



THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

R. A. RICHARDSON (FURNISHINGS) LIMITED

Company No SC089762

Adopted by Special Resolution on 2 November 2022

2022

Ref: JG/RARF/1/20

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Introduction

1. Interpretation

1.1 The following definitions and rules of interpretation apply in these Articles:

A Share: has the meaning given in article 15.1.

Act: the Companies Act 2006.

Adoption Date: the date of adoption of these Articles.

Allocation Notice: has the meaning given in article 18.10.

Applicant: has the meaning given in article 18.10.

appointor: has the meaning given in article 11.1.

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

B Share: has the meaning given in article 15.1.

Business Day: a day other than a Saturday, Sunday or public holiday in Scotland on which banks in Glasgow are open for business.

C Share: has the meaning given in article 15.1.

Company: R. A. Richardson (Furnishings) Limited (Company number SC089762).

Conflict: has the meaning given in article 7.1.

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).

Excess Securities: has the meaning given in article 17.6(c).

Fair Value: has the meaning given in article 19.2.

Family Trust: in relation to an Original Shareholder, a trust set up wholly for the benefit of that Original Shareholder and/or that Original Shareholder's Privileged Relations.

Independent Expert: the accountants for the time being of the Company or, if they decline the instruction, an independent firm of chartered accountants appointed by the Company and the Seller or if the parties fail to agree on such firm and the terms of their appointment within 10 Business Days of either party serving details of a proposed firm on the other, then either party shall be entitled to request the President of the Institute of Chartered Accountants in Scotland to appoint the Independent Expert and to agree their terms of appointment on behalf of the parties.

Interested Director: has the meaning given in article 7.1.

Minimum Transfer Condition: has the meaning given in article 18.2(d).

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.

Offer Period: has the meaning given in article 18.7.

Offeree: has the meaning given in article 17.5.

Ordinary Shares: has the meaning given in article 15.1.

Ordinary Shareholder: the holder of Ordinary Shares.

Original Shareholder: each Shareholder, excluding any Shareholder who, for the time being, only holds Shares as a result of a Permitted Transfer.

Permitted Transfer: a transfer of Shares made in accordance with article 20.

Permitted Transferee: in relation to a Shareholder, any of his Privileged Relations or the trustee(s) of his Family Trust(s).

Privileged Relation(s): the spouse and children of a Shareholder.

Proposed Sale Price: has the meaning given in article 18.2(c).

Relevant Securities: any Shares or other securities convertible into, or carrying the right to subscribe for Shares, issued by the Company after the Adoption Date, other than any Shares or other securities issued by the Company in order for the Company to comply with its obligations under these Articles.

Sale Shares: has the meaning given in article 18.2(a).

Seller: has the meaning given in article 18.2.

Shareholder: the holder (of any class) of Shares.

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

Surplus Shares: has the meaning given in article 18.8(c).

Transfer Notice: has the meaning given in article 18.2.

Transfer Price: has the meaning given in article 19.1.

- 1.2 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles.
- 1.3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.4 A reference in these Articles to an "article" is a reference to the relevant article of these Articles unless expressly provided otherwise.
- 1.5 Unless expressly provided otherwise, a reference to legislation or a legislative provision is a reference to it as amended, extended or re-enacted from time to time.
- 1.6 A reference to legislation or a legislative provision shall include all subordinate legislation made from time to time under that legislation or legislative provision.
- 1.7 Any words following the terms **including**, **include**, **in particular**, **for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.8 Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.
- 1.9 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by, or are inconsistent with, these Articles.
- 1.10 Articles 8, 9(1), 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(2), 44(2), 49, 52 and 53 of the Model Articles shall not apply to the Company.
- 1.11 Article 7 of the Model Articles shall be amended by the insertion of the words "for the time being" at the end of article 7(2)(a).
- 1.12 Article 20 of the Model Articles shall be amended by the insertion of the words "(including alternate directors) and the secretary" before the words "properly incur".
- 1.13 In article 25(2)(c) of the Model Articles, the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity".
- 1.14 Article 27(3) of the Model Articles shall be amended by the insertion of the words ", subject to article 10," after the word "But".

- 1.15 Article 29 of the Model Articles shall be amended by the insertion of the words ", or the name of any person(s) named as the transferee(s) in an instrument of transfer executed under article 28(2) of the Model Articles," after the words "the transmittee's name".
- 1.16 Articles 31(1)(a) to (c) (inclusive) of the Model Articles shall be amended by the deletion, in each case, of the words "either" and "or as the directors may otherwise decide". Article 31(d) of the Model Articles shall be amended by the deletion of the words "either" and "or by such other means as the directors decide".

Directors

2. Unanimous decisions

- 2.1 A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.
- 2.2 Such a decision may take the form of a resolution in writing, where each eligible director has signed one or more copies of it, or to which each eligible director has otherwise indicated agreement in writing.
- 2.3 A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

3. Calling a directors' meeting

- 3.1 Any director may call a directors' meeting by giving not less than five Business Days' notice of the meeting (or such lesser notice as all the directors may agree) to the directors or by authorising the Company secretary (if any) to give such notice.

4. Quorum for directors' meetings

- 4.1 Subject to article 4.2, the quorum for the transaction of business at a meeting of directors is any two eligible directors, unless the shareholders have resolved pursuant to article 9 that there is to be only one director in office for the time being, in which event that director shall form a quorum.
- 4.2 For the purposes of any meeting (or part of a meeting) held pursuant to article 7 to authorise a director's conflict, if there is only one eligible director in office other than the conflicted director(s), the quorum for such meeting (or part of a meeting) shall be one eligible director.
- 4.3 If the total number of directors in office for the time being is less than the quorum required, the directors must not take any decision other than a decision:
- (a) to appoint further directors; or
 - (b) to call a general meeting so as to enable the shareholders to appoint further directors.

5. Casting vote

- 5.1 If the numbers of votes for and against a proposal at a meeting of directors are equal, the chair or other director chairing the meeting has a casting vote.

6. Transactions or other arrangements with the Company

Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided he or she has declared the nature and extent of his or her interest in accordance with the requirements of the Companies Acts, a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;
- (b) shall be an eligible director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such existing or proposed transaction or arrangement in which he or she is interested;
- (c) shall be entitled to vote at a meeting of directors (or of a committee of the directors) or participate in any unanimous decision, in respect of such existing or proposed transaction or arrangement in which he or she is interested;
- (d) may act by himself or herself, or his or her firm in a professional capacity for the Company (otherwise than as auditor) and he or she, or his or her firm shall be entitled to remuneration for professional services as if he or she were not a director;
- (e) may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested; and
- (f) shall not, save as he or she may otherwise agree, be accountable to the Company for any benefit which he or she (or a person connected with him or her (as defined in section 252 of the Act)) derives from any such transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his or her duty under section 176 of the Act.

7. Directors' conflicts of interest

- 7.1 The directors may, in accordance with the requirements set out in this article, authorise any matter or situation proposed to them by any director which would, if not authorised, involve a director (an **Interested Director**) breaching his or her duty under section 175 of the Act to avoid conflicts of interest (**Conflict**).
- 7.2 Any authorisation under this article 7 will be effective only if:

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

7.3 Any authorisation of a Conflict under this article 7 may (whether at the time of giving the authorisation or subsequently):

- (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
- (b) provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict;
- (c) provide that the Interested Director shall or shall not be an eligible director in respect of any future decision of the directors in relation to any resolution related to the Conflict;
- (d) impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit;
- (e) provide that, where the Interested Director obtains, or has obtained (through his or her involvement in the Conflict and otherwise than through his or her position as a director of the Company) information that is confidential to a third party, he or she will not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence; and
- (f) permit the Interested Director to absent himself or herself from the discussion of matters relating to the Conflict at any meeting of the directors and be excused from reviewing papers prepared by, or for, the directors to the extent they relate to such matters.

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

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

7.6 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company for any remuneration, profit

or other benefit which he or she derives from or in connection with a relationship involving a Conflict which has been authorised by the directors or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

8. Records of decisions to be kept

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

9. Number of directors

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

10. Appointment of directors

In any case where, as a result of death or bankruptcy, the Company has no shareholders and no directors, the transmittee(s) of the last shareholder to have died or to have a bankruptcy order made against him (as the case may be) have the right, by notice in writing, to appoint a natural person (including a transmittee who is a natural person), who is willing to act and is permitted to do so, to be a director.

11. Appointment and removal of alternate directors

11.1 Any director (**appointor**) may appoint as an alternate any other director, or any other person approved by resolution of the directors, to:

- (a) exercise that director's powers; and
- (b) carry out that director's responsibilities,

in relation to the taking of decisions by the directors, in the absence of the alternate's appointor.

11.2 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.

11.3 The notice must:

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

12. Rights and responsibilities of alternate directors

12.1 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.

12.2 Except as the Articles specify otherwise, alternate directors:

- (a) are deemed for all purposes to be directors;
- (b) are liable for their own acts and omissions;
- (c) are subject to the same restrictions as their appointors; and
- (d) are not deemed to be agents of or for their appointors

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

12.3 A person who is an alternate director but not a director:

- (a) may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating);
- (b) may participate in a unanimous decision of the directors (but only if his or her appointor is an eligible director in relation to that decision, but does not participate); and
- (c) shall not be counted as more than one director for the purposes of article 12.3(a) and article 12.3(b).

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

12.5 An alternate director may be paid expenses and may be indemnified by the Company to the same extent as his appointor but shall not be entitled to receive any remuneration from the Company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the Company.

13. Termination of alternate directorship

An alternate director's appointment as an alternate terminates:

- (a) when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;

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

14. Secretary

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

Shares

15. Share Capital

- 15.1 The share capital of the Company comprises ordinary shares of £1.00 each (**Ordinary Shares**), A ordinary shares of £1.00 each (**A Shares**), B ordinary shares of £1.00 each (**B Shares**) and C ordinary shares of £1.00 each (**C Shares**).
- 15.2 The Ordinary Shares, A Shares, B Shares and C Shares shall rank pari passu in all respects but shall constitute separate classes of shares, except as otherwise provided in these Articles.
- 15.3 Notwithstanding any other provision of these Articles, the following rights will apply to the Ordinary Shares, A Shares, B Shares and C Shares:

Income

- (a) the profits of the Company available for distribution (as defined in section 830(2) of the Act) shall, conditionally on the directors of the Company recommending such distribution, be paid to the Shareholders of the Ordinary Shares, A Shares, B Shares and C Shares (at such respective rates and in such proportion as the directors may determine so that a dividend or dividends may be declared at different rates on the respective classes of shares);
- (b) on a return of capital, whether on a winding-up or otherwise, the Ordinary Shares shall benefit from a right to participate pro rata in any distribution subject to the payment of £1 in respect of each A Share, B Share or C Share;
- (c) on a return of capital, whether on a winding-up or otherwise, the maximum sum payable in respect of each A Share, B Share or C Share shall be £1;

Voting

- (d) each Ordinary Share shall carry a right to receive notice of attend, speak and vote at any General Meeting of the Company; and
- (e) an A Share, B Share or C Share shall not carry any right to receive notice of or to attend, speak or vote at any General Meeting of the Company nor shall the holder of any A Share, B Share or C Share have any right of pre-emption in respect of the issue of any new share or upon the transfer of any share in the capital of the Company.

15.4 Article 20 shall not apply to Ordinary Shares.

16. Purchase of own shares

Subject to the Act but without prejudice to any other provision of these Articles, the Company may purchase its own shares in accordance with Chapter 4 of Part 18 of the Act, including (without limitation) out of capital up to any amount in a financial year not exceeding the lower of:

- (a) £15,000; and
- (b) the nominal value of 5% of the Company's fully paid share capital at the beginning of each financial year of the Company.

17. Pre-emption rights on the issue of further shares

17.1 Save to the extent authorised by these Articles, or authorised from time to time by an ordinary resolution, the Directors shall not exercise any power to allot Shares or to grant rights to subscribe for, or to convert any security into, any Shares.

17.2 Subject to the remaining provisions of this article 17, the Directors are generally and unconditionally authorised, for the purposes of section 551 of the Act, to exercise any power of the Company to:

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

any Shares (or any options, warrants, conversion rights and all other rights to acquire or subscribe for Shares) to any person, at any time and subject to any terms and conditions as the Directors think proper.

17.3 The authority referred to in article 17.2:

- (a) shall be limited to a maximum nominal amount of £6, comprising two A Shares, two B Shares and two C Shares;
- (b) shall only apply insofar as the Company has not, subject to these Articles, renewed, waived or revoked it by ordinary resolution;

- (c) may only be exercised for a period of five years from the Adoption Date save that, subject to these Articles, the directors may make an offer or agreement which would, or might, require any Shares to be allotted after the expiry of such authority (and the directors may allot Shares in pursuance of an offer or agreement as if such authority had not expired); and
 - (d) may be exercised by the directors allotting such shares to such persons as they may determine.
- 17.4 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to an allotment of equity securities (as defined in section 560(1) of the Act) made by the Company.
- 17.5 Subject to article 17.3, unless otherwise agreed by special resolution, if the Company proposes to allot any Relevant Securities, those Relevant Securities shall not be allotted to any person unless the Company has first offered them to the Ordinary Shareholders (each an **Offeree**) in the respective proportions that the number of Shares held by each such holder bears to the total number of Shares held by all such holders (as nearly as possible without involving fractions) and on the same terms, and at the same price, as those Relevant Securities are being, or are to be, offered to any other person.
- 17.6 An offer made under article 17.5 shall:
 - (a) be in writing and give details of the number, class and subscription price (including any share premium) of the Relevant Securities being offered;
 - (b) remain open for a period of at least 20 Business Days from the date of service of the offer; and
 - (c) stipulate that any Offeree who wishes to subscribe for a number of Relevant Securities in excess of the number to which they are entitled under article 17.5 shall, in their acceptance, state the number of excess Relevant Securities (**Excess Securities**) for which they wish to subscribe.
- 17.7 If, on the expiry of an offer made in accordance with article 17.5, the total number of Relevant Securities applied for is less than the total number of Relevant Securities so offered, the directors shall allot the Relevant Securities to the Offerees in accordance with their applications, subject to a maximum of each Offeree's proportionate entitlement.
- 17.8 Any Relevant Securities not accepted by Offerees pursuant to an offer made in accordance with article 17.5 shall be used to satisfy any requests for Excess Securities made pursuant to article 17.6(c). If there are insufficient Excess Securities to satisfy such requests, the Excess Securities shall be allotted to the applicants in the respective proportions that the number of Shares held by each such applicant bears to the total number of such Shares held by all applicants (as nearly as possible without involving fractions or increasing the number of Excess Securities allotted to any Shareholder beyond that applied for by them). After those allotments, any Excess Securities shall

be offered to any other person(s) as the directors determine, at the same price and on the same terms as the offer to the Shareholders.

18. Pre-emption rights on the transfer of shares

18.1 Except where the provisions of article 20 apply, any transfer of Shares by a Shareholder shall be subject to the pre-emption rights in this article 18.

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

- (a) the number of Shares they wish to transfer (**Sale Shares**);
- (b) the name of the proposed transferee, if any;
- (c) the price per Sale Share (in cash), if any, at which they wish to transfer the Sale Shares (the **Proposed Sale Price**); and
- (d) whether the Transfer Notice is conditional on all or a specific number of the Sale Shares being sold (a **Minimum Transfer Condition**).

18.3 A Transfer Notice constitutes the Company the agent of the Seller for the sale of the Sale Shares at the Transfer Price.

18.4 As soon as practicable following the later of:

- (a) receipt of a Transfer Notice; and
- (b) the determination of the Transfer Price,

the directors shall offer the Sale Shares for sale in the manner set out in the remaining provisions of this article 18 at the Transfer Price. Each offer shall be in writing and shall give details of the number and Transfer Price of the Sale Shares offered.

18.5 The Sale Shares shall be offered in the following order of priority:

- (a) first, to a person or persons agreed between the directors; and
- (b) second, to the Ordinary Shareholders;

in each case on the basis set out in article 18.7 to article 18.13 (inclusive).

18.6 An offer of Sale Shares made in accordance with article 18.5(a) shall remain open for acceptance for a period from the date of the offer to the date 20 Business Days after the offer (both dates inclusive). Any Sale Shares not allocated within that period shall be dealt with in accordance with article 18.7 and article 18.8.

18.7 Subject to article 18.6, the directors shall offer the Sale Shares to the Ordinary Shareholders (other than the Seller), inviting them to apply in writing within the period from the date of the offer

to the date 20 Business Days after the offer (both dates inclusive) (the **Offer Period**) for the maximum number of Sale Shares they wish to buy.

18.8 If:

- (a) at the end of the Offer Period, the number of Sale Shares applied for is equal to or exceeds the number of Sale Shares, the directors shall allocate the Sale Shares to each Ordinary Shareholder who has applied for Sale Shares in the proportion which his existing holding of Shares bears to the total number of Shares of the class being offered held by all Ordinary Shareholders (other than the Seller). Fractional entitlements shall be rounded down to the nearest whole number (save where such rounding would result in not all Sale Shares being allocated, in which case, the allocation of any such fractional entitlements shall be determined by the directors. No allocation shall be made to a Shareholder of more than the maximum number of Sale Shares which that Shareholder has stated they are willing to buy;
- (b) not all Sale Shares are allocated following allocations in accordance with article 18.8(a), but there are applications for Sale Shares that have not been satisfied, the directors shall allocate the remaining Sale Shares to such applicants in accordance with the procedure set out in article 18.8(a). The procedure set out in this article 18.8(b) shall apply on any number of consecutive occasions until either all Sale Shares have been allocated or all applications for Sale Shares have been satisfied; and
- (c) at the end of the Offer Period, the total number of Sale Shares applied for is less than the number of Sale Shares, the directors shall allocate the Sale Shares to the Ordinary Shareholders in accordance with their applications. The balance (the **Surplus Shares**) shall be dealt with in accordance with article 18.13.

18.9 Where the Transfer Notice contains a Minimum Transfer Condition:

- (a) any allocation made under article 18.6 to article 18.8 (inclusive) shall be conditional on the fulfilment of the Minimum Transfer Condition; and
- (b) if the total number of Sale Shares applied for under article 18.6 to article 18.8 (inclusive) is less than the number of Sale Shares, the directors shall notify the Seller and all those Shareholders to whom Sale Shares have been conditionally allocated stating that the condition has not been met and that the relevant Transfer Notice has lapsed with immediate effect.

18.10 Where either:

- (a) the Transfer Notice does not contain a Minimum Transfer Condition; or
- (b) allocations have been made in respect of all the Sale Shares,

the directors shall, when no further offers or allocations are required to be made under article 18.6 to article 18.8 (inclusive), give notice in writing of the allocations of Sale Shares (an

Allocation Notice) to the Seller and each Shareholder to whom Sale Shares have been allocated (each an **Applicant**). The Allocation Notice shall specify the number of Sale Shares allocated to each Applicant and the place and time for completion of the transfer of the Sale Shares (which shall be at least 20 Business Days, but not more than 25 Business Days, after the date of the Allocation Notice).

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

18.12 If the Seller fails to comply with article 18.11:

- (a) any other director or some other person nominated by a resolution of the directors may, as agent 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 no Applicant shall be obliged to see to the distribution of the Transfer Price); and
 - (iii) (subject to the transfer being duly stamped) enter the Applicants in the register of Shareholders as the holders of the Shares purchased by them; and
- (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 the Seller has delivered the certificate(s) for the relevant Shares (or an indemnity, in a form reasonably satisfactory to the directors, in respect of any lost certificate, together with such other evidence (if any) as the directors may reasonably require to prove good title to those Shares) to the Company.

18.13 Where a Transfer Notice lapses pursuant to article 18.9(b) or an Allocation Notice does not relate to all the Sale Shares, then the Seller may, at any time during the 20 Business Days following the date of lapse of the Transfer Notice, or the date of service of the Allocation Notice as the case may be, transfer the Sale Shares (in the case of a lapsed offer) or the Second Surplus Shares (as the case may be) to any person at a price at least equal to the Transfer Price. The sale of the Sale Shares (following the lapse of a Transfer Notice) in accordance with this article 18.13 shall continue to be subject to any Minimum Transfer Condition.

19. Valuation

19.1 The price for each Sale Share the subject of a Transfer Notice (the **Transfer Price**) shall, save where expressly provided otherwise in these Articles, be the price per Sale Share (in cash) agreed between the directors (any director being a Seller not voting) and the Seller or, in default of agreement within 20 Business Days of the date of service of the Transfer Notice, the Fair Value of each Sale Share.

- 19.2 The Fair Value shall be the price per Sale Share determined by the Independent Expert on the following bases and assumptions:
- (a) valuing the Sale Shares as on an arm's-length sale between a willing seller and a willing buyer as at the date the Transfer Notice was served (or deemed served);
 - (b) if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;
 - (c) that the Sale Shares are capable of being transferred without restriction;
 - (d) valuing the Sale Shares as a rateable proportion of the total value of all the issued Shares without any premium or discount being attributable to the percentage of the issued share capital of the Company which they represent; and
 - (e) reflecting any other factors which the Independent Expert reasonably believes should be taken into account.
- 19.3 If any difficulty arises in applying any of these assumptions or bases then the Independent Expert shall resolve that difficulty in whatever manner it shall in its absolute discretion think fit.
- 19.4 The directors will give the Independent Expert access to all accounting records or other relevant documents, subject to it agreeing such confidentiality provisions as the directors may reasonably impose.
- 19.5 The parties are entitled to make submissions to the Independent Expert including oral submissions and shall provide (or procure that others provide) the Independent Expert with such assistance and documents as the Independent Expert may reasonably require for the purpose of reaching a decision.
- 19.6 The Independent Expert shall act as expert and not as arbitrator and its determination shall be final and binding on the parties (in the absence of fraud or manifest error).
- 19.7 The Independent Expert shall be requested to determine the Fair Value within 20 Business Days of its appointment and to deliver its certificate to the Company. Forthwith upon receipt, the Company shall deliver a copy of the certificate to the Seller.
- 19.8 The cost of obtaining the Independent Expert's certificate shall be borne by the parties equally or in such other proportions as the Independent Expert directs unless the Seller withdraws the relevant Transfer Notice, in which case the Seller shall bear the cost.

20. Permitted transfers

- 20.1 Each of Marjorie Richardson and Robert Allan Richardson may transfer any or all of their Ordinary Shares during their lifetime or by virtue of any testamentary writings to:

- (a) a Shareholder or Shareholders already holding Ordinary Shares; and/or
 - (b) a trust set up for the benefit of each other, their children and grand-children (or any of them).
- 20.2 Where Ordinary Shares are held by trustee(s) of a trust pursuant to article 20.1(b), such trustees may transfer Ordinary Shares to :
 - (a) the relevant settlor;
 - (b) any beneficiary under the trust; or
 - (c) the new (or remaining) trustee(s) upon a change of trustee(s) of the trust,
 without any price or other restriction.
- 20.3 An Original Shareholder may transfer all or any of their A Shares, B Shares or C Shares to a Permitted Transferee.
- 20.4 Where A Shares, B Shares or C Shares are held by the trustee(s) of a Family Trust, the trustee(s) may transfer A Shares, B Shares or C Shares to:
 - (a) the Original Shareholder;
 - (b) any Privileged Relation(s) of the Original Shareholder;
 - (c) the trustee(s) of another Family Trust of which the Original Shareholder is the Settlor; or
 - (d) to the new (or remaining) trustee(s) upon a change of trustee(s) of a Family Trust,
 without any price or other restriction.
- 20.5 If a Permitted Transfer of any A Shares, B Shares or C Shares has been made to a Privileged Relation of the Original Shareholder, the Permitted Transferee (or the transmittee(s) of any such person), shall within ten Business Days of ceasing to be a Privileged Relation of the Original Shareholder (whether by reason of death, divorce or otherwise) either:
 - (a) execute and deliver to the Company a transfer of the Shares held by the Privileged Relation to the Original Shareholder (or to any Permitted Transferee of the Original Shareholder) for such consideration as may be agreed between them; or
 - (b) give a Transfer Notice to the Company
 failing which a Transfer Notice shall be deemed to have been given in respect of such A Shares, B Shares or C Shares on the expiry of the period set out in this article 20.5. This article 20.5 shall not apply to a transmittee of a Permitted Transferee if that transmittee is also a Permitted Transferee of the Original Shareholder, to the extent that such transmittee is legally or beneficially entitled to those A Shares, B Shares or C Shares.
- 20.6 Notwithstanding any other provision of this article 20, a transfer of any A Shares, B Shares or C Shares approved by the directors may be made without any price or other restriction and any such transfer shall be registered by the directors.

Decision making by shareholders

21. Poll votes

- 21.1 A poll may be demanded at any general meeting by any qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting.
- 21.2 Article 44(3) of the Model Articles shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made" as a new paragraph at the end of that article.

22. Proxies

- 22.1 Article 45(1)(d) of the Model Articles shall be deleted and replaced with the words "is delivered to the company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate".
- 22.2 Article 45(1) of the Model Articles shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid, unless the directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that article.

Administrative arrangements

23. Means of communication to be used

- 23.1 Subject to article 23.3, any notice, document or other information shall be deemed received by the intended recipient:
- (a) if delivered by hand at the time the notice, document or other information is left at the address;
 - (b) if sent by pre-paid first class post or other next working day delivery service at 9.00 am on the second Business Day after posting;
 - (c) if sent by pre-paid airmail at 9.00 am on the fifth Business Day after posting; or
 - (d) if sent by email or fax, at the time of transmission.
- 23.2 If deemed receipt under article 23.1 would occur outside business hours in the place of receipt, it shall be deferred until business hours resume. In this article 23.2, business hours means 9.00 am to 5.00 pm Monday to Friday on a day that is not a public holiday in the place of receipt and all references to time are to local time in the place of receipt.
- 23.3 To prove service, it is sufficient to prove that:

- (a) if delivered by hand, the notice was delivered to the correct address; or
- (b) if sent by post or by airmail, the envelope containing the notice was properly addressed, paid for and posted;
- (c) sent by fax, a transmission report was received confirming that the notice was successfully transmitted to the correct fax number; or
- (d) if sent by e-mail, the notice was properly addressed and sent to the e-mail address of the recipient.

24. Indemnity

24.1 Subject to article 24.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

- (a) each relevant officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him or her as a relevant officer in the actual or purported execution and/or discharge of his duties, or in relation to them including (in each case) any liability incurred by him or her in defending any civil or criminal proceedings, in which judgment is given in his or her favour or in which he or she is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his or her part or in connection with any application in which the court grants him or her, in his or her capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or any associated company's) affairs; and
- (b) the Company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him or her in connection with any proceedings or application referred to in article 24.1(a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

24.2 This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

24.3 In this article:

- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and
- (b) a "relevant officer" means any director or other officer or former director or other officer of the Company or an associated company.

25. Insurance

25.1 The directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant officer in respect of any relevant loss.

25.2 In this article:

- (a) a "relevant officer" means any director or other officer or former director or other officer of the Company or an associated company;
- (b) a "relevant loss" means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the Company or any associated company; and
- (c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.