

**THE COMPANIES ACT 2006**

**PRIVATE COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**  
**OF**  
**CRICKLADE HOUSE HOTEL LIMITED**

**COMPANY NUMBER: 10234758**

**(Adopted by Special Resolution on 14<sup>th</sup> December 2017)**



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#### **PRELIMINARY**

##### **1. PRELIMINARY**

- 1.1. The Model Articles apply to the Company save insofar as they are excluded or varied in these Articles, and the Model Articles save as so excluded or varied together with these Articles will be the Articles of Association of the Company.
- 1.2. The following Model Articles do not apply to the Company, namely Model Articles 11(2), 13, 14, 21, 22(2), 26(5), 41, 42, 44(2) and (3), 52 and 53.
- 1.3. Model Article 20 is amended by the insertion of the words "(including alternate directors and the secretary (if any))" before the words "properly incur".
- 1.4. Model Articles 31(a) to (d) (inclusive) is amended by the deletion, in each case, of the words "either" and "or as the directors may otherwise decide".

##### **2. INTERPRETATION**

- 2.1. The provisions as to the interpretation of the Model Articles contained in Model Article 1 apply to the interpretation of these Articles as they apply to the interpretation of the Model Articles, save that it will be varied by the inclusion of the following definitions:

Act	means the Companies Act 2006 including any statutory modifications, consolidation, replacement, amendments or re-enactments of the same for the time being in force and including all statutory instruments, orders, regulations and other subordinate legislation for the time being in force made under the same;
Adoption Date	the date of adoption of these Articles;
Associated Company	in relation to a corporate Shareholder has the same meaning as associated body corporate at section 256 of the Act;
Business Day	any day from Monday to Friday which is not a bank or public holiday of the United Kingdom;

Change of Control	subject to Article 12.3.3, in relation to a body corporate the acquisition of control (within the meaning given by section 1124 Corporation Tax Act 2010) of that body corporate by any person or persons or another body corporate other than shareholders of the body corporate at the date of adoption of these Articles;
Compulsory Transfer Shares	<p>in relation to a Defaulting Shareholder, means any Shares :</p> <ul style="list-style-type: none"> <li>(i) held by the Defaulting Shareholder at the time of the relevant Event of Default;</li> <li>(ii) held at the time of the relevant Event of Default by any Family Member or Family Trust of the Defaulting Shareholder (which Shares were acquired by that Family Member or Family Trust directly or indirectly from the Defaulting Shareholder); or</li> <li>(iii) acquired by the Defaulting Shareholder, his Family Members, Family Trusts and/or personal representatives after the occurrence of the Event of Default pursuant to any share option scheme or arrangement entered into prior to the Event of Default,</li> </ul> <p>together with, in any case, any further Shares received by any person referred to above at any time after the relevant Event of Default by way of rights or on a capitalisation in respect of any of the Shares referred to above;</p>
Defaulting Shareholder	a Shareholder in relation to whom an Event of Default occurs;
directors	all the directors of the Company for the time being (and the expression "director" must be construed accordingly);
eligible director	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);
Event of Default	<p>an event whereby a Shareholder or (where a Shareholder holds Shares by virtue of a transfer or successive transfers made in accordance with Article 10), the person who is the original shareholder from whom such Shares were acquired):</p> <ul style="list-style-type: none"> <li>1. ceases to be a director or employee of the Company (whether by way of resignation or termination by the Company of any contract of employment, service agreement or other</li> </ul>

arrangement with the Company for the provision of his services or otherwise) otherwise than by reason of permanent incapacity preventing him from performing his role as a director and/or employee of the Company; or

2. is disqualified from holding office in the Company or in any other company by reason of any order made under the Company Directors Disqualification Act 1986 or any other enactment; or
3. has received shares pursuant to Article 10.1.3 and ceases to be an Associated Company of the original Shareholder; or
4. commits any material breach of any shareholders' (or similar) agreement to which the Shareholders are party or these Articles, including any attempt to transfer his Shares in breach of these Articles; or
5. is convicted of any criminal offence (other than minor offences under the Road Traffic Acts or the Road Safety Acts for which a fine or non-custodial penalty is imposed); or
6. is a body corporate and is the subject of a Change of Control;

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a single independent chartered accountant or an independent firm of chartered accountants, in the case of an appointment pursuant to Article 11 (but not any appointment in circumstances arising under Article 12 to be agreed upon between the Transferor and the directors or (in default of agreement within 14 days) to be selected at the request of any of them by the President for the time being of the Institute of Chartered Accountants in England and Wales, and in the case of any other appointment (including an appointment under Article 12) selected by the Directors;

Family Trust

in relation to a Shareholder, a trust which does not permit any of the settled property or the income from it to be applied otherwise than for the benefit of a Shareholder and/or a Family Member of a Shareholder and under which no power of control over the voting powers conferred by any Shares the subject of the said trust is capable of being exercised by or subject to the consent of any person other than the trustees of the Shareholder or his Family Members;

Family Member

in relation to a shareholder, the spouse (or widow or widower), civil or domestic partner of the shareholder and the shareholder's parents

	(including adoptive), children and grandchildren (including step and adopted children and grandchildren) brother and sister (whether of the full or half blood and including a brother or sister related by adoption) and child and remoter issue of any such brother or sister (including a child by adoption);
Group	in relation to the Company, any company which for the time being is its holding company or its subsidiary or a subsidiary of its holding company and " <b>Group Companies</b> " must be construed accordingly;
Insolvency Event	in relation to a corporate Shareholder, any of the following events: <ul style="list-style-type: none"> <li>(i) a resolution is passed for the winding up, dissolution or administration of the corporate Shareholder (except for the purpose of a solvent amalgamation or reconstruction);</li> <li>(ii) a receiver, administrator or administrative receiver is appointed over the whole or any substantial part of the undertaking and assets of the corporate Shareholder; or</li> <li>(iii) any order is made by any competent court for the appointment of a liquidator or administrator in relation to the corporate Shareholder;</li> </ul>
Model Articles	the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these Articles and a reference in these Articles to a "Model Article" is a reference to the article of that number in the Model Articles;
Ordinary Shares	ordinary shares of £1.00 each in the capital of the Company;
Preference Shares	preference shares of £1.00 each in the capital of the Company;
Relevant Majority	a person or persons from time to time holding ordinary shares carrying the right to exercise 75% of the votes (on a poll) at any general meeting of the Company;
secretary	means the secretary of the Company, if any, appointed in accordance with Article 26 or any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary;
Shareholder(s)	the registered holder(s) of Shares;

Shares	the issued share capital of the Company from time to time and "Share" shall be construed accordingly;
subsidiary and holding company	have the meaning given to them in section 1159 of the Act, and include without limitation a subsidiary undertaking as defined in section 1162 of the Act;
Third Party Purchaser	a bona fide arms length purchaser who is not a Shareholder or a connected person of a Shareholder (within the meaning of section 1122 of the Corporation Tax Act 2010) and whose offer to purchase the Shares of the Selling Shareholders (as defined in Article 13.1.1) or the Committed Shares (as defined in Article 14.1) represents the best offer received by the holders of such Shares as a result of the holders of those Shares having undertaken an appropriate marketing process (having regard to the prevailing circumstances at the time) with a view to obtaining the best price reasonably obtainable for the Shares;
Transfer Notice	a notice relating to the transfer of Shares served or deemed to be served under Article 11 or 12.

### 3. PRIVATE COMPANY

The Company is a private company and accordingly the Company must not offer, allot or agree to allot any shares in or debentures of the Company to the public with a view to all or any of such shares or debentures being offered for sale to the public, and sections 755 and 756 of the Act apply for the purposes of this Article as they apply for the purposes of that Act.

### 4. SHARE CAPITAL

- 4.1. The share capital of the Company at the Date of Adoption is divided into Preference Shares and Ordinary Shares.
- 4.2. In these Articles, unless the context requires otherwise, references to shares of a particular class shall include shares created and/or issued after the Date of Adoption and ranking *pari passu* in all respects (or in all respects except only as to the date from which those shares rank for dividend) with the shares of the relevant class then in issue.
- 4.3. Except as otherwise provided in these Articles, the Preference Shares and the Ordinary Shares shall rank *pari passu* in all respects but shall constitute separate classes of shares.

### 5. RIGHTS ATTACHING TO THE PREFERENCE SHARES

#### 5.1. Dividends

- 5.1.1. The Company shall, with a resolution of the directors or the Company and in priority to any other dividend or distribution of profits and before the application of any profits available for distribution within the meaning of Part 23 of the Act ("**Available Profits**") to reserve or for any other purpose, pay the holders of the Preference Shares on 31st March in each year a fixed cumulative preferential dividend ("the **Preferred Dividend**") at an annual rate of £0.03 per Preference Share. The

Preferred Dividend shall accrue on a day-by-day basis and on the first due date the amount of the Preferred Dividend shall be apportioned for the period from the date of allotment to that date;

- 5.1.2. If the Company is unable to pay the Preferred Dividend in full on the due date because there are insufficient Available Profits, it shall pay the Preferred Dividend on that date to the extent that it is lawfully able to do so.
- 5.1.3. Unless the Company has insufficient Available Profits, the Preferred Dividend shall be paid immediately on the due date. Such payment shall be made notwithstanding Model Articles 35 to 35 inclusive or any other provision of the Articles.
- 5.1.4. If the Company is in arrears in paying the Preferred Dividend, the first Available Profits arising shall be first applied in or towards paying off any arrears of Preferred Dividend.
- 5.1.5. The holders of Preference Shares shall have no right to participate in any dividend or other distribution of Available Profits save as set out in Articles 5.1.1 to 5.1.4 above.
- 5.1.6. For so long as some or all of the Preferred Dividend has become due but has not been paid the Company shall not pay any dividend or otherwise make any distribution out of Available Profits or capital or otherwise decrease its Available Profits save for the payment of the Preferred Dividend and any arrears thereof.

## 5.2. **Liquidation Preference**

- 5.2.1. On a return of assets on liquidation, capital reduction or otherwise (other than a redemption of the Preference Shares), the assets of the Company remaining after the payment of its liabilities shall (to the extent that the Company is lawfully able to do so) be applied in priority to any other application of such assets first, in paying to the holders of the Preference Shares an amount equal to any arrears of the Preferred Dividend and secondly in paying to the holders of the Preference Shares a sum equal to the nominal value of the Preference Shares and, if there is a shortfall of assets remaining to satisfy the entitlements of holders of Preference Shares in full, the proceeds shall be distributed to the holders of the Preference Shares in proportion to the amounts due to each such share held.
- 5.2.2. The holders of the Preference Shares shall have no right to participate in any capital distribution, return of assets or reduction of capital save as set out in Article 5.2.1 above.

## 5.3. **Redemption**

- 5.3.1. Subject to the Act, the Company may at any time at its sole option redeem all or any of the Preference Shares by giving notice of the redemption to holders of the Preference Shares ("**Redemption Notice**") specifying the total number of Preference Shares to be redeemed and the redemption date. If there is more than one holder of Preference Shares, any redemption shall be made among such holders pro rata (as nearly as possible) to their respective holdings.



5.3.2. On the redemption date, the Company shall pay £1.00 for each of the Preference Shares redeemed. At the same time, it shall pay any arrears or accruals of the Preferred Dividend due on such shares, calculated down to but not including the redemption date. In the absence of any direction to the contrary by the holder of the relevant Preference Shares, any amount paid on redemption of those shares shall relate first to the arrears and accruals of the Preferred Dividend. The Preferred Dividends on the redeemed shares shall stop accruing from the date on which the redemption amount is paid.

5.3.3. On receipt of the amount payable in accordance with Article 5.3.2 above, each holder of Preference Shares 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 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.

#### 5.4. **Voting Rights**

The Preference Shares shall not confer on the holders thereof any right to receive notice of general meetings nor to attend or speak at any general meeting nor to vote on any resolution proposed at any general meeting or as a written resolution of the Company.

### 6. **ISSUE OF SHARES**

6.1. Shares may be issued as fully, partly or nil paid.

6.2. Subject to the remaining provisions of this Article 6, the directors are generally and unconditionally authorised, for the purpose of section 551 of the Act, to exercise any power of the Company to:

6.2.1. offer or allot;

6.2.2. grant rights to subscribe for or to convert any security into; or

6.2.3. otherwise deal in, or dispose of,

any shares in the Company to any person, at any time and subject to any terms and conditions as the directors think proper.

6.3. The authority referred to in Article 6.2:

6.3.1. applies insofar as the Company has not, subject to these Articles, renewed, waived or revoked it by ordinary resolution; and

6.3.2. may only be exercised for a period of five years from the date of adoption of these Articles, save that the directors may make an offer or agreement which would, or might, require 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).

6.4. In accordance with section 567(2)(a) of the Act, the requirements of sections 561 and 562 of the Act are generally excluded.

6.5. Shares may only be allotted for cash by the Company as follows:

- 6.5.1. all Shares to be allotted (the "**Offer Shares**") must first be offered to the Shareholders in proportion to their existing holdings of Shares and at the same price per share and on the same terms as to the date for payment and the amount to be paid-up on each Offer Share, such offer to be made by written notice from the directors (the "**Offer Notice**").
- 6.5.2. Each Offer Notice must:
  - 6.5.2.1. specify the number and price of the Offer Shares;
  - 6.5.2.2. state that the Offer Notice shall expire and that the offer made in it will lapse if not previously accepted by the Shareholder by a date (the "**Expiry Date**") which is not less than 20 nor more than 40 Business Days after the date of the Offer Notice;
  - 6.5.2.3. invite each Shareholder to respond in writing to the Company stating the number of Offer Shares they are willing to purchase at the price set out in the Offer Notice.
- 6.5.3. On the Expiry Date if there are applications to subscribe for more than the total number of Offer Shares, the Offer Shares must be allocated amongst the relevant applicants in proportion (as nearly as practicable but without allocating to any applicant more Offer Shares than he applied for) to the number of Shares held by each of them respectively
- 6.5.4. The allocation of any fractional entitlement to Offer Shares which arises by reason of the application of Article 6.5.3 must be dealt with by the directors in such manner as they think fit.
- 6.5.5. Subject to the provisions of this Article and Section 551 of the Act the directors are entitled to dispose of the Shares to such persons on such terms and in such manner as they think fit save that the Shares must not be disposed of on terms which are more favourable to the subscribers of such Shares than the terms of the offer made pursuant to Article 6.5.1.

## 7. REDEMPTION OF SHARES

Subject to the provisions of the Act and to the other express provisions of these Articles, shares may be issued which are to be redeemed or are liable to be redeemed at the option of the Company or the holder of them, provided that the terms on which and the manner in which any such redeemable shares shall or may be redeemed must be specified by special resolution before issue of them.

## 8. LIENS AND FORFEITURE

- 8.1. Model Articles 52 and 53 of The Model Articles for Public Companies Limited by Shares contained in Schedule 3 of the Companies (Model Articles) Regulations 2008 and any relevant definitions contained within Model Article 1 of those articles to which Model Articles 52 and 53 refer, apply to the Company.
- 8.2. Model Articles 54 – 62 of The Model Articles for Public Companies Limited by Shares contained in Schedule 3 of the Companies (Model Articles) Regulations 2008 and any relevant definitions contained within Model Article 1 of those articles to which Model Articles 54 – 62 refer, apply to the Company

## **9. TRANSFER OF SHARES**

- 9.1. The directors must refuse to register any transfer of Shares made in contravention of the provisions of these Articles and may refuse to register the transfer of a Share which is not fully paid to a person of whom they do not approve and they may refuse to register the transfer of a Share on which the Company has a lien but will not otherwise be entitled to refuse to register any transfer of Shares.
- 9.2. For the purpose of ensuring that a particular transfer of Shares is permitted under the provisions of these Articles, the directors may request the transferor, or the person named as transferee in any transfer lodged for registration, to furnish the Company with such information and evidence as the directors may reasonably think necessary or relevant. Failing such information or evidence being furnished to the satisfaction of the directors within a period of 28 days after such request the directors will be entitled to refuse to register the transfer in question.
- 9.3. The Directors may, as a condition to the registration of any transfer of shares in the Company, require the transferee to execute and deliver to the Company a deed agreeing to be bound by the terms of any shareholders' agreement (or similar document) in force between any of the Shareholders and the Company 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 under any such agreement or other document). If any condition is imposed in accordance with this Article 9.3, the transfer may not be registered unless that deed has been executed and delivered to the Company's registered office by the transferee.
- 9.4. A reference in these Articles to a transfer of shares includes a transfer of any interest in shares (including a beneficial interest) and these Articles take effect accordingly.

## **10. PERMITTED TRANSFERS**

- 10.1. Any Shareholder may at any time transfer all or any Shares held by him to:
- 10.1.1. a Family Member;
  - 10.1.2. trustees to be held upon a Family Trust;
  - 10.1.3. in the case of a corporate Shareholder, an Associated Company;
  - 10.1.4. a nominee for the Shareholder (who may also transfer Shares back to the Shareholder or to another nominee for the Shareholder) provided that the Shareholder remains the sole beneficial owner of the Shares; or
  - 10.1.5. the legal personal representatives of a deceased Shareholder where under the provisions of his will or the laws as to intestacy the persons beneficially entitled to any such shares, whether immediately or contingently, are Family Members or a Family Trust of the deceased Shareholder and the legal personal representatives of such deceased Shareholder may transfer all or any Shares to a Family Member of the deceased Shareholder or Family Trust of the deceased Shareholder;
- 10.2. Where any Shares are held by trustees upon a Family Trust:
- 10.2.1. such Shares may on any change of trustees be transferred to the new trustees of that Family Trust;

- 10.2.2. such Shares may at any time be transferred to any person to whom by virtue of Article 10.1 the same could have been transferred by the settlor if he had remained the holder of them.

## 11. PRE-EMPTION RIGHTS

### 11.1. Transfer Notice

- 11.1.1. Save as otherwise provided under Article 10 (*Permitted Transfers*), or as provided for in Article 13 (*Drag Along*) or Article 14 (*Tag Along*), any Shareholder wishing or obliged pursuant to Article 12 to transfer any Shares (the “**Transferor**”) must serve a Transfer Notice to that effect on the directors.
- 11.1.2. Subject to Article 11.1.3, a Transfer Notice shall or shall be deemed to:
- 11.1.2.1. specify the number of Shares that the Transferor wishes or is obliged to transfer (the “**Transfer Shares**”) which may be all or part only of the Shares then held by the Transferor;
  - 11.1.2.2. specify if the Transfer Notice is conditional upon all (and not only part) of the Transfer Shares being sold pursuant to this Article 11 (a “**Total Transfer Condition**”);
  - 11.1.2.3. if the Transferor has received an offer from a third party for the Transfer Shares, specify the identity of such third party and the price per Share offered for the Transfer Shares (the “**Proposed Price**”);
  - 11.1.2.4. constitute the Company as the agent of the Transferor in relation to the sale of the Transfer Shares in accordance with this Article 11;
  - 11.1.2.5. not be capable of variation or cancellation without the consent of all the Shareholders other than the Transferor.
- 11.1.3. Where a Transfer Notice is one which is served or deemed to have been served by virtue of any provision of Article 12:
- 11.1.3.1. the Transfer Notice must relate to all the Shares registered in the name of the Transferor;
  - 11.1.3.2. the Transfer Notice may not contain a Total Transfer Condition;
  - 11.1.3.3. the Transfer Price must be determined in accordance with Article 11.2.1.3;
  - 11.1.3.4. the Transfer Notice will be irrevocable;
  - 11.1.3.5. subject to Article 12.2.3 the Transferor may retain any Transfer Shares for which buyers are not found provided that the Transferor will not at any time thereafter be permitted to transfer all or any of such retained Transfer Shares pursuant to Article 10.

### 11.2. Transfer Price

- 11.2.1. The price at which each Transfer Share will be offered for sale in accordance with this Article 11 (the "**Transfer Price**") will be:
  - 11.2.1.1. subject to the consent of the directors, the Proposed Price; or
  - 11.2.1.2. such other price as may be agreed between the Transferor and the directors within 21 days of the date of receipt of the Transfer Notice by the directors (the "**Notice Date**"); and
  - 11.2.1.3. where no price is agreed pursuant to Article 11.2.1.1 or 11.2.1.2 above within 21 days of the Notice Date, or where a Transfer Notice is served or deemed to be served in accordance with Articles 12.1 or 12.2, the price determined in accordance with the provisions of Article 11.2.2 (the "**Market Value**").
- 11.2.2. Where this Article 11.2.2 applies, the directors must immediately instruct the Expert to determine and certify the Market Value in accordance with Article 15 calculated on the basis that:
  - 11.2.2.1. in the case of a Preference Share, the Market Value is the *Preference Share's nominal value plus an amount equal to to 3% per annum (compounded with annual rests) of such nominal value from the date of allotment of such Preference Share to the date of redemption but less the aggregate amount of all dividends paid on such Preference Share prior to redemption. However the Market Value of a Preference Share shall not be less than its nominal value; and*
  - 11.2.2.2. in the case of any other class of Share:-
    - 11.2.2.2.1 the Market Value is the sum which a willing buyer would agree with a willing seller to be the purchase price for all the Shares of that class then in issue, divided by the number of Shares of that class then in issue;
    - 11.2.2.2.2 no account will be taken of the size of the holding which the Transfer Shares comprise or whether the Transfer Shares represent a majority or minority interest;
  - 11.2.2.3. any difficult in applying any of the bases set out above must be resolved by the Expert as he, in his absolute discretion, thinks fit
  - 11.2.2.4. the Company and the Transferor will pay the Expert's costs in such proportions as the Expert directs unless the Transferor cancels the Transfer Notice in accordance with Article 11.2.3 in which case the Expert's costs must be paid by the Transferor.
- 11.2.3. On receipt of the Expert's certificate, the directors must immediately send a copy of the certificate to the Transferor. Save in the case of a Transfer Notice which is given or deemed to be given pursuant to 12, the

Transferor will be entitled, by notice in writing served on the Company within seven days of the service upon him of the copy certificate, to cancel the Transfer Notice.

### 11.3. Offer

- 11.3.1. Unless the Transferor has properly cancelled the Transfer Notice in accordance with Article 11.2.3, within 14 days after the date upon which the Transfer Price is agreed or certified in accordance with these Articles (the “**Determination Date**”) the directors must serve a notice (an “**Offer Notice**”) on all Shareholders other than the Transferor and any Shareholder who at the date of the Offer Notice is bound to serve, or has served or is deemed to have served a Transfer Notice in respect of any Shares registered in his name (together the “**Relevant Offerees**”) in the order of priority set out in Article 11.3.3 and Article 11.3.4.
- 11.3.2. The Offer Notice must:
  - 11.3.2.1. state the Transfer Price;
  - 11.3.2.2. contain the other information set out in the Transfer Notice;
  - 11.3.2.3. state that the Offer Notice will expire and that the offer made in it will be deemed to be withdrawn if not previously accepted by the Relevant Offeree, on a date which is not less than 20 nor more than 40 Business Days after the date of the Offer Notice;
  - 11.3.2.4. state that the Offer Notice is subject to a Total Transfer Condition, if applicable; and
  - 11.3.2.5. invite the Relevant Offerees to respond in writing to the Company stating the number of Transfer Shares they are willing to purchase at the Transfer Price.
- 11.3.3. If the Transfer Shares are Preference Shares, the Company shall offer them in the following priority:
  - 11.3.3.1. first, to the holders of Preference Shares; and
  - 11.3.3.2. second, to the holders of Preference Shares; and of Ordinary Shares (other than those referred to in Article 11.3.3.1) (as if they constituted a single class of share),in each case on the basis as set out in Article 11.3.5.
- 11.3.4. If the Transfer Shares are Preference Shares and/or Ordinary Shares, they shall be offered in the following priority:
  - 11.3.4.1. first, to the holders of Ordinary Shares; and
  - 11.3.4.2. second, to the holders of Preference Shares,and in each case on the basis as set out in Article 11.3.5.
- 11.3.5. The directors shall offer the Transfer Shares in the priority referred to in Article 11.3.3 and Article 11.3.4 (as appropriate), to all of the Relevant Offerees, inviting them to apply in writing within a period of not less than 20 nor more than 40 Business Days after the date of the Offer Notice (“First Offer Period”) for the maximum number of Transfer Shares they wish to buy.

If the Transfer Shares are subject to a Total Transfer Condition, any allocation made under Article 11.3.5 and Article 11.3.6 shall be conditional on the fulfilment of the Total Transfer Condition.

If, at the end of the First Offer Period, the number of Transfer Shares applied for is equal to or exceeds the number of Transfer Shares, the directors shall allocate the Transfer Shares to each Relevant Offeree in the proportion which his existing holding of Shares bears to the total number of Shares held by those Continuing Shareholders who have applied for Transfer Shares. Fractional entitlements shall be rounded to the nearest whole number. No allocation shall be made to a Shareholder of more than the maximum number of Transfer Shares which he has stated he is willing to buy.

If only some of the Transfer Shares are allocated in accordance with this Article 11.3.5, but there are applications for Transfer Shares that have not been satisfied, those Transfer Shares shall be allocated to the relevant applicant(s) in accordance with the procedure set out in this Article 11.3.5.

If, at the end of the First Offer Period, the total number of Transfer Shares applied for is less than the number of Transfer Shares, the directors shall allocate the Transfer Shares to the Relevant Offerees in accordance with their applications. The balance ("**Initial Surplus Shares**") shall be dealt with in accordance with Article 11.3.6.

11.3.6. At the end of the First Offer Period, the directors shall offer the Initial Surplus Shares to all the Relevant Offerees, inviting them to apply in writing within a period of not less than 20 nor more than 40 Business Days from the date of the offer ("**Second Offer Period**") for the maximum number of Initial Surplus Shares they wish to buy.

If, at the end of the Second Offer Period, the number of Initial Surplus Shares applied for exceeds the number of Initial Surplus Shares, the directors shall allocate the remaining Initial Surplus Shares to each Relevant Offeree in the proportion that his existing holding of Shares (including Transfer Shares) bears to the total number of Shares (including Transfer Shares) held by those Relevant Offerees who have applied for Initial Surplus Shares during the Second Offer Period. Fractional entitlements shall be rounded to the nearest whole number. 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.

If, at the end of the Second Offer Period, the 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 Relevant Offeree in accordance with their applications.

#### 11.4. Notification of Allocation

11.4.1. Subject to Article 11.4.6, the directors must serve notice in writing (an "**Allocation Notice**") on the Transferor, and each Shareholder and (if applicable) the Company to whom Transfer Shares have been allocated pursuant to Article 11.3 (each a "**Buyer**") within 7 days of the Allocation Date or within 14 days of the Company Allocation Date, if Article 11.4.2 applies).

11.4.2. If on the Allocation Date there remain any Transfer Shares not allocated for purchase in accordance with Article 11.3 on the terms set out above then the Company (acting by the directors) will have the option (subject to compliance with Part 18 of the Act) to purchase such Shares at the Transfer Price (the "**Company Option**"). Such option will be exercisable by notice in writing served by the directors on the Transferor at any time

during the period of 14 days after the Allocation Date (the end of such period being called the "**Company Allocation Date**").

- 11.4.3. Where under this Article 11 any Shares are to be purchased by the Company, the Shareholders agree to exercise their voting rights and other powers of control available to them in relation to the Company so as to procure (insofar as they are able by the exercise of such rights and powers) that all necessary action will be taken to facilitate the purchase by the Company of the relevant Shares in compliance with all applicable laws and regulations (including Part 18 of the Act).
- 11.4.4. Each Allocation Notice must state:
  - 11.4.4.1. that the Total Transfer Condition, if any, was satisfied;
  - 11.4.4.2. the number of Transfer Shares allocated to that Buyer;
  - 11.4.4.3. the name and address of the Buyer;
  - 11.4.4.4. the aggregate purchase price payable by the Buyer in respect of the Transfer Shares allocated to him;
  - 11.4.4.5. the place, date and time (being not less than 3 or more than 10 Business Days after the date of service of the Allocation Notice or the Company Allocation Date as the case may be) at which completion of the sale and purchase of the relevant Transfer Shares must take place.
- 11.4.5. Subject to Article 11.4.6, if any of the Shares in the Transfer Notice have not been accepted for purchase by the Shareholders and the Company upon the terms set out above, the Transferor will be at liberty within a period of 90 days from the date of the Allocation Notice to dispose of so many of such Shares as have not been so accepted for purchase to any person (other than a person carrying on, employed, engaged, concerned, interested or in any way assisting within the Prohibited Territories in any business which may in any way be in competition with all or any part of the businesses carried on by the Company or any of its subsidiaries) at a price not lower than the Transfer Price and on terms no less favourable than those offered in the relevant Transfer Notice.
- 11.4.6. If the Transfer Notice in question contained a Total Transfer Condition then no offer of the Transfer Shares made by the directors pursuant to this Article 11 will be capable of acceptance until all of the Transfer Shares have been allocated pursuant Article 11.3. If by the foregoing procedures any of the Transfer Shares have not been allocated within the periods specified, then none of the Transfer Shares will be sold to the Buyers. In these circumstances:
  - 11.4.6.1. the directors must serve notice ("**Cancellation Notice**") in writing on the Transferor and each Shareholder to whom Transfer Shares have been allocated pursuant to Article 11.3, stating that the Total Transfer Condition was not satisfied and that all applications for Transfer Shares are null and void; and
  - 11.4.6.2. the proposing Transferor may then within a period of 90 days from the date of the Allocation Notice sell all (but not some only) of the Transfer Shares to any person or persons (other



than a person carrying on, employed, engaged, concerned, interested or in any way assisting within the Prohibited Territories in any business which may in any way be in competition with all or any part of the businesses carried on by the Company or any of its subsidiaries at a price not lower than the Transfer Price and on terms not less favourable than those offered in the Transfer Notice.

#### **11.5. Completion**

Subject to the foregoing provisions of this Article 11, completion of the sale and purchase of Transfer Shares pursuant to an Allocation Notice will take place at the place, date and time specified in the Allocation Notice when the Transferor must, upon receipt of the Transfer Price for the relevant Shares, transfer to each Buyer such number of the Shares as have been allocated to that Buyer.

#### **11.6. Default by the Transferor**

- 11.6.1. As security for the performance of its obligations, any Shareholder who gives (or is deemed to give) a Transfer Notice pursuant to these Articles will be deemed to have irrevocably appointed each of the directors (severally) as his lawful agent to take any action which in their absolute discretion they deem necessary or desirable in order to complete the arrangements contemplated by these Articles including but not limited to the action contemplated by Article 11.6.2.
- 11.6.2. If a Transferor defaults in transferring any Transfer Shares to a Buyer when required by this Article 11, any director may as agent of the Transferor execute each necessary transfer of Transfer Shares on the Transferor's behalf and deliver that transfer to the relevant Buyer. The Company may receive the purchase money from a Buyer on behalf of the Transferor and thereafter must, subject to due stamping, enter the name of that Buyer in the register of members of the Company as the holder of the Transfer Shares so transferred to him or, where the Company has purchased any Transfer Shares, cancel such Transfer Shares. The receipt of the Company for the purchase money will constitute a good discharge to the Buyer (who will not be bound to see to the application of it). The Company must hold the relevant purchase money on trust for the Transferor (but without interest) and the Company must not pay such money to the Transferor until he has delivered the share certificate(s) in respect of the relevant Shares (or a suitable indemnity in a form reasonably satisfactory to the directors) to the Company.
- 11.6.3. After the Buyer has been registered in purported exercise of the power conferred by this Article 11.6 the validity of the proceedings may not be questioned by any person.
- 11.6.4. The appointment contained in Article 11.6.1 will remain in force and be irrevocable until such time as the Transferor ceases to be a Shareholder or director but will be of no further effect after that date.

### **12. COMPULSORY TRANSFER**

#### **12.1. Family trust**

- 12.1.1. Where any Shares are held by trustees upon a Family Trust, if and whenever any such Shares cease to be held upon a Family Trust

(otherwise than in consequence of a transfer authorised by Article 10.1.2) the trustees must immediately serve on the Company notice in writing to that effect and if the trustees fail to serve such notice the directors may serve the notice on their behalf.

- 12.1.2. A notice served pursuant to this Article 12.1 will be deemed to be a Transfer Notice in respect of all such Shares and the provisions of Article 11 in relation to a Transfer Notice and the procedure to be adopted following the service of such a notice shall apply.

## **12.2. Death or bankruptcy**

- 12.2.1. If any person (other than an existing Shareholder) becomes entitled (otherwise than in consequence of a transfer authorised by 10.1.5) to any Shares by reason of the death or bankruptcy of any Shareholder or in the case of a Shareholder that is a corporate body, an Insolvency Event, *he must immediately serve on the Company notice in writing to that effect and if that person fails to serve such notice the directors may serve the notice on his behalf.*
- 12.2.2. A notice served pursuant to this Article 12.2 will be deemed to be a Transfer Notice in respect of all the Shares to which such person has become entitled and the provisions of Article 11 in relation to a Transfer Notice and the procedure to be adopted following the service of such a notice will apply.
- 12.2.3. If any Shares to which such person has become entitled on the death or bankruptcy of any Shareholder or on an Insolvency Event are not sold pursuant to Article 11 then after the expiration of the period during which such Shares might have been purchased pursuant to it such person will (upon such evidence being produced as may from time to time be required by the directors) have the right to be registered himself as the holder of the Shares in question.

## **12.3. Event of Default**

- 12.3.1. If an Event of Default occurs, the Defaulting Shareholder and any other Shareholders holding Compulsory Transfer Shares (together the **"Relevant Shareholders"**) must immediately serve a Transfer Notice in respect of all of the Compulsory Transfer Shares then held by each of them respectively, and in the event that the Relevant Shareholders do not so serve a Transfer Notice, they will be deemed to have served such a Transfer Notice.
- 12.3.2. Following service or deemed service of a Transfer Notice pursuant to this Article, the provisions of Article 11 in relation to a Transfer Notice and the procedure to be adopted following the service of such a notice will apply.
- 12.3.3. Where a Shareholder is a corporate Shareholder, a transfer of shares by a shareholder in that corporate Shareholder to a Family Member which would, but for this provision, constitute a Change of Control in such Shareholder will not be treated as or deemed to be a Change of Control in such Shareholder for the purposes of these Articles.
- 12.3.4. Unless the directors resolve otherwise, any Shares which are the subject of a Transfer Notice served or deemed to have been served in accordance with this Article 12.3, (and any Shares received after the

date of service, or deemed service, of any such Transfer Notice by way of rights or on a capitalisation in respect of the Shares which are the subject of that Transfer Notice) will with effect from the date of the relevant Transfer Notice (or, if later, the date on which such Shares are issued), cease to confer upon the holder any right to receive notice of, or attend, speak or vote at, any general meeting of the Company (or at any meeting of the holders of any class of Shares) or any right to receive or vote on any written resolution of the Company (or any class of Shares) until such time as another person is entered in the register of members of the Company as the holder of those Shares.

## 13. DRAG ALONG

### 13.1. Drag Along Option

- 13.1.1. Subject to Article 13.2, if the Relevant Majority (together the **"Selling Shareholders"**) wish to transfer all their Shares to a Third Party Purchaser, they will have the option (a **"Drag Along Option"**) to require all of the other Shareholders (the **"Continuing Shareholders"**) to transfer all their Shares with full title guarantee to the Third Party Purchaser (or as the Third Party Purchaser may direct) in accordance with this Article 13.
- 13.1.2. The Selling Shareholders may exercise the Drag Along Option by serving notice to that effect (a **"Drag Along Notice"**) on each of the Continuing Shareholders at any time before the registration of the transfer of the Selling Shareholders' Shares. A Drag Along Notice must specify:
  - 13.1.2.1. that the Continuing Shareholders are required to transfer all their Shares (the **"Continuing Shares"**) pursuant to this Article 13;
  - 13.1.2.2. the identity of the Third Party Purchaser;
  - 13.1.2.3. the consideration for which, or the price at which, the Continuing Shares are to be transferred, determined in accordance with Article 13.1.4 (the **"Drag Along Consideration"**); and
  - 13.1.2.4. the proposed date of transfer (if known).
- 13.1.3. A Drag Along Notice may be revoked by the Selling Shareholders at any time prior to the completion of the sale and purchase of the Continuing Shares.
- 13.1.4. *The Drag Along Consideration must be the same consideration per Continuing Share of the same class (in the same form and due at the same time(s)) as that offered, given, paid or payable by, or due from, the Third Party Purchaser in respect of each Share of the same class held by the Selling Shareholders together with the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the Selling Shareholders which, having regard to the substance of the transaction as a whole, can reasonably be regarded as an addition to the price paid or consideration given in respect of the Shares held by them.*

- 13.1.5. If the Drag Along Consideration cannot be agreed between the Third Party Purchaser and the Continuing Shareholders within 10 Business Days of the date of service of the Drag Along Notice, the directors must immediately refer such matter for determination to the Expert and the provisions of Article 15 will apply.
- 13.1.6. Completion of the sale and purchase of the Continuing Shares will take place on the same date as completion of the sale and purchase of the Selling Shareholders' Shares (unless the Selling Shareholders and all of the Continuing Shareholders agree otherwise).

### **13.2. Scope and effect of Drag Along provisions**

- 13.2.1. Where an Event of Default has occurred in relation to a Defaulting Shareholder, the Relevant Shareholders (as defined in Article 12.3.1) may not exercise (or join in exercising) the Drag Along Option under this Article 13.
- 13.2.2. The rights of pre-emption on transfer of Shares set out in these Articles will not apply to the transfer of any Shares to a Third Party Purchaser named in a Drag Along Notice (or as that Third Party Purchaser may direct). Any Transfer Notice served in respect of a Share which has not been allocated to a Buyer in accordance with Article 11 will automatically be revoked by the service of a Drag Along Notice.
- 13.2.3. Upon any person (a "**New Shareholder**") becoming, at any time after the service of a Drag Along Notice, a registered holder of any Share pursuant to the exercise of any option, warrant or other right to subscribe for or acquire Shares, a Drag Along Notice, on the same terms as the then current Drag Along Notice, will immediately be deemed to have been served upon that New Shareholder. Upon the deemed service of a Drag Along Notice pursuant to this Article 13.2.3 the New Shareholder will become bound to sell and transfer to the Third Party Purchaser (or as the Third Party Purchaser may direct) any Share acquired by him as a result of the exercise of any such option, warrant or other right to subscribe for or acquire Shares. The provisions of this Article 13 will apply *mutatis mutandis* to the sale of any such Shares by such New Shareholder provided that completion of the sale and purchase of those Shares will take place on whichever is the later of:
  - 13.2.3.1. the date on which a Drag Along Notice is deemed to have been served on the New Shareholder pursuant to this Article 13.2.3; and
  - 13.2.3.2. the date of completion of the sale and purchase of the Continuing Shares pursuant to the original Drag Along Notice.

### **13.3. Default by Continuing Shareholders**

- 13.3.1. Upon the service of a Drag Along Notice, each Continuing Shareholder will be deemed to have irrevocably appointed each of the Selling Shareholders (severally) as the lawful agent of the Continuing Shareholder to take any action which they deem necessary or desirable in order to complete the arrangements contemplated by this Article 13 including executing, in the name of and on behalf of that Continuing Shareholder, any stock transfer form and covenant for full title guarantee

in respect of the Continuing Shares registered in the name of that Continuing Shareholder.

- 13.3.2. After the Third Party Purchaser has been registered in purported exercise of the power conferred by this Article 13.3, the validity of the proceedings may not be questioned by any person.

## 14. TAG ALONG

- 14.1. Save in the case of a transfer of Shares which is permitted in accordance with the provisions of Article 10, but otherwise notwithstanding any other provision of these Articles, no sale or other disposition of any Shares (the "**Committed Shares**") which would result in a Change of Control may be made or registered unless before the transfer is lodged for registration:
  - 14.1.1. the holders of 90% or more of the Shares have consented to such transfer;
  - 14.1.2. the relevant Third Party Purchaser has served a notice on the directors and all the Shareholders (a "**Tag Along Notice**") complying with Article 14.1.3;
  - 14.1.3. the Tag Along Notice must contain a bona fide offer (a "**Tag Along Offer**") by the Third Party Purchaser to acquire, in accordance with this Article 14, from all the Shareholders (other than persons connected with or acting in concert with the Third Party Purchaser) all the Shares which are not Committed Shares (the "**Uncommitted Shares**") for the consideration, or at the price, (the "**Tag Along Consideration**") calculated in accordance with Articles 14.3 and 14.4.
- 14.2. A Tag Along Notice must :
  - 14.2.1. state the Tag Along Consideration (subject to Article 14.4);
  - 14.2.2. state the identity of the Third Party Purchaser;
  - 14.2.3. invite the relevant offerees to respond in writing to the Third Party Purchaser stating that they wish to accept the Tag Along Offer;
  - 14.2.4. state a date (being not less than 5 nor more than 20 Business Days after the date of service of the Tag Along Notice) on which the Tag Along Notice will expire; and
  - 14.2.5. subject to Article 14.4.1, expire, and the Tag Along Offer deemed to be withdrawn if not previously accepted by the relevant offerees, on the date specified.
- 14.3. Subject to Article 14.4, the Tag Along Consideration will be the same consideration per Uncommitted Share of the same class (in the same form and due at the same time(s)) as that offered, given, paid or payable by, or due from, the Third Party Purchaser in respect of each Committed Share of the same class together with the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of the Committed Shares which, having regard to the substance of the transaction as a whole, can reasonably be regarded as an addition to the price paid or consideration given in respect of the Committed Shares.
- 14.4. If the Tag Along Consideration cannot be agreed between the Third Party Purchaser and the holders of not less than 50% of the Uncommitted Shares within 10 Business

Days of the date of service of the Tag Along Notice, the directors must immediately refer such matter for determination to the Expert in accordance with Article 15 and, pending his determination:

- 14.4.1. the period specified in the Tag Along Notice for acceptance of the Tag Along Offer will not start to run until such time as the Expert's determination of the Tag Along Consideration is served on the Third Party Purchaser and the Shareholders holding Uncommitted Shares; and
  - 14.4.2. the sale or transfer of the Committed Shares will have no effect and will not be registered.
- 14.5. Completion of the sale and purchase of the Uncommitted Shares will take place on the same date as completion of the sale and purchase of the Committed Shares (unless the directors and all of the holders of Uncommitted Shares agree).

## **15. EXPERT**

Where these Articles provide for any matter to be determined by the Expert, the provisions of this Article 15 will apply. The decision of the Expert (who will be deemed to act as an expert and not as an arbitrator) will, save in the event of fraud or manifest error, be final and binding on the Company and the Shareholders (as the case may be). The cost of such determination will be borne as directed in the relevant Article, or where no such direction is given, by the party or parties in such proportions as determined by the Expert (taking into account the conduct of the parties and the merits of their respective arguments in relation to any matters in dispute) or where no such determination is made by the Expert, equally by the parties concerned.

## **16. PROCEEDINGS AT GENERAL MEETINGS**

- 16.1. No business may be transacted at any general meeting unless a quorum is present. Two persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation will be a quorum.
- 16.2. If a quorum is not present within half an hour of the time appointed for the meeting then the meeting must be dissolved.
- 16.3. A resolution put to the vote of a meeting will be decided on a show of hands unless before, or on the declaration of the result of, the show of hands a poll is duly demanded.
- 16.4. A poll may be demanded:
  - 16.4.1. by the Chairman; or
  - 16.4.2. by a member (present in person or by proxy) having the right to attend and vote at the meeting; or
  - 16.4.3. by a duly authorised representative of a corporation.
- 16.5. The demand for a poll may, before the poll is taken, be withdrawn. A demand so withdrawn will not be taken to have invalidated the result of a vote on a show of hands declared before the demand was made.
- 16.6. On a show of hands or on a poll votes may be given either personally or by proxy.

- 16.7. A resolution in writing executed pursuant to section 288 of the Act and which is expressed to be a special resolution or an ordinary resolution will have effect accordingly.
- 16.8. In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.
- 16.9. Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meetings, they are (or would be) able to exercise them.

## **17. VOTES OF MEMBERS**

### **17.1.**

17.1.1. Subject to Article 17.2 below, on a vote on a resolution at a general meeting on a show of hands:-

17.1.1.1. each member who, being an individual, is present in person has one vote;

17.1.1.2. if a member (whether such member is an individual or a corporation) appoints one or more proxies to attend the meeting, all proxies so appointed have, collectively, one vote;

17.1.1.3. if a corporate member appoints one or more persons to represent it at the meeting, each person so appointed has, subject to section 323(4) of the Act, one vote.

17.1.2. Subject to Article 17.2 below, on a resolution at a general meeting on a poll, every member (whether present in person, by proxy or authorised representatives) has one vote in respect of each share held by him.

17.2. Unless the directors otherwise determine no member may vote at any general meeting or at any separate meeting of the holders of any class of shares in the Company, either in person or by proxy, in respect of any share held by him unless all the moneys presently payable by him in respect of that share have been paid. Model Article 37 will be amended accordingly.

17.3. The notice appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the directors may:

17.3.1. in the case of an instrument in writing be deposited at the office or at such other place within the United Kingdom and at such time as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting; or

17.3.2. (notwithstanding any provision to the contrary in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting):

17.3.2.1. in the case of an instrument in writing be deposited with the Chairman 30 minutes before the commencement of the meeting or adjourned meeting; or

- 17.3.2.2. in the case of an electronic communication be received not less than 24 hours before the commencement of the meeting or adjourned meeting

and an instrument of proxy which is not deposited or delivered in a manner so permitted will be invalid.

- 17.4. For the avoidance of doubt, any reference to "writing" in this Article excludes the writing on a visual display unit, faxes, telexes or e-mail.

## **18. NUMBER OF DIRECTORS**

- 18.1. Unless otherwise determined by the Company in general meeting, the number of directors is shall be not less than three but shall not be subject to any maximum.
- 18.2. If and so long as there is a sole director he may exercise all the powers and authorities vested in the directors by these Articles and by the Model Articles.

## **19. APPOINTMENT AND REMOVAL OF ALTERNATE DIRECTORS**

- 19.1. Any director (appointor) may appoint as an alternate any other director, or any other person approved by resolution of the directors, to:
  - 19.1.1. exercise that director's powers; and
  - 19.1.2. carry out that director's responsibilitiesin relation to the taking of decisions by the directors, in the absence of the alternate's appointor.
- 19.2. Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the directors.
- 19.3. The notice must:
  - 19.3.1. identify the proposed alternate; and
  - 19.3.2. in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice.

## **20. RIGHTS AND RESPONSIBILITIES OF ALTERNATE DIRECTORS**

- 20.1. An alternate director may act as alternate director to more than one director and has the same rights in relation to any decision of the directors as the alternate's appointor.
- 20.2. Except as the Articles specify otherwise, alternate directors:
  - 20.2.1. are deemed for all purposes to be directors
  - 20.2.2. are liable for their own acts and omissions
  - 20.2.3. are subject to the same restrictions as their appointors; and
  - 20.2.4. are not deemed to be agents of or for their appointors



and, in particular (without limitation), each alternate director will be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member.

20.3. A person who is an alternate director but not a director:

20.3.1. may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating)

20.3.2. may participate in a unanimous decision of the directors (but only if his appointor is an eligible director in relation to that decision, but does not participate); and

20.3.3. will not be counted as more than one director for the purposes of Articles 20.3.1 and 20.3.2.

20.4. A director who is also an alternate director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the directors (provided that his appointor is an eligible director in relation to that decision), but may not count as more than one director for the purposes of determining whether a quorum is present.

20.5. An alternate director is not entitled to receive any remuneration from the Company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the Company.

## **21. TERMINATION OF ALTERNATE DIRECTORSHIP**

An alternate director's appointment as an alternate terminates:

21.1. when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;

21.2. on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director;

21.3. on the death of the alternate's appointor; or

21.4. when the alternate's appointor's appointment as a director terminates

## **22. POWERS OF DIRECTORS**

In addition to and without prejudice to the generality of the powers conferred by Model Article 3 the directors may exercise all the powers of the Company to borrow and to mortgage or charge all the undertaking and property of the Company including the uncalled capital or any part of it, and to issue debentures, debenture stock and other securities, whether outright or as security for any debt, liability or obligation of the Company or of any third party.

## **23. DISQUALIFICATION AND REMOVAL OF DIRECTORS**

23.1. The office of a director will automatically be vacated, and the director in question will be deemed to have resigned, in the case of an executive director only, upon that director ceasing for any reason whatsoever to be employed by the Company or any other Group Company in circumstances where he does not remain, or immediately thereupon become, an employee of another Group Company.

- 23.2. Model Article 18(d) will be amended by substituting the following for paragraph (c):

“(c) that person becomes, in the opinion of all his co-directors, incapable by reason of mental disorder of discharging his duties as a director;”

## **24. PROCEEDINGS OF DIRECTORS**

- 24.1. The quorum for directors' meetings may be fixed from time to time by a decision of the directors and unless so fixed will be three unless there is a sole director in which case the quorum will be one.
- 24.2. A decision of the directors is taken in accordance with this Article when all eligible directors indicate to each other by any means that they share a common view on a matter. Such a decision may take the form of a resolution in writing, where each eligible director has signed one or more copies of it, or to which each eligible director has otherwise indicated in writing. Model Article 8(2) will be amended accordingly.

## **25. DIRECTORS CONFLICT OF INTEREST**

- 25.1. Subject to Article 25.2 the directors may, in accordance with section 175(5)(a) of the Act, authorise any matter which would otherwise involve or may involve a director breaching his duty under section 175(1) of the Act to avoid conflicts of interest (a “Conflict”).
- 25.2. When a Conflict is considered by the directors the director seeking authorisation in relation to the Conflict and any other director with a similar interest:
- 25.2.1. will not count in the quorum nor vote on a resolution authorising the Conflict; and
  - 25.2.2. may if the other directors so decide, be excluded from the board meeting while the Conflict is considered.
- 25.3. A director, notwithstanding his office, and without breaching his duty under section 175 of the Act may:
- 25.3.1. be a director or other officer of, employed by, or otherwise interested (including by the holding of shares) in a company which is for the time being a holding company or a subsidiary of the Company or a subsidiary of a holding company of the Company;
  - 25.3.2. be a shareholder of the Company;
  - 25.3.3. hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of director for such period and upon such terms, including as to remuneration, as the directors may decide;
  - 25.3.4. act by himself or through a firm with which he is associated in a professional capacity for the Company or any other company in which the Company may be interested (otherwise than as auditor);

and no authorisation under Article 25.1 will be necessary in respect of any such interest. A director is not accountable to the Company for any remuneration or other benefits which he derives from any such office or employment or from any interest in any such body corporate.

25.4. 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 Act, a director who is in any way, whether directly or indirectly, interested in an existing or proposed contract, transaction or arrangement with the Company, or in which the Company is (directly or indirectly) interested:

25.4.1. may be a party to, or otherwise interested in any such contract, transaction or arrangement;

25.4.2. subject to Article 25.2, will be entitled to count in the quorum and to vote at a meeting of directors (or of a committee of the directors) or participate in any unanimous decision, in respect of any proposed decision relating to such contract, transaction or arrangement;

25.4.3. will not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such contract, transaction or arrangement and no such contract, transaction or arrangement will be liable to be avoided on the grounds of any such interest or benefit nor will the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

25.5. Model Article 19(5) is modified accordingly.

## **26. SECRETARY**

The directors may appoint any person who is willing to act as a 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.

## **27. NOTICES**

27.1. The Company can deliver a notice or other document pursuant to these Articles to a shareholder or any other person (other than a notice calling a meeting of the directors):

27.1.1. by delivering it by hand to the address recorded for the shareholder on the register;

27.1.2. by sending it by post or other delivery service in an envelope (with postage or delivery paid) to the address recorded for the shareholder on the register;

27.1.3. by electronic mail (except a share certificate) to an address notified by the shareholder in writing; or

27.1.4. by a website (except a share certificate) the address of which must be notified to the shareholder in writing;

27.2. This Article does not affect any provision in any relevant legislation or the Articles requiring notices or documents to be delivered in a particular way.

27.3. In the case of joint holders of a share, all notices must be given to the joint holder whose name stands first in the register of members in respect of the joint holding and notice so given will be sufficient notice to all the joint holders. A member whose registered address is not within the United Kingdom and who gives to the Company an address (which includes an electronic mail address) within the United

Kingdom at which notices may be given to him will be entitled to have notices given to him at that address, but otherwise no such member will be entitled to receive any notice from the Company.

- 27.4. If a notice or document is delivered by hand, it is treated as being delivered at the time it is handed to or left for the shareholder. If a notice or document is sent by post or other delivery service not referred to below, it is treated as being delivered:

27.4.1. 24 hours after it was posted, if first class post was used; or

27.4.2. 72 hours after it was posted or given to delivery agents, if first class post was not used;

provided it can be proved conclusively that a notice or document was delivered by post or other delivery service by showing that the envelope containing the notice or document was:

27.4.3. properly addressed; and

27.4.4. put into the post system or given to delivery agents with postage or delivery paid.

- 27.5. If a notice or document (other than a share certificate) is sent by electronic mail, it is treated as being delivered at the time it was sent. If a notice or document (other than a share certificate) is sent by a website, it is treated as being delivered when the material was first made available on the website, or if later, when the recipient received (or is deemed to have received) notice of the fact that the material was available on the website.

## **28. ACCOUNTS**

Model Article 50 is amended by replacing "no person is entitled to inspect any of the company's accounting or other records or documents" with "no person, other than the Shareholders, is entitled to inspect any of the Company's accounting or other records or documents."

## **29. INDEMNITY AND INSURANCE**

- 29.1. Subject to Article 29.2, but without prejudice to any indemnity to which a Relevant Officer is otherwise entitled:

29.1.1. each Relevant Officer must be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a Relevant Officer:

29.1.1.1. in the actual or purported execution and/or discharge of his duties, or in relation thereto ; and

29.1.1.2. in relation to the Company's (or other Group Company's) activities as trustee of an occupational pension scheme (as defined in section 235(6) of the Act).]

including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted, or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part, or in connection with any application in which the court grants him, in his capacity as a Relevant Officer, relief from liability for negligence,

default, breach of duty or breach of trust in relation to the Company's (or other Group Company's) affairs; and

- 29.1.2. the Company may provide any Relevant Officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in Article 29.1 and otherwise may take any action to enable such Relevant Officer to avoid incurring such expenditure.
- 29.2. This Article 29 does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law.
- 29.3. The directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any Relevant Officer in respect of any Relevant Loss.
- 29.4. In this Article:
  - 29.4.1. **"Relevant Loss"** means any loss or liability which has been or may be incurred by a Relevant Officer in connection with that Relevant Officer's duties or powers in relation to the Company (or other Group Company) or any pension fund or employees' share scheme of the Company (or other Group Company); and
  - 29.4.2. **"Relevant Officer"** means any director or other officer or former director or other officer of any Group Company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act), but excluding in each case any person engaged by a Group Company as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor.