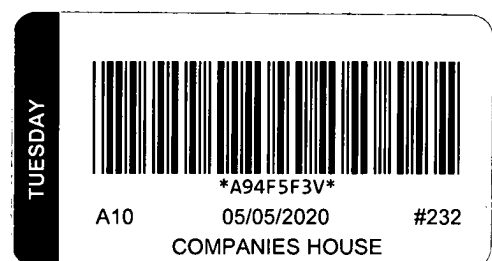


Articles of Association

relating to

Reacta Biotech Limited



BLAKE 
MORGAN

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THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES
NEW
ARTICLES OF ASSOCIATION
of
REACTA BIOTECH LIMITED
(the "Company")

(Adopted by a special resolution passed on **9 APRIL 2010**)

1 INTRODUCTION

- 1.1 The model articles for private companies limited by shares contained or incorporated in Schedule 1 to the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these articles (the "**Model Articles**") shall apply to the Company, save insofar as they are varied or excluded by, or are inconsistent with, the following Articles.
- 1.2 In these Articles and the Model Articles any reference to any statutory provision shall be deemed to include a reference to each and every statutory amendment, modification, re-enactment and extension thereof for the time being in force.
- 1.3 In these Articles article headings are used for convenience only and shall not affect the construction or interpretation of these Articles.

2 DEFINED TERMS

In these Articles the following words and expressions shall have the following meanings:

Acceleris Director	means an Acceleris Director appointed pursuant to Article 4;
A Ordinary Shares	means the A Ordinary shares of £0.001 each in the capital of the Company from time to time with rights and restrictions as set out in Article 14;
Act	means the Companies Act 2006 (as amended from time to time);
Auditors	means the auditors of the Company from time to time;
Board	means the board of Directors and any committee of the board constituted for the purpose of taking any action or decision contemplated by these Articles;
Business Day	means a day on which English clearing banks are ordinarily open for the transaction of normal banking

	business in the City of London (other than a Saturday or Sunday);
Civil Partner	means in relation to a Shareholder, a civil partner (as defined in the Civil Partnership Act 2004) of the Shareholder;
Controlling Interest	an interest (within the meaning of section 820 of the Act) in shares in the Company conferring in aggregate more than 50% of the total voting rights normally exercisable at a general meeting of the Company;
Date of Adoption	means the date on which these Articles were adopted;
DBW	means DBW Investments (3) Limited registered in England and Wales with company number 05210122) or (as the context may require) any person to whom DBW has transferred its Shares in accordance with these Articles;
Director(s)	means a director or directors of the Company from time to time;
Employee	means an individual who is employed by or who provides consultancy services to, the Company or any member of the Group;
Encumbrance	means any mortgage, charge, security, interest, lien, pledge, assignment by way of security, equity, claim, right of pre-emption, option, covenant, restriction, reservation, lease, trust, order, decree, judgment, title defect (including without limitation any retention of title claim), conflicting claim of ownership or any other encumbrance of any nature whatsoever (whether or not perfected other than liens arising by operation of law);
Fair Value	is as determined in accordance with Article 11.3;
Family Trusts	means trust(s) under which no immediate beneficial interest in any of the shares in question is for the time being vested in any person other than a Shareholder who is an individual and/or Privileged Relations of that individual;
Founders	means each of Elizabeth Lambert, Ashley Woodcock and Peter McPartland;
Fund Manager	means a person whose principal business is to make, manage or advise upon investments in securities;

Group	means the Company and its subsidiary undertaking(s) (if any) from time to time;
Hurdle	means the amount of £5.00 (five pounds) multiplied by the number of Ordinary Shares then in issue;
Investor Director	means an Investor Director appointed pursuant to Article 4;
Investor Majority	means the consent of those Investors holding at least 50 per cent of the Shares held by the Investors from time to time but must always include DBW and Moulton Goodies Ltd;
Investors	means Moulton Goodies Ltd and DBW and such other persons that shall be treated as investors from time to time (subject to such investors signing a Deed of Adherence (as defined in the investment agreement dated on or around the Date of Adoption)) and their Permitted Transferees;
a Member of the same Fund Group	means if the Shareholder is a fund, partnership, company, syndicate or other entity whose business is managed by a Fund Manager (an " <i>Investment Fund</i> ") or a <i>nominee</i> of that <i>person</i> :
a Member of the same Group	means as regards any company, a company which is from time to time a parent undertaking or a subsidiary undertaking of that company or a subsidiary undertaking of any such parent undertaking;
Moulton Goodies Ltd	means Moulton Goodies Ltd registered in Guernsey (company number 57051), whose registered office is at Trafalgar Court, 2nd Floor, East Wing, Admiral Park, St Peter Port, Guernsey, GY1 3EL;
New Securities	means any shares or other securities convertible into, or carrying the right to subscribe for, those shares issued by the Company after the Date of Adoption (other than (a) options to subscribe for Shares under any Share Option Plan or (b) Shares or other securities which the Investor Majority have agreed should be issued without complying with Article 7);
Ordinary Shares	means the ordinary shares of £0.001 each in the capital of the Company from time to time with rights and restrictions as set out in Article 14;
Permitted Transfer	means a transfer of Shares in accordance with Article

Permitted Transferee	<p>(a) in relation to a Shareholder who is an individual, any of his Privileged Relations, Trustees or Qualifying Company;</p> <p>(b) in relation to a Shareholder which is an undertaking means any Member of the same Group;</p> <p>(c) in relation to a Shareholder which is an Investment Fund means any Member of the same Fund Group;</p>
Privileged Relation	in relation to a Shareholder who is an individual member or deceased or former member means a spouse, Civil Partner, child or grandchild (including step or adopted or illegitimate child and their issue);
Qualifying Company	means a company in which a Shareholder or Trustee(s) hold the whole of the share capital and <i>which</i> they control;
Sale	means the transfer (other than a transfer permitted under Article 9) of any interest in the shares of the Company to any person (whether by one transaction or by a series of transactions) resulting in that person alone or together with persons acting in concert with such person having the right to exercise a Controlling Interest;
Shareholder	means any holder of any Shares;
Share Option Plan	means any share option plan of the Company, the terms of which have been approved by the Investor Majority;
Shares	means the ordinary shares of £0.001 each and the A ordinary shares of £0.001 each in the capital of the Company, from time to time; and
Trustees	means the trustee(s) of a Family Trust.
2.1	any participant or partner in or member of any such Investment Fund or the holders of any unit trust which is a participant or partner in or member of any Investment Fund (but only in connection with the dissolution of the Investment Fund or any distribution of assets of the Investment Fund pursuant to the operation of the Investment Fund in the ordinary course of business);
2.2	any Investment Fund managed by that Fund Manager;
2.3	any parent undertaking or subsidiary undertaking of that Fund Manager, or any subsidiary undertaking of any parent undertaking of that Fund Manager; or
2.4	any trustee, nominee or custodian of such Investment Fund and vice versa;

3 PROCEEDINGS OF DIRECTORS

- 3.1 The quorum for Directors' meetings shall be two Directors. If two Investor Directors have been appointed the quorum for a Directors' meeting shall be three Directors two of whom must be the Investor Directors. Article 11(2) of the Model Articles shall not apply to the Company.
- 3.2 In the case of any equality of votes, the chairman shall not have a second or casting vote. Article 13 of the Model Articles shall not apply to the Company.

4 INVESTOR DIRECTOR AND OBSERVER

- 4.1 DBW and Moulton Goodies Ltd may from time to time each appoint any one person to be a director with the title of investor director (the **Investor Director** which expression shall, where the context so permits, include a duly appointed alternate of such a director) and from time to time remove their respective Investor Director from office.
- 4.2 Any appointment or removal of an Investor Director shall be in writing served on the Company signed on behalf of DBW or Moulton Goodies Ltd in relation to their respective Investor Director and shall take effect at the time it is served on the Company or produced to a meeting of the Board, whichever is earlier. Any such appointment or removal by a corporation may be signed on its behalf by its duly authorised representative.
- 4.3 Notice of meetings of the Board shall be served on any Investor Director who is absent from the United Kingdom at the registered office of DBW or Moulton Goodies Ltd in relation to their respective Investor Director.
- 4.4 Upon written request by DBW or Moulton Goodies Ltd, the Company shall procure that the respective Investor Director is forthwith appointed as a director of any other member of the Group, to any committee of the Board or the board of any member of the Group.
- 4.5 DBW and Moulton Goodies Ltd each has the right to nominate an observer to attend all meetings of the Board and the Company (the **Observer**). The Observer shall be provided with a copy of all papers presented to such meetings and shall have the right to attend but not speak (unless invited to do so by the Chairman of such meeting) or vote at such meetings.
- 4.6 For so long as Acceleris Capital Limited, WCS Nominees Limited, Duncan Cowburn, Amanda Cowburn, Ian Currie, David Youngman, Malcolm Cooke, Richard Owens, Chris Hopkinson, Andrew Parker, Alexandra Parker, Chris Oglesby, Andrew Allan and Ian Sackfield together hold at least 10% of the issued share capital of the Company at any time, Acceleris Capital Limited may from time to time appoint any one person to be a director with the title of Acceleris Director (the **Acceleris Director** which expression shall, where the context so permits, include a duly appointed alternate of such a director) and from time to time remove the Acceleris Director from office.
- 4.7 Any appointment or removal of the Acceleris Director shall be in writing served on the Company signed on behalf of Acceleris Capital Limited and shall take effect at the time it is served on the Company or produced to a meeting of the Board, whichever is earlier. Any such appointment or removal by a corporation may be signed on its behalf by its duly authorised representative.

4.8 Notice of meetings of the Board shall be served on the Acceleris Director who is absent from the United Kingdom at the registered office of Acceleris Capital Limited.

4.9 Upon written request by Acceleris Capital Limited, the Company shall procure that the Acceleris Director is forthwith appointed as a director of any other member of the Group, to any committee of the Board or the board of any member of the Group.

5 ALTERNATE DIRECTORS

Articles 15 and 25 to 27 of the model articles for public companies limited by shares contained in Schedule 3 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) shall apply to the Company.

6 DIRECTORS' INTERESTS

6.1 Subject to the provisions of the Act, and provided that he has declared to the Directors the nature and extent of his interest, a Director may vote at a meeting of the Directors or of a committee of the Directors on any resolution concerning a matter in which he has an interest, whether a direct or an indirect interest, or in relation to which he has a duty and shall also be counted in reckoning whether a quorum is present at such a meeting. Article 14 of the Model Articles shall not apply to the Company.

6.2 Specific interests of a Director

Subject to the provisions of the Act, and provided that he has declared to the Directors the nature and extent of his interest, a Director may (save as to the extent not permitted by law from time to time), notwithstanding his office, have an interest of the following kind:

- (a) where a Director (or a person connected with him) is party to or in any way directly or indirectly interested in, or has any duty in respect of, any existing or proposed contract, arrangement or transaction with the Company or any other undertaking in which the Company is in any way interested;
- (b) where a Director (or a person connected with him) is a director, employee or other officer of, or a party to any contract, arrangement or transaction with, or in any way interested in, any body corporate promoted by the Company or in which the Company is in any way interested;
- (c) where a Director (or a person connected with him) is a shareholder in the Company or a shareholder in, employee, director, member or other officer of, or consultant to, a parent undertaking of, or a subsidiary undertaking of a parent undertaking of, the Company;
- (d) where a Director (or a person connected with him) holds and is remunerated in respect of any office or place of profit (other than the office of auditor) in respect of the Company or body corporate in which the Company is in any way interested;
- (e) where a Director is given a guarantee, or is to be given a guarantee, in respect of an obligation incurred by or on behalf of the Company or any body corporate in which the Company is in any way interested; or

- (f) where a Director (or a person connected with him or of which he is a member or employee) acts (or any body corporate promoted by the Company or in which the *Company is in any way* interested of which he is a director, employee or other officer may act) in a professional capacity for the Company or any body corporate promoted by the Company or in which the Company is in any way interested (other than as auditor) whether or not he or it is remunerated for this.

7 ALLOTMENT OF NEW SHARES OR OTHER SECURITIES: PRE-EMPTION

7.1 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act do not apply to an allotment of equity securities made by the Company.

7.2 Unless otherwise determined by special resolution, any New Securities shall, before they are allotted or granted on any terms, be first offered by the Company in writing to each Shareholder by:

- (a) giving details of the number and subscription price of the New Securities;
- (b) inviting him to apply for the New Securities at the subscription price (being on no less favourable terms);
- (c) stating that he will have a period of at least 14 days from the date of the notice in which to apply;
- (d) stating that, if there is competition among the Shareholders for the New Securities, the New Securities will be allocated to him in proportion (as nearly as may be) to his existing holdings of Shares (his "**Proportionate Allocation**");
- (e) inviting him to indicate if he is willing to purchase New Securities in excess of his Proportionate Allocation ("**Extra Securities**") and, if so, the number of Extra Securities.

7.3 On expiry of an offer made in accordance with Article 7.2 (or sooner if applications or refusals have been received from all Shareholders and all requisite approvals have been given), the Company shall allot or grant (as the case may be) the New Securities as follows:

- (a) if the total number of New Securities applied for is equal to or less than the New Securities offered, each Shareholder shall be allocated the number applied for by him; or
- (b) if the total number of New Securities applied for is more than the New Securities offered, each Shareholder shall be allocated his Proportionate Allocation or, if less, the number of New Securities for which he has applied; and
- (c) applications for Extra Securities shall be allocated in accordance with such applications or, in the event of competition, among those Shareholders applying for Extra Securities in proportion to their Proportionate Allocations but so that no applicant shall be allocated more Extra Securities than he has applied for and so that if there is a surplus further allocations shall be made on the same basis (and if necessary more than once) until all New Securities have been allocated;

(d) fractional entitlements shall be rounded to the nearest whole number;

following which the Directors may, subject to these Articles and the Act, allot or grant (as the case may be) such New Securities as have not *been* taken up in such manner as they think fit, but on no less favourable terms.

7.4 Any New Securities offered under this Article 7 to an Investor may be accepted in full or part only by a Member of the same Fund Group as that Investor in accordance with the terms of this Article 7.

7.5 No Shares shall be allotted to any Employee, Director, prospective Employee or prospective director of the Company *who in the opinion of the Board is subject* to taxation in the United Kingdom, unless such person has entered into a joint section 431 Income Tax (Earnings and Pensions) Act 2003 election with the Company if so required by the Company.

7.6 The Company may issue Shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder. The Directors are not authorised to determine the terms, conditions and manner of redemption unless express authorisation to do so is given by the Shareholders by ordinary resolution and the Investor Majority. Article 22(2) of the Model Articles shall not apply to the Company.

8 TRANSFERS OF SHARES — GENERAL

8.1 Reference to the transfer of a Share in these Articles includes the transfer or assignment 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.

8.2 *If* a Shareholder transfers or purports to transfer a Share otherwise than *in* accordance with these Articles he will be deemed immediately to have served a Transfer Notice in respect of all Shares held by him.

8.3 The Directors may refuse to register a transfer of a Share if:

- (a) a Shareholder transfers a Share other than in accordance with these Articles; or
- (b) the transfer is to an Employee, Director or prospective Employee or prospective director of the Company and such person has not entered into a joint section 431 ITEPA election with the Company.

Article 26(5) of the Model Articles shall be modified accordingly.

8.4 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 agreeing to be bound by the terms of any shareholders' agreement in force between some or all of the Shareholders and the Company.

8.5 Articles 27 to 29 of the Model Articles regarding transmission of shares shall not apply to the Company.

8.6 Any transfer of a Share by way of sale which is required to be made under Articles 10 to 14 (inclusive) will be deemed to include a warranty that the transferor sells with full title guarantee.

- 8.7 Notwithstanding any provision in these Articles to the contrary, no Share held by a Founder shall be transferred without the prior written consent of the Investor Majority.

9 PERMITTED TRANSFERS

- 9.1 A Shareholder (the "**Original Shareholder**") may transfer all or any of his or its Shares to a Permitted Transferee without restriction as to price or otherwise.
- 9.2 Shares previously transferred as permitted by Article 9.1 may be transferred by the transferee to the Original Shareholder or any other Permitted Transferee of the Original Shareholder without restriction as to price or otherwise.
- 9.3 Where, upon death of a Shareholder, the persons legally or beneficially entitled to any Shares are Permitted Transferees of that deceased Shareholder, the legal representative of the deceased Shareholder may transfer any Share to those Permitted Transferees without restriction as to price or otherwise.
- 9.4 A transfer of any Shares approved by the Investor Majority and the Board may be made without restriction as to price or otherwise and each transfer shall be registered by the Directors.

10 TRANSFERS OF SHARES SUBJECT TO PRE-EMPTION RIGHTS

- 10.1 Save where the provisions of Articles 9 apply, a Shareholder who wishes to transfer

Shares (a "**Seller**") shall give notice in writing (which cannot be withdrawn save with the consent of the Board) (a "**Transfer Notice**") to the Company (constituting the Company the agent of the Seller) specifying:

- (a) the number of Shares which he wishes to transfer (the "**Sale Shares**");
- (b) if he wishes to sell the Sale Shares to a third party, the name of the proposed transferee; and
- (c) the price at which he wishes to transfer the Sale Shares (which will be deemed to be Fair Value of the Sale Shares if no price is agreed between the Seller and the Board (the "**Transfer Price**").

If a Shareholder is deemed to have given a Transfer Notice, the price at which he is to transfer the Sale Shares (being in this case the Transfer Price) shall be agreed between such Shareholder and the Board and failing such agreement such price will be deemed to be the Fair Value of such Shares.

- 10.2 As soon as practicable following the receipt of a Transfer Notice (or, in the case where the Transfer Price has not been agreed, the determination of the Transfer Price under Article 11), the Company shall give notice in writing to each Shareholder other than the Seller (each an "**Eligible Shareholder**"):
- (i) inviting him to apply for the Sale Shares at the Transfer Price;
 - (ii) stating that he will have a period of at least 14 days from the date of the notice in which to apply;

- (iii) stating that, the Sale Shares shall be offered to the Eligible Shareholders and if there is competition among the Eligible Shareholders for the Sale Shares, the Sale Shares will be allocated to him in proportion (as nearly as may be) to his existing holding of Shares (his "**Proportionate Allocation**");
 - (iv) inviting him to indicate if he is willing to purchase Sale Shares in excess of his Proportionate Allocation ("**Extra Shares**") and, if so, the number of Extra Shares.
- 10.3 On expiry of an offer made in accordance with Article 10.2 (or sooner if applications or refusals have been received from all Eligible Shareholders), the Company shall allocate the Sale Shares as follows:
 - (a) if the total number of Sale Shares applied for is equal to or less than the number of Sale Shares, each Eligible Shareholder of the Shares held by the Investors or, as applicable the remaining holders of Shares shall be allocated the number applied for by him; or
 - (b) if the total number of Sale Shares applied for is more than the available number of Sale Shares, each Eligible Shareholder shall be allocated his Proportionate Allocation or, if less, *the number of* Sale Shares for which he has applied;
 - (c) applications for Extra Shares shall be allocated in accordance with such applications or, in the event of competition, among those Eligible Shareholders applying for Extra Shares in proportion to their Proportionate Allocations but so that no applicant shall be allocated more Extra Shares than he has applied for and so that if there is a surplus further allocations shall be made on the same basis (and if necessary more than once) until all Shares have been allocated; and
 - (d) fractional entitlements shall be rounded to the nearest whole number.
- 10.4 The Company shall give written notice of allocation (an "**Allocation Notice**") to the Seller which shall specify the number of Sale Shares to be allocated to each applicant and the place and time (being not less than 7 nor more than 14 days after the date of the Allocation Notice) for completion of the transfer of the Sale Shares.
- 10.5 On service of an Allocation Notice, the Seller shall, against payment of the Transfer Price, transfer the Sale Shares in accordance with the requirements specified in it.
- 10.6 If the Seller fails to comply with the provisions of Article 10.5:
 - (a) the chairman of the Directors or, failing him, one of the Directors, or some other person nominated by a resolution of the Board, may on behalf of the Seller:
 - (i) complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the applicants;
 - (ii) receive the transfer price and give a good discharge for it and (subject to the transfer being duly stamped) enter each applicant in the register of members as the holders of the Sale Shares allocated to him; and

- (b) 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 to the Company his certificate(s) for the relevant Shares (or a suitable indemnity).
- 10.7 If an Allocation Notice does not relate to all the Sale Shares then, subject to Article 10.8, the Seller may, within eight weeks after service of the Allocation Notice, transfer the unsold Sale Shares not included in the Allocation Notice to any person at a price at least equal to the Transfer Price.
- 10.8 The right of the Seller to transfer Shares under Article 10.7 does not apply if the Board is of the opinion on reasonable grounds that:
 - (a) the transferee is a person (or a nominee for a person) who is a competitor with (or an associate (as determined in accordance with section 435 of the Insolvency Act 1986) of a competitor with) the business of the Company or with a subsidiary undertaking of the Company;
 - (b) 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
 - (c) the Seller has failed or refused to provide promptly information available to it or him and reasonably requested by the Board for the purpose of enabling it to form the opinion mentioned above.
- 10.9 Any Sale Shares offered under this Article 10 to an Investor may be accepted in full or part only by a Member of the same Fund Group as that Investor in accordance with the terms of this Article 10.
- 11 VALUATION OF SHARES**
- 11.1 If no price is agreed between the Seller and the Board then, upon service of the Transfer Notice the Board shall appoint an expert valuer in accordance with Article 11.2 (the "**Expert Valuer**") to certify the Fair Value of the Sale Shares or if the Fair Value has been certified by Expert Valuer within the preceding 12 weeks, such certified Fair Value shall apply.
- 11.2 The Expert Valuer will be the Auditors unless this is not agreed by the Seller and the Board in which case it will be an independent firm of Chartered Accountants to be agreed between the Board and the Seller or failing agreement within 10 Business Days after the date of service of the Transfer Notice to be nominated by the then President of the Institute of Chartered Accountants in England and Wales on the application of either party and appointed by the Company.
- 11.3 The "**Fair Value**" of the Sale Shares shall be determined by the Expert Valuer on the following assumptions and bases:
 - (a) valuing the Sale Shares as on an arm's-length sale between a willing seller and a willing buyer;
 - (b) if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;

- (c) that the Sale Shares are capable of being transferred without restriction;
 - (d) valuing the Sale Shares as a rateable proportion of the total value of all the issued Shares without any premium or discount being attributable to the percentage of the issued share capital of the Company which they represent; and
 - (e) reflect any other factors which the Expert Valuer reasonably believe should be taken into account.
- 11.4 The Expert Valuer shall be requested to determine the Fair Value within 20 Business Days of its appointment and to notify the Board and the Seller of its determination: The Expert Valuer shall act as experts and not as arbitrators and its determination shall be final and binding on the parties (in the absence of fraud or manifest error).
- 11.5 The cost of obtaining the certificate shall be paid by the Company unless the Sale Price certified by the Expert Valuer is less than the price (if any) offered by the Directors to the Seller for the Sale Share before Expert Valuer was instructed in which case the Seller shall bear the cost.
- 12 COMPULSORY TRANSFERS — GENERAL**
- 12.1 A person entitled to a Share in consequence of the bankruptcy of a Shareholder shall be deemed to have given a Transfer Notice in respect of that Share at a time determined by the Directors.
- 12.2 If a Shareholder who holds Shares issued following the date of adoption of these Articles (the **New Shares**) and who was previously a director or employee of a member of the Group ceases to hold such office or employment and as a consequence is no longer a director or employee of any member of the Group, the relevant Shareholder (and all its Permitted Transferees) shall be deemed to have given a Transfer Notice in respect of all the New Shares held by the relevant Shareholder and its Permitted Transferees unless the Directors determine otherwise within 6 months of the matter coming to their attention.
- 12.3 If a Shareholder which is a company, either suffers or resolves for the appointment of a liquidator, administrator or administrative receiver over it or any material part of its assets, the relevant Shareholder (and all its Permitted Transferees) shall be deemed to have given a Transfer Notice in respect of all the Shares held by the relevant Shareholder and its Permitted Transferees unless the Directors determine otherwise within 6 months of the matter coming to their attention.
- 12.4 A Permitted Transferee ceases to be a Permitted Transferee of the Original Shareholder, the Permitted Transferee must not later than five Business Days after the date on which the Permitted Transferee so ceases, transfer the Shares held by it to the Original Shareholder or another Permitted Transferee of the Original Shareholder without restriction as to price or otherwise, failing which it will be deemed to have given a Transfer Notice in respect of those Shares.
- 12.5 On the death, bankruptcy, liquidation, administration or administrative receivership of a Permitted Transferee (other than a joint holder) his personal representatives or trustee in bankruptcy, or its liquidator, administrator or administrative receiver must within five Business

Days after the date of the grant of probate, the making of the bankruptcy order or the appointment of the liquidator, administrator or the administrative receiver execute and deliver to the Company a transfer of the Shares held by the Permitted Transferee without restriction as to price or otherwise. The transfer shall be to the Original Shareholder if still living (and not bankrupt or in liquidation) or, if so directed by the Original Shareholder, to any Permitted Transferee of the Original Shareholder. If the transfer is not executed and delivered within five Business Days of such period or if the Original Shareholder has died or is bankrupt or is in liquidation, administration or administrative receivership, the personal representative or trustee in bankruptcy or liquidator, administrator or administrative receiver will be deemed to have given a Transfer Notice.

- 12.6 If a Share remains registered in the name of a deceased Shareholder for longer than one year after the date of his death the Directors may require the legal personal representatives of that deceased Shareholder either:

- (a) to effect a Permitted Transfer of such Shares (including for this purpose an election to be registered in respect of the Permitted Transfer); or
- (b) to show to the satisfaction of the Directors that a Permitted Transfer will be effected before or promptly upon the completion of the administration of the estate of the deceased Shareholder.

If either requirement in this Article 12.6 shall not be fulfilled to the satisfaction of the Directors a Transfer Notice shall be deemed to have been given in respect of each such Share save to the extent that, the Directors may otherwise determine.

- 12.7 If there is a change in control (as control is defined in section 1124 of the Corporation Tax Act 2010) of any Shareholder which is a company, it shall be bound at any time, if and when required in writing by the Directors to do so, to give (or procure the giving in the case of any Permitted Transferee and/or nominee) a Transfer Notice in respect of all the Shares registered in its name, its Permitted Transferee name and their respective nominees' names save that, in the case of the Permitted Transferee, it shall first be permitted to transfer those Shares back to the Original Shareholder from whom it received its Shares or to any other Permitted Transferee of the Original Shareholder before being required to serve a Transfer Notice. This Article 12.7 shall not apply to a member that is an Investor.

- 12.8 In this Article 12, where a matter is expressed to be determined by the Directors then such determination will require the approval of DBW in the event that DBW have not appointed an Investor Director and of Moulton Goodies Ltd in the event that Moulton Goodies Ltd have not appointed an Investor Director .

13 PURCHASE OF OWN SHARES

Subject to the Act, the Company may purchase its own Shares with cash to the extent permitted by section 692(1)(b) of the Act (as amended from time to time).

14 SHARE RIGHTS

- 14.1 Except as otherwise provided the Ordinary Shares and the A Ordinary Shares rank *par passu* in all respects.

14.2 In the event of a sale of all the Shares in the Company then the proceeds shall be allocated as follows between *the* shareholders:

- (a) Firstly the proceeds up to the amount of the Hurdle shall be allocated solely to the Ordinary Shareholders pro-rata to the number of Ordinary shares held.
- (b) Secondly the proceeds in excess of the Hurdle shall be allocated between all shareholders pro-rata to the number of Shares held of whatever class treating Ordinary Shares and A Ordinary Shares the same for this purpose.

14.3 In the event of a winding up of the Company (as referred to in section 173(2)aa, Income Tax Act 2007) then the assets after deduction of liabilities (**Surplus Assets**) shall be allocated as follows between the shareholders:

- (a) Firstly the Surplus Assets up to the amount of the Hurdle shall allocated 99% to the Ordinary Shares and 1% to the A Ordinary Shares.
- (b) The balance in excess of the Hurdle shall allocated between all shareholders pro-rata to the number of Shares held of whatever class treating Ordinary Shares and A Ordinary Shares the same for this purpose.

15 CHANGE OF CONTROL

15.1

- (a) Subject to Article 15.1(b), if any transfer of Shares by a Seller or Sellers would, if completed, result in the transferee together with persons acting in concert or connected with that transferee obtaining a Controlling Interest, the Seller(s) shall procure the making, by the proposed transferee of the Seller's or Sellers' shares, of a Come Along Offer to all of the other Shareholders of the Company. Every Shareholder, on receipt of a Come Along Offer, shall be bound within 20 Business Days of the date of such offer (or 10 Business Days if the Seller is an Investor) (which date shall be specified therein) either to accept or reject such offer in writing (and in default of so doing shall be deemed to have rejected the offer). Until such Come Along Offer has been made and completed, the Board shall not sanction the making of or register the transfer or proposed transfer which triggered the requirement to procure the Come Along Offer.
- (b) The provisions of Article 15.1(a) and 15.2 shall not apply to any transfer of shares pursuant to Article 9.
- (c) **Come Along Offer** means an unconditional offer, open for acceptance for not less than 20 Business Days (or 10 Business Days if the Seller is an Investor), to purchase such proportion of the Shares held by the recipients of a Come Along Offer as equals the proportion of Shares proposed to be transferred by a Seller or Sellers to the transferee referred to in Article 15.1(a), free from all liens, charges and encumbrances at a price per share equal to the highest price per share (exclusive of stamp duty, stamp duty reserve tax and commission) paid or to be paid by the transferee referred to in Article 15.1(a) (or any person with whom such transferee is connected or with whom such transferee is acting in concert) for Shares (inclusive of

the shares giving rise to the obligation to make the Come Along Offer) within the period of one year prior to and ending on the proposed date of completion of such transfer of shares.

- (d) In the event of disagreement, the calculation of the relevant Come Along Offer price shall be referred to an umpire (acting as expert and not as arbitrator) nominated by the parties concerned (or in the event of disagreement as to nomination appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales at the request of any such party) whose decision shall (in the absence of fraud or manifest error) be conclusive and binding on the Company and upon all its members for the purposes of these Articles.

15.2

- (a) If the Shareholders of a majority in number of the Shares (which majority must include an Investor Majority) (in this Article 15.1(d), the Sellers) wish to transfer their shares in the Company (the **Offer**) to any person (the **Purchaser**), then the Sellers shall also have the option to require all of the other Shareholders to transfer all their shares in the Company to the Purchaser, or as the Purchaser directs, by giving notice (the **Drag Along Notice**) to that effect to all such other Shareholders (the **Called Shareholders**) specifying that the Called Shareholders are required to transfer their shares pursuant to this Article 15.1(d) free from all liens, charges and encumbrances and the price (the **Proposed Price**) at which such shares are proposed to be transferred.
- (b) If any Called Shareholder shall make default in transferring his shares pursuant to this Article 15.1(d), the provisions of Article 10.6 shall apply to the transfer of the shares of such Called Shareholder mutatis mutandis save that the Transfer Price shall be the price offered for such shares as set out in this Article 15.1(d).