer Price. The sale of the Sale Shares (following the lapse of a Transfer Notice) in accordance with this *article 18.17* shall continue to be subject to any Minimum Transfer Condition.

18.18 The Seller's right to transfer Shares under *article 18.17* does not apply if the Directors reasonably consider that:

18.18.1 the transferee is a person (or a nominee for a person) whom the Directors or the Founder Director determines to be a competitor (or a Member of the same Group as a competitor) of the business of any Group Company;

18.18.2 the sale of the Sale Shares is not bona fide or the price is subject to a deduction, rebate or allowance to the transferee; or

18.18.3 the Seller has failed or refused to promptly provide information

available to him and reasonably requested to enable it to form the opinion referred to in *article 18.18.2*.

19 VALUATION

19.1 Save as provide in Article 20.2.1 (Compulsory Transfer in circumstances other than Death), the Transfer Price for each Sale Share which is an Ordinary Share and the subject of a Transfer Notice (or Deemed Transfer Notice) shall:

19.1.1 if the Sale Shares are A Ordinary Shares or B Ordinary Shares, be determined by the Independent Expert in accordance with this *article 19.*; and

19.1.2 if the Sale Shares are C Ordinary Shares, then the Transfer Price shall be £1 per Sale Share.

19.2 The Independent Expert will certify (a) the net asset value of the Group as at the date of the Transfer Notice and (b) the Transfer Price. The Independent Expert will certify the net asset value as aforesaid on the following assumptions and bases:

19.2.1 valuing the net assets of the Group except as provided in Article 20.2.2 (Compulsory Transfer on Death) excluding goodwill but including all other intangible assets as on an arm's length sale between a willing vendor and a willing purchaser, plus goodwill to be included at a value that is equal to its unamortised value as included in the Group's most recent consolidated balance sheet;

19.2.2 if any Group Company is then carrying on business as a going concern, the continuing in business as a going concern of that Group Company with its assets being valued accordingly;

19.2.3 including provisions and adjustments for bad and doubtful debts and otherwise as the Independent Expert may (on the same bases as those customarily applied in the previous audited accounts of the Group) consider appropriate but excluding any allowance or provision for deferred taxation; and

19.2.4 the application in all other respects of principles and practices consistent with those customarily applied in the previous audited accounts of the Group unless inconsistent with the principals of Article 19.2.1 or any financial reporting standard or other accounting standard applicable to a United Kingdom company or applicable legislation, in which case the latter shall prevail.

19.3 If any difficulty shall arise in applying any of the foregoing assumptions or bases then such difficulty shall be resolved by the Independent Expert in such manner as he shall in his absolute discretion think fit.

19.4 The Transfer Price shall be a sum calculated in accordance with the following formula:

$$(A/B) \times (C-D)$$

E

where:

- A = the total nominal value of all the Sale Shares (being Ordinary Shares);
- B = the total nominal value of all the Ordinary Shares in the capital of the Company in issue at the date of the Transfer Notice;
- C = the net asset value of the Group determined as aforesaid; and
- D = the total nominal value of the Preferred Shares in the capital of the Company in issue at the date of the Transfer Notice
- E = the number of Sale Shares

- 19.5 The Company will use its reasonable endeavours to procure that the Independent Expert determines the Transfer Price within 21 days of being requested so to do.
- 19.6 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.
- 19.7 The Directors will give the Independent Expert access to all accounting records or other relevant documents of the Group, subject to it agreeing such confidentiality provisions as the Directors may reasonably impose.
- 19.8 The parties 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.
- 19.9 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).
- 19.10 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 unless:
 - 19.10.1 the Seller withdraws the relevant Transfer Notice in accordance with *article 18.3*; or
 - 19.10.2 in respect of a Deemed Transfer Notice, the Fair Value is less than the price per Sale Share offered to the Seller by the Directors before the appointment of the Independent Expert, in which case the Seller shall bear the cost.

20 COMPULSORY TRANSFERS

- 20.1 A Shareholder shall be deemed to have served a Transfer Notice in respect of all of his Shares immediately before any of the following events:
 - 20.1.1 a petition being presented, or an order being made, for the Shareholder's bankruptcy; or

- 20.1.2 an application to the court being made under section 253 of the Insolvency Act 1986 where the Shareholder intends to make a proposal to his creditors for a voluntary arrangement; or
 - 20.1.3 the Shareholder making an individual voluntary arrangement with his creditors on agreed terms under section 263A of the Insolvency Act 1986; or
 - 20.1.4 the Shareholder convening a meeting of his creditors or taking any other steps with a view to making an arrangement or composition in satisfaction of his creditors generally; or
 - 20.1.5 the Shareholder being unable to pay his debts as they fall due within the meaning of section 268 of the Insolvency Act 1986; or
 - 20.1.6 the happening in relation to a Shareholder of any event analogous to any of the above in any jurisdiction in which he is resident, carries on business or has assets; or
 - 20.1.7 the death of a Shareholder unless the Shareholder has bequeathed his Shares to another Shareholder or a Privileged Relation.
- 20.2 Notwithstanding any other provisions of these Articles, the Transfer Price in respect of a Compulsory Departing Shareholder shall be determined as follows:
- 20.2.1 where the Compulsory Departing Shareholder becomes a Compulsory Departing Shareholder in any of the circumstances set out in *articles 20.1.1 to 20.1.6*, then the Transfer Price shall be the Issue Price of such Sale Shares; and
 - 20.2.2 where the Compulsory Departing Shareholder becomes a Compulsory Departing Shareholder in the circumstances set out in *article 20.1.7*, then the Transfer Price for the Sale Shares shall be determined in accordance with Article 19 save that goodwill will be included in the valuation of net assets of the Group (instead of the unamortised value of goodwill).
- 20.3 Forthwith upon a Transfer Notice being deemed to be served under this *article 20* the Shares subject to the relevant Deemed Transfer Notice (**Restricted Shares**) shall cease to confer on the holder of them any rights:
- 20.3.1 to vote (whether on a show of hands, on a poll or otherwise and whether in person, by proxy or otherwise), including in respect of any resolution of any class of Shares;
 - 20.3.2 to receive dividends or other distributions otherwise attaching to those Shares; or
 - 20.3.3 to participate in any future issue of Shares.

The Directors may (with Founder Consent) reinstate the rights referred to in *article 20.3* at any time and, in any event, such rights shall be reinstated in respect of any Shares transferred pursuant to *article 20* on completion of a transfer made pursuant to *article 20*.

21 DRAG ALONG

- 21.1 After first giving a Transfer Notice in accordance with *article 18.2* and going through the procedure set out in *article 18*, if the holders of 64% of the A Ordinary Shares and B Ordinary Shares (in aggregate) in issue for the time being (the **Selling Shareholders**) wish to transfer all of their interest in such A Ordinary Shares and/or B Ordinary Shares (**Sellers' Shares**) to a bona fide purchaser on arm's-length terms (**Proposed Buyer**), the Selling Shareholders shall have the option (**Drag Along Option**) to require all the other holders of Equity Shares on the date of the request (**Called Shareholders**) to sell and transfer all their interest in Equity Shares to the Proposed Buyer (or as the Proposed Buyer may direct) in accordance with the provisions of this *article 21*.
- 21.2 The Selling Shareholders may exercise the Drag Along Option by giving notice in writing to that effect (a **Drag Along Notice**), at any time before the completion of the transfer of the Sellers' Shares, to the Proposed Buyer and each Called Shareholder. A Drag Along Notice shall specify:
- 21.2.1 that the Called Shareholders are required to transfer all their Equity Shares (**Called Shares**) pursuant to this *article 21*;
 - 21.2.2 the identity of the Proposed Buyer (and, if relevant, the transferee(s) nominated by the Proposed Buyer);
 - 21.2.3 the consideration payable for the Called Shares calculated in accordance with *article 21.4*;
 - 21.2.4 the proposed date of completion of transfer of the Called Shares.
- 21.3 Once given, a Drag Along Notice may not be revoked. However, a Drag Along Notice shall lapse if, for any reason, the Selling Shareholders have not completed the transfer of all the Sellers' Shares to the Proposed Buyer (or as the Proposed Buyer may direct) within 30 Business Days of serving the Drag Along Notice. The Selling Shareholders may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 21.4 The consideration (in cash or otherwise) for which the Called Shareholders shall be obliged to sell each of the Called Shares shall be that to which they would be entitled if the total consideration proposed to be paid by the Proposed Buyer were distributed to the holders of the Called Shares and the Sellers' Shares in accordance with the provisions of *article 12*.
- 21.5 No Drag Along Notice shall require a Called Shareholder to agree to any terms except those specifically set out in this *article 21*.
- 21.6 Completion of the sale and purchase of the Called Shares shall take place on the same date as, and conditional upon the completion of, the sale and purchase of the Sellers' Shares unless:
- 21.6.1 all of the Called Shareholders and the Selling Shareholders otherwise agree; or
 - 21.6.2 that date is less than 10 Business Days after the date of service of the Drag Along Notice, in which case completion of the sale and

purchase of the Called Shares shall take place 10 Business Days after the date of service of the Drag Along Notice.

- 21.7 Within 5 Business Days of the Selling Shareholders serving a Drag Along Notice on the Called Shareholders, the Called Shareholders shall deliver stock transfer forms for their Equity Shares in favour of the Proposed Buyer (or as the Proposed Buyer may direct), together with the share certificate(s) in respect of those Equity Shares (or a suitable indemnity in respect thereof) to the Company. On the expiration of that 5 Business Day period the Company shall pay the Called Shareholders, on behalf of the Proposed Buyer, the amounts they are respectively due pursuant to *article 21.4* to the extent the Proposed Buyer has put the Company in the requisite funds. The Company's receipt for the amounts due pursuant to *article 21.4* shall be a good discharge to the Proposed Buyer. The Company shall hold the amounts due to the Called Shareholders pursuant to *article 21.4* in trust for the Called Shareholders without any obligation to pay interest.
- 21.8 To the extent that the Proposed Buyer has not, on the expiration of the 5 Business Day period, put the Company in funds to pay the amounts due pursuant to *article 21.4*, the Called Shareholders shall be entitled to the return of the stock transfer forms and share certificate(s) (or suitable indemnity) for the relevant Equity Shares and the Called Shareholders shall have no further rights or obligations under this *article 21* in respect of their Equity Shares.
- 21.9 If any Called Shareholder fails to deliver to the Company a duly executed stock transfer form (or forms) in respect of the Called Shares held by him (together with the share certificate(s) in respect of those Called Shares (or a suitable indemnity in respect thereof)) the defaulting Called Shareholder shall be deemed to have appointed any person nominated for the purpose by the Selling Shareholders to be his agent and attorney to execute and deliver all necessary transfers on his behalf, against receipt by the Company (on trust for such holder) of the consideration payable for the Called Shares. After the Proposed Buyer (or person(s) nominated by the Proposed Buyer) has been registered as the holder of any such Called Shares, the validity of such proceedings shall not be questioned by any person. Failure to produce a share certificate shall not impede the registration of any transfer of Shares under this *article 21*.
- 21.10 Upon any person, following the issue of a Drag Along Notice, becoming a Shareholder (or increasing an existing shareholding) including, without limitation, pursuant to the exercise of any option, warrant or other right to acquire or subscribe for, or to convert any security into, Equity Shares (a **New Shareholder**), a Drag Along Notice shall be deemed to have been served upon the New Shareholder, on the same terms as the previous Drag Along Notice, who shall then be bound to sell and transfer all such Equity Shares acquired by him to the Proposed Buyer (or as the Proposed Buyer may direct) and the provisions of this *article 21* shall apply mutatis mutandis to the New Shareholder, save that completion of the sale of such Equity Shares shall take place forthwith upon the later of the Drag Along Notice being deemed served on the New Shareholder and the date of completion of the sale of the Called Shares.
- 21.11 A transfer of Called Shares to a Proposed Buyer (or as the Proposed Buyer may direct) pursuant to a sale in respect of which a Drag Along Notice has been duly served shall not be subject to the pre-emption provisions of *article*

18.

- 21.12 Any Transfer Notice or Deemed Transfer Notice served in respect of the transfer of any Share which has not completed before the date of service of a Drag Along Notice shall automatically be revoked by the service of a Drag Along Notice.

22 TAG ALONG

- 22.1 The provisions of *article 22.2* to *article 22.6* shall apply if the holders of the A Ordinary Shares and/or B Ordinary Shares in issue for the time being (**Ordinary Share Seller**) propose to transfer their Shares to a bona fide purchaser on arm's length terms (**Proposed Transfer**) and such transfer would, if carried out, result in such person (**Buyer**) acquiring a Controlling Interest in the Company.

- 22.2 Before making a Proposed Transfer, the Ordinary Share Seller shall procure that the Buyer makes an offer (**Offer**) to the holders of the remaining A Ordinary Shares, the remaining B Ordinary Shares, the C Ordinary Shares and the Preferred Shares in issue for the time being:

22.2.1 to purchase all of the remaining A Ordinary Shares, the remaining B Ordinary Shares and the C Ordinary Shares held by them for a consideration in cash per Share that is at least equal to the price per Share offered by the Buyer in the Proposed Transfer (**Specified Price**); and

22.2.2 otherwise on terms which ensure that the Preferred Shares shall be fully redeemed prior to completion of any such transfer.

- 22.3 The Offer shall be made by written notice (**Offer Notice**), at least 10 Business Days before the proposed transfer date (**Transfer Date**). To the extent not described in any accompanying documents, the Offer Notice shall set out:

22.3.1 the identity of the Buyer;

22.3.2 the purchase price and other terms and conditions of payment;

22.3.3 the Transfer Date; and

22.3.4 the number of Shares proposed to be purchased by the Buyer (**Offer Shares**).

- 22.4 If the Buyer fails to make the Offer in accordance with *article 22.2* and *article 22.3*, the Ordinary Share Seller shall not be entitled to complete the Proposed Transfer and the Company shall not register any transfer of Shares effected in accordance with the Proposed Transfer.

- 22.5 If the Offer is accepted by the holders of the remaining A Ordinary Shares, remaining B Ordinary Shares, the C Ordinary Shares and Preferred Shares in writing within 5 Business Days of receipt of the Offer Notice, the completion of the Proposed Transfer shall be conditional on completion of the purchase of all the Offer Shares held by such shareholder.

- 22.6 The Proposed Transfer is subject to the rights of pre-emption set out in *article*

18, but the purchase of the Offer Shares shall not be subject to those provisions.

DECISION-MAKING BY SHAREHOLDERS

23 GENERAL MEETINGS

- 23.1 No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on.

24 VOTING

- 24.1 Subject to any other provisions in these Articles concerning voting rights, each A Ordinary Share and B Ordinary Share in the Company shall carry the right to receive notice of and to attend, speak and vote at all general meetings of the Company.

- 24.2 The C Ordinary Shares shall not entitle the holders of them to receive notice of, to attend, to speak or to vote at any general meeting of the Company nor to receive or vote on, or otherwise constitute an eligible member for the purposes of, proposed written resolutions of the Company.

- 24.3 The Preferred Shares shall not entitle the holders of them to receive notice of, to attend, to speak or to vote at any general meeting of the Company nor to receive or vote on, or otherwise constitute an eligible member for the purposes of, proposed written resolutions of the Company unless at the date of such notice:

24.3.1 the business of the meeting includes a resolution for the winding up of the Company or affecting, altering or abrogating the rights, privileges or restrictions attached to the Preferred Shares (as appropriate); or

24.3.2 the Company is in default on the payment of any interest, principal or premium on any of the Loan Notes and such default has not been remedied within 14 days of a request in writing to do so from the holders of not less than 50.01% in value of such Loan Notes; or

24.3.3 any events have occurred which under the provisions of clauses 3.4.1, 3.4.2 or 3.4.4 to 3.4.9 of the Loan Notes entitle the holders of the Loan Notes to demand immediate repayment of the outstanding Loan Notes;

24.3.4 in the opinion of the Founder Director (acting reasonably, in good faith, in accordance with his fiduciary duty and taking into consideration the most recent consolidated management accounts of the Group), the Company or any other Group Company is unable to pay its debts as they fall due; or

24.3.5 the Company or any other Group Company is in material default of terms within the facilities with the Bank or of any other facilities with any other financial institutions and such default or breach has not been remedied within 21 days of a request in writing to do so from the Founder Director;

in which event the Founder Majority shall be entitled to receive notice of and attend at any general meeting of the Company and, on a show of hands, the holders of Preferred Shares who are present in person shall have such number of votes (on a poll or otherwise) as when aggregated with any of the A Ordinary Shares and B Ordinary Shares which are then held by the Founder Majority shall equal 85 per cent. of all voting rights and the holders of any A Ordinary Shares and/or B Ordinary Shares shall together have the remainder of the voting rights exercisable pro rata to the number of fully paid A Ordinary Shares and B Ordinary Shares held by each such member.

- 24.4 Model article 44(3) 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 model article.

25 **LIEN, CALLS ON SHARES AND FORFEITURE**

- 25.1 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.

25.2 **Enforcement of the Company's Lien**

- 25.2.1 Subject to the provisions of this *article* 25.2, if:

- 25.2.1.1 a Lien Enforcement Notice has been given in respect of a Share; and
- 25.2.1.2 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.

- 25.2.2 A Lien Enforcement Notice:

- 25.2.2.1 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;
- 25.2.2.2 must specify the Share concerned;
- 25.2.2.3 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);
- 25.2.2.4 must be addressed either to the holder of the Share or to a transmittee of that holder; and

- 25.2.2.5 must state the Company's intention to sell the Share if the notice is not complied with.
- 25.2.3 Where Shares are sold under this *article 25.2*:
 - 25.2.3.1 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
 - 25.2.3.2 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.
- 25.2.4 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:
 - 25.2.4.1 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
 - 25.2.4.2 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 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.
- 25.2.5 A statutory declaration by a Director that the declarant is a Director and that a Share has been sold to satisfy the Company's Lien on a specified date:
 - 25.2.5.1 is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share; and
 - 25.2.5.2 subject to compliance with any other formalities of transfer required by the Articles or by law, constitutes a good title to the Share.

25.3 **Call notices**

- 25.3.1 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.
- 25.3.2 A Call Notice:

- 25.3.2.1 may not require a Shareholder to pay a Call which exceeds the total amount of his indebtedness or liability to the Company;
- 25.3.2.2 must state when and how any Call to which it relates is to be paid; and
- 25.3.2.3 may permit or require the Call to be made in instalments.
- 25.3.3 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.
- 25.3.4 Before the Company has received any Call due under a Call Notice the Directors may:
 - 25.3.4.1 revoke it wholly or in part; or
 - 25.3.4.2 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.
- 25.3.5 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:
 - 25.3.5.1 on allotment;
 - 25.3.5.2 on the occurrence of a particular event; or
 - 25.3.5.3 on a date fixed by or in accordance with the terms of issue.

25.4 Forfeiture

- 25.4.1 If a person is liable to pay a Call and fails to do so by the Call payment date:
 - 25.4.1.1 the Directors may issue a notice of intended forfeiture to that person; and
 - 25.4.1.2 until the Call is paid, that person must pay the company interest on the Call from the Call payment date at the relevant rate.
- 25.4.2 A notice of intended forfeiture:
 - 25.4.2.1 may be sent in respect of any Share in respect of which a Call has not been paid as required by a Call Notice;

- 25.4.2.2 must be sent to the holder of that Share (or all the joint holders of that Share) or to a transmittee of that holder;
- 25.4.2.3 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);
- 25.4.2.4 must state how the payment is to be made; and
- 25.4.2.5 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.

ADMINISTRATIVE ARRANGEMENTS

26 NOTICES

- 26.1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:
 - 26.1.1 *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;*
 - 26.1.2 *if properly addressed and delivered by hand, when it was given or left at the appropriate address;*
 - 26.1.3 *if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied; and*
 - 26.1.4 *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 26.1*, 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 suffice to show that the notice, document or other information was addressed to an address permitted for the purpose by the Act.

27 TRANSFER OF SHARES AND PRE-EMPTION ON TRANSFER IN RELATION TO SECURITY HELD BY A SECURED INSTITUTION

- 27.1 Notwithstanding anything contained in these Articles, the Directors shall not decline to register any transfer of shares, whether or not fully paid, nor may they suspend registration thereof where such transfer:

- 27.1.1 is to any bank or institution to which such shares have been

charged by way of security or to any nominee of such a bank or institution (a "**Secured Institution**"); or

27.1.2 is delivered to the Company for registration by a Secured Institution or its nominee in order to perfect its security over the shares; or

27.1.3 is executed by a Secured Institution or its nominee pursuant to the power of sale or other power under such security,

and the directors shall register any such transfer of shares forthwith following receipt.

27.2 Furthermore, notwithstanding anything to the contrary contained in these Articles:

27.2.1 no transferor or proposed transferor of any shares in the Company to a Secured Institution or its nominee and no Secured Institution or its nominee shall as transferor or proposed transferor be required to offer to the shareholders for the time being of the Company or any of them the shares which are or are to be transferred;

27.2.2 no shareholder for the time being of the Company shall have any right under the Articles or otherwise howsoever to require shares which are the subject of a transfer or proposed transfer referred to above to be transferred to them whether for consideration or not; and

27.2.3 the Company shall have no lien over shares in it which are charged or mortgaged in favour of a Secured Institution.