

Newship Group Limited

ARTICLES OF ASSOCIATION

ADOPTED BY SPECIAL RESOLUTION

DATED 28th September 2021

The Companies Act 2006

Company Number 01382145



PART 1

INTERPRETATION AND LIMITATION OF LIABILITY

1. Defined terms

1.1 In these Articles, unless the context requires otherwise:

Allocation Notice has the meaning given to that term in Article 11.9

Applicant has the meaning given to that term in Article 11.9;

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

Associate has the meaning given to it in section 1152 of the CA 2006;

Available Profits means the profits available for distribution within the meaning of Part 23 CA 2006

CA 2006 means the Companies Act 2006;

Conflict has the meaning given to it in Article 5.2;

Consideration has the meaning given to that term in Article 11.9;

Consolidated Annual Accounts means the annual accounts in which the assets, liabilities, equity, income, expenses and cash flows of the parent (company) and its subsidiaries are presented as those of a single economic entity;

Continuing Shareholders has the meaning given to it in Article 11.6;

Control has the meaning given to it in section 1124 of the Corporation Tax Act 2010;

Excess Securities has the meaning given to it in Article 7.3.2;

First Offer Period has the meaning given to it in Article 11.6;

Initial Surplus Shares has the meaning given to it in Article 11.6;

Minimum Transfer Condition has the meaning given to that term in Article 11.2.4;

Model Articles means the model articles for private companies limited by shares contained Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these Articles;

Net Asset Value means the value of the company's assets less the value of its liabilities;

Ordinary Shares means any shares that are not preferred shares and do not have any predetermined dividend amounts;

Original Subscription Price for the Preference Shares, £1.00 per share;

Preference Shares means the preferred shares of £1.00 each in the capital of the Company;

Preferred Dividends means the fixed preferential dividend referred to in Article 18;

Preferred Shares Voting Rights means for each £1 preferred share the holder will be entitled to a vote equal to a 0.000001 of an Ordinary share vote. In all other respects will rank *Pari Passu* with Ordinary shares in all voting procedures;

Representatives means the personal representatives and/or executors of a member;

Sale Shares means the shares specified or deemed to be specified for sale in a Transfer Notice or Deemed Transfer Notice;

Second Offer Period has the meaning given to it in Article 11.7;

Second Surplus Shares has the meaning given to it in Article 11.7;

Seller means the transferor of shares pursuant to a Transfer Notice;

Shares means shares in the Company;

Transfer or **transferring** has the meaning given to those terms respectively in Article 10.1;

Transfer Notice means a notice in writing given by any member to the Company where that member desires, or is required by these Articles, to transfer (or enter into an agreement to transfer) any shares. Where such notice is deemed to have been served, it shall be referred to as a **Deemed Transfer Notice**;

Transfer Price means the proportion that the Sale Shares bear to the total number of shares issued by the Company multiplied by the undiscounted Net Asset Value of the Company determined with reference to the last set of annual accounts of the Company;

Transferor company has the meaning given to it in Article 12.5;

Transferee company has the meaning given to it in Article 12.5;

Transmittee means a person entitled to a share by reason of the death or bankruptcy of a holder or otherwise by operation of law; and

Writing means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

- 1.2 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.
- 1.3 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in CA 2006 as in force on the date when these Articles become binding on the Company shall have the same meanings in these Articles.

- 1.4 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time and shall include any orders, regulations or subordinate legislation from time to time made under it and any amendment or re-enactment of it or any such orders, regulations or subordinate legislation for the time being in force.

DIRECTORS' POWERS AND RESPONSIBILITIES

2. Change of Company name

The directors may resolve to change the Company's name.

3. Chairing of directors' meetings

- 3.1 The directors may appoint a director to chair their meetings.
- 3.2 The person so appointed for the time being is known as the chairman.
- 3.3 Once appointed, the chairman's appointment may be terminated at any time by a special resolution but not by any other means.
- 3.4 If the chairman is not participating in a directors' meeting within fifteen minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

4. Chairman's casting vote at directors' meetings

- 4.1 If the numbers of votes for and against a proposal at a meeting of directors are equal, the chairman or other director chairing the meeting has a casting vote.
- 4.2 Article 4.1 does not apply in respect of a particular meeting (or part of a meeting) if, in accordance with the Articles, the chairman or other director chairing the meeting is a conflicted director for the purposes of that meeting (or that part of that meeting at which the proposal is voted upon).

5. Directors' conflicts of interests

- 5.1 For the purposes of this Article 5, a conflict of interest includes a conflict of interest and duty and a conflict of duties, and interest includes both direct and indirect interests.
- 5.2 The directors may, in accordance with the requirements set out in this Article 5, authorise any matter proposed to them by any director which would, if not authorised, involve a director breaching his duty under section 175 of CA 2006 to avoid conflicts of interest (**Conflict**).
- 5.3 A director seeking authorisation in respect of a Conflict shall declare to the other directors the nature and extent of his interest in a Conflict as soon as is reasonably practicable. The director shall provide the other directors with such details of the relevant matter as are necessary for the other directors to decide how to address the

Conflict, together with such other information as may be requested by the other directors.

5.4 Any authorisation under this Article 5 will be effective only if:

5.4.1 the matter in question shall have been proposed by any director for consideration at a meeting of directors 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;

5.4.2 any requirement as to the quorum at any meeting of the directors at which the matter is considered is met without counting the director in question and any other conflicted director(s); and

5.4.3 the matter was agreed to without the director and any other conflicted director(s) voting or would have been agreed to if their votes had not been counted.

5.5 Any authorisation of a Conflict under this Article 5 may (whether at the time of giving the authorisation or subsequently):

5.5.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the Conflict so authorised;

5.5.2 be subject to such terms and for such duration, or impose such limits or conditions as the directors may determine; or

5.5.3 be terminated or varied by the directors at any time.

This will not affect anything done by the director prior to such termination or variation in accordance with the terms of the authorisation.

5.6 In authorising a Conflict the directors may decide (whether at the time of giving the authorisation or subsequently) that if a director has obtained any information through his involvement in the Conflict otherwise than as a director of the Company and in respect of which he owes a duty of confidentiality to another person the director is under no obligation to:

5.6.1 disclose such information to the directors or to any director or other officer or employee of the Company; or

5.6.2 use or apply any such information in performing his duties as a director, where to do so would amount to a breach of that confidence.

5.7 Where the directors authorise a Conflict they may provide, without limitation (whether at the time of giving the authorisation or subsequently) that the director:

5.7.1 is excluded from discussions (whether at meetings of directors or otherwise) related to the Conflict;

5.7.2 is not given any documents or other information relating to the Conflict;

- 5.7.3 may or may not vote (or may or may not be counted in the quorum) at any future meeting of directors in relation to any resolution relating to the Conflict.
- 5.8 Where the directors authorise a Conflict:
- 5.8.1 the director will be obliged to conduct himself in accordance with any terms, limits and/or conditions imposed by the directors in relation to the Conflict;
- 5.8.2 the director will not infringe any duty he owes to the Company by virtue of sections 171 to 177 of CA 2006 provided he acts in accordance with such terms, limits and/or conditions (if any) as the directors impose in respect of its authorisation.
- 5.9 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 receives as director or other officer or employee of the Company's subsidiaries or of any other body corporate in which the Company is interested or which he derives from or in connection with a relationship involving a Conflict which has been authorised by the directors or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of CA 2006.
- 5.10 Subject to the applicable provisions for the time being of the Companies Acts and to any terms, limits and/or conditions imposed by the directors in accordance with Article 5.5.2, and provided that he has disclosed to the directors the nature and extent of any interest of his in accordance with the Companies Acts, a director notwithstanding his office:
- 5.10.1 may be a party to, or otherwise interested in, any contract, transaction or arrangement with the Company or in which the Company is otherwise interested;
- 5.10.2 shall be counted as participating for voting and quorum purposes in any decision in connection with any proposed or existing transaction or arrangement with the Company, in which he is in any way directly or indirectly interested;
- 5.10.3 may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director;
- 5.10.4 may be a director or other officer of, or employed by, or a party to any contract, transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; and

- 5.10.5 shall not, by reason of his office, be accountable to the Company for any benefit which he (or anyone connected with him (as defined in section 252 of CA 2006) derives from any such office or employment or from any such contract, transaction or arrangement or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit, nor shall the receipt of any such remuneration or benefit constitute a breach of his duty under section 176 of CA 2006.
- 5.11 For the purposes of this Article, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting.
- 5.12 Subject to Article 5.13, if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any director other than the chairman is to be final and conclusive.
- 5.13 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

SHARES AND DISTRIBUTIONS SHARES

6. Further issues of shares: Authority

- 6.1 Subject to the provisions of Article 7, the directors are generally and unconditionally authorised, to exercise any power of the Company to:
- 6.1.1 offer or allot;
 - 6.1.2 grant rights to subscribe for or to convert any security into;
 - 6.1.3 otherwise create, 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.

7. Further issues of shares: Pre-emption rights

- 7.1 In accordance with section 567(1) of CA 2006, sections 561 and 562 of CA 2006 shall not apply to an allotment of equity securities (as defined in section 560(1) of CA 2006) made by the Company.
- 7.2 Unless otherwise agreed by special resolution, if the Company proposes to allot any equity securities, those equity securities shall not be allotted to any person unless the Company has first offered them to all members on the date of the offer on the same terms, and at the same price, as those equity securities are being offered to such

other person on a pari passu basis and pro rata to the nominal value of shares held by those members (as nearly as possible without involving fractions).

7.3 The offer:

7.3.1 shall be in writing, shall be open for acceptance for a period of 30 working days from the date of the offer and shall give details of the number and subscription price of the relevant equity securities; and

7.3.2 may stipulate that any member who wishes to subscribe for a number of equity securities in excess of the proportion to which he is entitled shall, in his acceptance, state the number of excess equity securities (**Excess Securities**) for which he wishes to subscribe.

7.4 Any equity securities not accepted by members pursuant to the offer made to them in accordance with Articles 7.2 and 7.3 shall be used for satisfying any requests for Excess Securities made pursuant to Article 7.3.2. If there are insufficient Excess Securities to satisfy such requests, the Excess Securities shall be allotted to the applicants as nearly as practicable in the proportion that the number of Excess Securities each member indicated he would accept bears to the total number of Excess Securities applied for (without involving fractions or increasing the number of Excess Securities allotted to any member beyond that applied for by him). After that allotment, any Excess Securities remaining shall be offered to any other person as the directors may determine, at the same price and on the same terms as the offer to the members.

8. Powers to issue different classes of share

8.1 Subject to these Articles, but without prejudice to the rights attached to any existing share, the Company may issue shares with such rights or restrictions as may be determined by ordinary resolution.

8.2 The Company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares.

9. Variation of class rights

9.1 Whenever the capital of the Company is divided into different classes of shares, the special rights attached to any class may only be varied or abrogated, either whilst the Company is a going concern or during or in contemplation of a winding up, with the consent of the holders of the issued shares of that class given in accordance with Article 9.2.

9.2 The consent of the holders of a class of shares may be given by:

9.2.1 a special resolution passed at a separate general meeting of the holders of the issued shares of that class; or

9.2.2 a written resolution in any form signed by or on behalf of the holders of three-quarters in nominal value of the issued shares of that class,

but not otherwise. To every such meeting, all the provisions of these Articles and CA 2006 relating to general meetings of the Company shall apply (with such amendments as may be necessary to give such provisions efficacy) but so that the necessary quorum shall be two holders of shares of the relevant class present in person or by proxy and holding or representing not less than one third in nominal value of the issued shares of the relevant class; that every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him; and that any holder of shares of the class, present in person or by proxy or (being a corporation) by a duly authorised representative, may demand a poll. If at any adjourned meeting of such holders such a quorum as aforesaid is not present, not less than one person holding shares of the class who is present in person or by proxy shall be a quorum.

10. Transfer of shares: General

- 10.1 In these Articles, a reference to the transfer of or transferring shares shall include any transfer, assignment, disposition or proposed or purported transfer, assignment or disposition:
- 10.1.1 of any share or shares of the Company; or
 - 10.1.2 of any interest of any kind in any share or shares of the Company; or
 - 10.1.3 of any right to receive or subscribe for any share or shares of the Company.
- 10.2 If a Shareholder transfers (or purports to transfer) a share other than in accordance with these Articles, he shall be deemed to have immediately served a Transfer Notice in respect of all shares held by him at the Transfer Price.
- 10.3 To enable the directors to determine whether or not there has been any transfer (or purported transfer) of shares the directors may require:
- 10.3.1 any holder (or the legal representatives of a deceased holder); or
 - 10.3.2 any person named as a transferee in a transfer lodged for registration; or
 - 10.3.3 such other person as the directors may reasonably believe to have information relevant to that purpose,
- to provide the Company with any information and evidence that the directors think fit regarding any matter which they deem relevant to that purpose.
- 10.4 An obligation to transfer a share under these Articles shall be deemed to be an obligation to transfer the entire legal and beneficial interest in such share free from any lien, charge or other encumbrance.
- 10.5 Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor and (if any of the shares is partly paid) the transferee.

- 10.6 No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.
- 10.7 The Company may retain any instrument of transfer which is registered.
- 10.8 The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.
- 10.9 Unless expressly provided otherwise in these Articles, if a Transfer Notice is deemed to have been given under these Articles, the Deemed Transfer Notice shall be treated as having specified that:
 - 10.9.1 it does not contain a Minimum Transfer Condition;
 - 10.9.2 the Seller wishes to transfer all the shares held by him (including any shares acquired after the date the relevant Transfer Notice is deemed given but before completion of the transfer of shares pursuant to the relevant Transfer Notice); and
 - 10.9.3 the price of the shares to be transferred is the Transfer Price.
- 10.10 Any Transfer Notice or a Drag Along Notice served in respect of the transfer of any share which has not completed before the date of service of a Deemed Transfer Notice shall automatically be revoked by the service of a Deemed Transfer Notice.

11. Pre-emption rights

- 11.1 Subject to Article 14, any transfer of shares shall be subject to the pre-emption rights contained within this Article 11 except where the provisions of Article 12, Article 13 or Article 15 apply.
- 11.2 A Seller shall, before transferring or agreeing to transfer any shares, give a Transfer Notice to the Company specifying:
 - 11.2.1 the number of Sale Shares;
 - 11.2.2 if the Seller wishes to sell the Sale Shares to a third party, the name of the proposed transferee;
 - 11.2.3 the price of the Sale Shares to be transferred being the Transfer Price notwithstanding any other higher price the Seller may be able to obtain for the Sale Shares; and
 - 11.2.4 whether the Transfer Notice is conditional on all, or a specific number of, the Sale Shares being sold to members (**Minimum Transfer Condition**).
- 11.3 Once given (or deemed to have been given) under these Articles, a Transfer Notice may not be withdrawn.
- 11.4 A Transfer Notice appoints the Company the agent of the Seller for the sale of the Sale Shares at the Transfer Price.

- 11.5 As soon as practicable following the receipt of a Transfer Notice, the directors shall offer the Sale Shares for sale to the members in the manner set out in Article 11.6. Each offer shall be in writing and give details of the number and Transfer Price of the Sale Shares offered.
- 11.6 The directors shall offer the Sale Shares to all members other than the Seller (**Continuing Shareholders**), inviting them to apply in writing within 30 working days of the date of the offer (**First Offer Period**) for the maximum number of Sale Shares they wish to buy.

If the Sale Shares are subject to a Minimum Transfer Condition, any allocation made under this Article 11.6 or Article 11.7 shall be conditional on the fulfilment of the Minimum Transfer Condition.

If, at the end of the First Offer Period, the number of Sale Shares applied for is equal to or exceeds the number of Sale Shares, the directors shall allocate the Sale Shares to each Continuing Shareholder who has applied for Sale Shares 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 Sale Shares. Fractional entitlements shall be rounded to the nearest whole number. No allocation shall be made to a Continuing Shareholder of more than the maximum number of Sale Shares which he has stated he is willing to buy.

If only some of the Sale Shares are allocated in accordance with this Article, but there are applications for Sale Shares that have not been satisfied, those Sale Shares shall be conditionally allocated to the relevant applicant(s) in accordance with the procedure set out in this Article 11.6.

If, at the end of the First Offer Period, the total number of Sale Shares applied for is less than the number of Sale Shares, the directors shall allocate the Sale Shares to the Continuing Shareholders in accordance with their applications. The balance (**Initial Surplus Shares**) shall be dealt with in accordance with Article 11.7.

- 11.7 At the end of the First Offer Period, the directors shall offer the Initial Surplus Shares to all the Continuing Shareholders, inviting them to apply in writing within 30 working days of 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 Continuing Shareholder who has applied for Initial Surplus Shares in the proportion that his existing holding of shares (including any Sale Shares) bears to the total number of shares (including any Sale Shares) held by those Continuing Shareholders 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 Continuing 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 Continuing Shareholders in accordance with their applications. The balance (**Second Surplus Shares**) shall be dealt with in accordance with Article 11.11.

- 11.8 If the Transfer Notice includes a Minimum Transfer Condition and the total number of Sale Shares applied for is less than the number of Sale Shares specified in the Minimum Transfer Condition, the directors shall notify the Seller and all those to whom Sale Shares have been conditionally allocated under Article 11.6 and Article 11.7, stating that the Minimum Transfer Condition has not been met and that the relevant Transfer Notice has lapsed with immediate effect.

- 11.9 If:

11.9.1 the Transfer Notice includes a Minimum Transfer Condition and such Minimum Transfer Condition has been satisfied, or the Transfer Notice does not include a Minimum Transfer Condition; and

11.9.2 allocations under Article 11.6 and, if necessary, Article 11.7 have been made in respect of some or all of the Sale Shares,

the directors shall give written notice of firm allocation (**Allocation Notice**) to the Seller and each Continuing Shareholder to whom Sale Shares have been allocated (**Applicant**). The Allocation Notice shall specify the number of Sale Shares allocated to each Applicant, the amount payable by each Applicant for the number of Sale Shares allocated to him (**Consideration**) and the place and time for completion of the transfer of the Sale Shares (which shall be 10 working days after the date of the Allocation Notice).

- 11.10 On the service of an Allocation Notice, the Seller shall, against payment of the Consideration, transfer the Sale Shares allocated in accordance with the requirements specified in the Allocation Notice.

If the Seller fails to comply with the requirements of the Allocation Notice:

11.10.1 the chairman of the Company (or, failing him, one of the other directors, or some other person nominated by a resolution of the directors) may, on behalf of the Seller:

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

11.10.1.2 receive the Consideration and give a good discharge for it; and

11.10.1.3 (subject to the transfers being duly stamped) enter the Applicants in the register of members as the holders of the shares purchased by them; and

- 11.10.2 the Company shall pay the Consideration into a separate bank account in the Company's name on trust (but without interest) for the Seller until he has delivered his certificate 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.
- 11.11 If an Allocation Notice does not relate to all of the Sale Shares or the Transfer Notice lapses pursuant to Article 11.8 then, subject to Article 11.12 and within four weeks following service of the Allocation Notice or the date of the lapse of the Transfer Notice (as the case may be), the Seller may transfer the Second Surplus Shares or the Sale Shares (in the case of a lapsed offer) (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 11.11 shall continue to be subject to any Minimum Transfer Condition.
- 11.12 The Seller's right to transfer Shares under Article 11.11 does not apply if the directors reasonably consider that:
- 11.12.1 the transferee is a person (or a nominee for a person) who is a competitor with (or an associate of a competitor with) the business of the Company or with a subsidiary of the Company; or
 - 11.12.2 the sale of the Sale Shares is not bona fide or the price is subject to a deduction, rebate or allowance to the transferee; or
 - 11.12.3 the Seller has failed or refused to provide promptly information available to the Seller and reasonably requested by the directors to consider whether or not it is able to form the opinion mentioned above.
- 11.13 The restrictions imposed by this Article may be waived in relation to any proposed transfer of shares with the consent of members who, but for the waiver, would or might have been entitled to have such shares offered to them in accordance with this Article.

12. Permitted transfers

- 12.1 In this Article 12:
- 12.1.1 **lineal descendants** means in relation to a member, the member's children and the remoter issue of the member, with **children** and **remoter issue** including adopted, legitimated, and illegitimate children and remoter issue;
 - 12.1.2 **privileged relations** means, in relation to a member, the member and the member's lineal descendants;
 - 12.1.3 **family trust** means, in relation to a member being an individual or a deceased member, a trust (whether arising under a settlement, declaration of trust, testamentary disposition or on an intestacy):

12.1.3.1 the beneficiaries of which are exclusively lineal descendants of **JOHN WATSON NEWMAN** save that:

- (a) a life interest may be granted in favour of the surviving spouse of the settlor of the trust concerned or the surviving spouse of any beneficiary under the terms of such trust; and
- (b) a family trust may include a charity or charities as an ultimate default beneficiary; and

12.1.3.2 the trustees of which are privileged relations of **JOHN WATSON NEWMAN** save that a family trust may include an individual trustee who is not a privileged relation of **JOHN WATSON NEWMAN** (a "non-lineal trustee") provided that:

- (a) a family trust shall not have more than one non-lineal trustee serving at any time; and
- (b) the name of a non-lineal trustee shall not be entered on the register of shareholders of the Company without the prior written consent of the directors of the Company for the time being;

and no power of control over the voting powers conferred by any shares are or would be exercisable or subject to the consent of any person other than the trustees of the family trust or such member or his privileged relation.

12.2 A member being an individual (not being in relation to the shares in question a holder thereof as a trustee of a family trust) may at any time transfer all or any of the shares held by him:

12.2.1 to a privileged relation; or

12.2.2 to trustees to be held upon a family trust of such member.

12.3 Where shares are held by trustees upon a family trust:

12.3.1 such shares may on any change of trustees be transferred to the new trustees of that family trust;

12.3.2 such shares may at any time be transferred to any person to whom under Article 12.2 the same could have been transferred by the settlor if he had remained the holder thereof; and

12.3.3 if and whenever any such shares cease to be held upon a family trust (otherwise than in consequence of a transfer authorised by sub-paragraph 12.3.2) or there cease to be any beneficiaries of that family trust other than a charity or charities the trustees shall be deemed immediately to have given a Transfer Notice in respect of all their shares.

- 12.4 Any member being a body corporate (not being in relation to the shares in question a holder thereof as a trustee of a family trust) may at any time transfer all or any shares held by it to a member of the same group.
- 12.5 Where shares have been transferred under Article 12.4 (whether directly or by a series of transfers thereunder) from a body corporate (**transferor company** which expression shall not include a second or subsequent transfer in such a series of transfers) to a member of the same group (**transferee company**) and subsequently the transferee company ceases to be a member of the same group as the transferor company then the transferee company shall forthwith transfer the relevant shares to the transferor company. Failure to transfer such shares within 10 working days of the transferee company ceasing to be a member of the same group as the transferor company shall result in a Transfer Notice being deemed immediately to be given in respect of the relevant shares.

For the purposes of this paragraph:

- 12.5.1 **a member of the same group** means a company which is from time to time a holding company of which the transferor company is a subsidiary or a subsidiary of the transferor company or of a holding company of which the transferor company is a subsidiary; and
- 12.5.2 **relevant shares** means and includes (so far as the same remain from time to time held by the transferee company) the shares originally transferred to the transferee company and any additional shares issued or transferred to the transferee company by virtue of the holding of the relevant shares or any of them.
- 12.6 A member may at any time transfer all or any of his shares:
- 12.6.1 to any other member;
- 12.6.2 in the case of a member being a nominee, to the person who is the beneficial owner or to a person to whom the beneficial owner, if he were registered as the holder, would have been entitled to transfer his shares in accordance with this Article; provided that the provisions of this paragraph shall not apply in circumstances where the beneficial ownership of the share in question became vested in the beneficial owner in contravention of any of the provisions of these Articles; or
- 12.6.3 to any person with the prior written consent of all the other members.
- 12.7 The Representatives of a member may at any time transfer all or any of the shares to which they are entitled to any person to whom the registered holder would be permitted to transfer the same under this Article.
- 12.8 If the Representatives of a member are permitted under these Articles to become registered as the holders of any of such member's shares and elect so to do then such shares may at any time be transferred by those Representatives to any person to whom under this Article the same could have been transferred by such Member if

he had remained the holder thereof, but no other transfer of such shares by the Representatives shall be permitted under this Article.

13. Obligatory transfers

- 13.1 A person entitled to a share in consequence of the bankruptcy (or equivalent procedure in any jurisdiction outside England and Wales) of a member shall be deemed to have given a Transfer Notice in respect of such shares at such time as the directors may determine.
- 13.2 Subject to Article 12.7 and Article 12.8, a person entitled to a share in consequence of the death of a member shall be deemed to have given a Transfer Notice in respect of such shares at such time as the directors may determine.
- 13.3 If a member is a body corporate and either suffers or resolves to appoint a liquidator, administrator or administrative receiver over it, or any material part of its assets (other than a voluntary liquidation for the purpose of a bona fide scheme of solvent amalgamation or reconstruction) or suffers or takes any equivalent action in any jurisdiction outside England and Wales, that member shall be deemed to have given a Transfer Notice in respect of all the shares registered in its name at such time as the directors may determine.
- 13.4 If there is a change in control of any member which is a company, it shall be deemed to have given a Transfer Notice in respect of all the shares registered in its name at such time as the directors may determine.
- 13.5 Forthwith upon a Transfer Notice being deemed to be served under Article 12.1 the shares subject to the relevant Deemed Transfer Notice shall cease to confer on the holder of them any rights:
 - 13.5.1 to vote (whether on a show of hands, on a poll or otherwise and whether in person, by proxy or otherwise), including in respect of any resolution of any class of shares;
 - 13.5.2 to receive dividends or other distributions otherwise attaching to those shares; and
 - 13.5.3 to participate in any future issue of shares.

14. Prohibited transfers

Notwithstanding any other provision of these Articles, no transfer of any share shall be registered if:

- 14.1 it is to any minor, undischarged bankrupt, trustee in bankruptcy or person of unsound mind; or
- 14.2 the consent or approval of a governmental or other agency or regulatory body is required for such transfer until such consent or approval is received on terms satisfactory to the directors.

15. Drag along

- 15.1 If the holders of seventy-five percent (75%) or more of the nominal value of shares in issue for the time being (**Selling Shareholders**) wish to transfer all of their interest in their shares (**Sellers' Shares**) to a bona fide purchaser on arm's length terms (**Proposed Buyer**), the Selling Shareholders may require all the other holders of shares (**Called Shareholders**) to sell and transfer all their shares to the Proposed Buyer (or to such other person that the Proposed Buyer may direct) in accordance with the provisions of this Article (**Drag Along Option**).
- 15.2 The Selling Shareholders may exercise the Drag Along Option by giving written notice to that effect (**Drag Along Notice**) at any time before the transfer of the Sellers' Shares to the Proposed Buyer. The Drag Along Notice shall specify that:
- 15.2.1 the Called Shareholders are required to transfer all their shares (**Called Shares**) pursuant to this Article 15;
 - 15.2.2 the person to whom the Called Shares are to be transferred;
 - 15.2.3 the consideration payable for the Called Shares calculated in accordance with Article 15.4; and
 - 15.2.4 the proposed date of the transfer.
- 15.3 Once issued, a Drag Along Notice shall be irrevocable. However, a Drag Along Notice shall lapse if, for any reason, the Selling Shareholders have not sold the Sellers' Shares to the Proposed Buyer within 90 days of serving the Drag Along Notice. The Selling Shareholders may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 15.4 The Called Shareholders shall sell each Called Share for an amount equal to the average amount paid to the Selling Shareholders' for each of the Seller's Shares.
- 15.5 No Drag Along Notice shall require a Called Shareholder to agree to any terms except those specifically set out in this Article 15.
- 15.6 Completion of the sale of the Called Shares shall take place on the same date as the date proposed for completion of the sale of the Sellers' Shares unless all of the Called Shareholders and the Selling Shareholders agree otherwise.
- 15.7 Within 10 working days of the Selling Shareholders serving a Drag Along Notice on the Called Shareholders, the Called Shareholders shall deliver signed stock transfer forms for the Called Shares, together with the relevant share certificate (or a suitable indemnity for any lost share certificate) to the Company. On the expiration of that 10 working day period, the Company shall pay the Called Shareholders, on behalf of the Proposed Buyer, the amounts they are due pursuant to Article 15.4 to the extent that the Proposed Buyer has put the Company in the requisite funds. The Company's receipt for the price shall be a good discharge to the Proposed Buyer. The Company shall hold the amounts due to the Called Shareholders pursuant to Article 15.4 in trust for the Called Shareholders without any obligation to pay interest.

- 15.8 To the extent that the Proposed Buyer has not, on the expiration of the 10 working day period referred to in Article 15.7, put the Company in funds to pay the consideration due pursuant to Article 15.4, the Called Shareholders shall be entitled to the return of the stock transfer form and share certificate (or suitable indemnity) for the relevant Called Shares and the Called Shareholders shall have no further rights or obligations under this Article 15 in respect of their shares.
- 15.9 If any Called Shareholder does not, on completion of the sale of the Called Shares, execute transfer(s) in respect of all of the Called Shares held by it, the defaulting Called Shareholder shall be deemed to have irrevocably appointed any person nominated for the purpose by the Selling Shareholders to be their agent and attorney to execute all necessary transfer(s) on his behalf, against receipt by the Company (on trust for such holder) of the consideration payable for the Called Shares, deliver such transfer(s) to the Proposed Buyer (or as they may direct) as the holder thereof. After the Proposed Buyer (or its nominee) has been registered as the holder, the validity of such proceedings shall not be questioned by any such person. Failure to produce a share certificate shall not impede the registration of shares under this Article 15.
- 15.10 Following the issue of a Drag Along Notice, on any person becoming a member of the Company pursuant to the exercise of a pre-existing option to acquire shares in the Company or on the conversion of any convertible security of the Company (a **New Shareholder**), a Drag Along Notice shall be deemed to have been served on the New Shareholder on the same terms as the previous Drag Along Notice. The New Shareholder shall then be bound to sell and transfer all shares acquired by it to the Proposed Buyer (or as the Proposed Buyer may direct) and the provisions of this Article 15 shall apply with the necessary changes to the New Shareholder, except that if completion of the sale of the shares held by the members other than the New Shareholder has taken place, the completion of the shares held by the New Shareholder shall take place immediately on the Drag Along Notice being deemed served on the New Shareholder.

DECISION-MAKING BY MEMBERS ORGANISATION OF GENERAL MEETINGS

16. Attendance and speaking at general meetings

Notwithstanding Article 23 of the Model Articles, where shares are held by (or by a nominee or nominees on behalf of) the trustees of a Family Trust or by any of such trustees, all of the trustees for the time being of such trust shall be entitled to attend any general meeting of the Company and speak thereat.

17. Chairman's casting vote at general meetings

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a casting vote in addition to any other vote he may have.

DIVIDENDS AND OTHER DISTRIBUTIONS

18. Procedure for declaring dividends

18.1 In any financial year, the Available Profits of the company shall be used to pay dividends as set out in this Article 18.

- 18.2 The company shall, without resolution of the board or the company in general meeting and before application of any Available Profits to reserve or for any other purpose, pay the holders of the Preference Shares a fixed preferential dividend (Preferred Dividend) at an annual rate of 3% of the Original Subscription Price per Preference Share to be paid on 31st March in each year to the person registered as its holder on the relevant date.
- 18.3 Subject to the Company having sufficient Available Profits to make such a distribution in accordance with the CA 2006, the directors shall, unless the Company by special resolution determines otherwise, declare and pay a dividend equal to one-third of the aggregate of the net profits and losses after tax less the fixed preferential dividend to the holders of the ordinary shares. Counting from the financial year after the financial year in which a distribution was last made (and if never then since these articles were adopted) but including the financial year in which the distribution is proposed to be made all as determined with reference to the Consolidated Annual Accounts of each relevant financial year. Two worked examples setting out how this Article operates with regard to a proposed distribution is set out in Appendix 1.
- 18.4 Each dividend must be paid by reference to each member's holding of shares on the date of the resolution or decision to declare or pay it.
- 18.5 If the Company's share capital is divided into different classes, no dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
- 18.6 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.
- 18.7 Unless the company has insufficient Available Profits, the Preferred Dividend shall be paid immediately on the due date. Such payment shall be made notwithstanding Regulation 102 to Regulation 108 inclusive of Table A or any other provision of these articles and in particular notwithstanding that there has not been a recommendation of the directors or resolution of the company in general meeting.
- 18.8 The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- 18.9 If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of a dividend on shares with deferred or non-preferred rights.

APPENDIX 1

Worked Example 1

	Yr 1	Yr 2	Yr 3	Yr 4
Net Profit/(Net Loss)	£1,000,000	(£250,000)	£1,000,000	£750,000
Accumulated Loss	£0	£0	(£596,910)	£0
Less Preference Dividend	(£346,910)	(£346,910)	(£346,910)	(£346,910)
Balance	£653,090	(£596,910)	£56,180	£403,090
Dividend Payable	(£215,520)	£0	(£18,539)	(£133,020)

Worked Example 2

	Yr 1	Yr 2	Yr 3	Yr 4
Net Profit/(Net Loss)	£1,000,000	(£250,000)	£500,000	£1,000,000
Accumulated Loss	£0	£0	(£596,910)	(£443,820)
Less Preference Dividend	(£346,910)	(£346,910)	(£346,910)	(£346,910)
Balance	£653,090	(£596,910)	(£443,820)	£209,270
Dividend Payable	(£215,520)	£0	£0	(£69,059)

Year 2 Company makes a loss so no dividend paid.

Year 3 Company makes a profit but no dividend paid due to loss in Year 2 being greater.