

BRIGHTWELLS LIMITED

Company Number 02052714 (the Company)

Pursuant to Chapter 2 of Part 13 Companies Act 2006

Passed on: 6th August 2018

At a general meeting of the Company duly convened and held at Easters Court, Leominster, Herefordshire, HR6 ODE on 6th August 2018 at 2pm, the following resolution was duly passed as a special resolution.

SPECIAL RESOLUTION

THAT the draft articles of association attached to this resolution be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the Company's existing articles of association.

Signed



Chair of the meeting





**PRIVATE COMPANY
LIMITED BY SHARES**

ARTICLES OF ASSOCIATION

OF

BRIGHTWELLS LIMITED

Company No. 02052714

(As adopted by Special Resolution passed on 6th August 2018)

Contents

1.	PRELIMINARY	3
2.	LIABILITY OF MEMBERS	3
3.	CHANGE OF NAME.....	3
4.	CHAIRING OF DIRECTORS MEETING	3
5.	ALTERNATE DIRECTORS	3
6.	APPOINTMENT AND REMOVAL OF DIRECTOR BY MAJORITY	4
7.	DIRECTORS' GRATUITIES AND PENSIONS	4
8.	DIRECTORS' POWERS TO AUTHORISE CONFLICTS OF INTEREST	4
9.	DIRECTORS' PERMITTED INTERESTS.....	5
10.	PROVISIONS APPLYING TO AUTHORISED CONFLICTS AND PERMITTED INTERESTS	6
11.	PROCEEDINGS OF DIRECTORS	7
12.	EXCLUSION OF STATUTORY PRE-EMPTION RIGHTS	7
13.	PERMITTED TRANSFERS	8
14.	VOLUNTARY TRANSFERS.....	9
15.	COMPULSORY TRANSFERS	11
16.	VALUATION METHOD.....	13
17.	TRANSFERS ON DEATH.....	15
18.	REGISTRATION OF TRANSFERS.....	15
19.	DRAG ALONG RIGHTS	15
20.	TAG ALONG RIGHT	16
21.	MISCELLANEOUS PROVISIONS RELATING TO SHARES.....	17
22.	PROCEEDINGS AT GENERAL MEETINGS	18
23.	NOTICES	18
24.	RIGHT TO INDEMNITY	18
25.	INSURANCE	19
26.	FUNDS TO MEET EXPENDITURE.....	19

1. PRELIMINARY

- 1.1. In these articles "**Model Articles**" means the model articles set out in Schedule 1 to the Companies (Model Articles) Regulations 2008 as in force on the date when these articles become binding on the company. The articles contained in the Model Articles shall, except where they are excluded or modified by these articles, apply to the company.
- 1.2. Model Articles 2, 12(4), 14, 15, 23, 26(5), 52 and 53 shall not apply to the company but the articles hereinafter contained and the remaining articles of the Model Articles, subject to the modifications hereinafter expressed, shall constitute the articles of the company.
- 1.3. Save as expressly stated otherwise, words and expressions defined in the Model Articles shall (unless the context otherwise requires) bear the same meanings in these articles. The headings are inserted for convenience only and shall not affect the construction of these articles.

2. LIABILITY OF MEMBERS

- 2.1. The liability of the members is limited to the amount, if any, unpaid on the shares in the company held by them.

DIRECTORS

3. CHANGE OF NAME

- 3.1. Subject to the provisions of these articles, the directors may, by way of a resolution passed at any meeting of the board, change the name of the company.

4. CHAIRING OF DIRECTORS MEETING

- 4.1. If the chairman is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors may appoint one of themselves to chair it.

5. ALTERNATE DIRECTORS

- 5.1. Any director (other than an alternate director) may at any time appoint any other director or any other person who is willing to act to be his alternate director. Any director may at any time remove from office an alternate director appointed by him.
- 5.2. An alternate director shall (subject to his giving the company an address for the purpose of communications in electronic form at which notices may be served on him) be entitled to receive notice of all meetings of the directors and of committees of which his appointor is a member and (in the absence of his appointor) to attend and vote as a director and be counted in the quorum at any such meeting and generally (in the absence of his appointor) to perform all the functions of his appointor as a director.
- 5.3. An alternate director may represent more than one director. An alternate director shall have one vote for each director for whom he acts as alternate (in addition, if he is a director, to his own vote) but he shall count as only one for the purpose of determining whether a quorum is present.

5.4. An alternate director shall not be entitled to receive any remuneration from the company in respect of his appointment as an alternate director except only such part (if any) of the remuneration otherwise payable to his appointor as his appointer may by notice in writing to the company from time to time direct.

5.5. An alternate director shall be entitled to contract and be interested in and benefit from contracts or arrangements with the company and to be repaid expenses and to be indemnified to the same extent as if he were a director.

6. APPOINTMENT AND REMOVAL OF DIRECTOR BY MAJORITY

6.1. Any member holding, or any shareholders holding in aggregate, more than one half of the issued ordinary shares of the company shall have the power from time to time and at any time to appoint any person to be a director (either to fill a vacancy or as an additional director) and to remove from office any director howsoever appointed. Any such appointment or removal shall be effected by an instrument in writing delivered to the office and signed by the member or shareholders appointing or removing such director or in the case of a member being a corporation signed on its behalf by one of its directors or its secretary or by its duly appointed attorney or duly authorised representative and shall take effect immediately upon delivery to the office.

7. DIRECTORS' GRATUITIES AND PENSIONS

7.1. The directors may exercise all the powers of the company to provide benefits whether by the payment of gratuities, pensions or other retirement, superannuation, death or disability benefits of any kind or other allowances or benefits to any individuals (including their relations, dependants and people connected with them) who are or were at any time directors of the company or any body corporate which is or has been a subsidiary of the company or a predecessor in business of the company or any such subsidiary. The directors may contribute to any fund or scheme and pay premiums to a third party for the purchase or provision of any such benefit.

7.2. A director or former director shall not be accountable to the company or the shareholders for any benefit of any kind conferred under or pursuant to this article 7.

8. DIRECTORS' POWERS TO AUTHORISE CONFLICTS OF INTEREST

8.1. The board of directors shall, for the purposes of section 175 of the Companies Act 2006, have the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a director under that section to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company.

8.2. Authorisation of a matter under this article 8 shall be effective only if:

- (a) any requirement as to the quorum at the meeting of the board at which the matter is considered is met without counting the director in question and any other interested director (together the "**interested directors**"), and
- (b) the matter was agreed to without the interested directors voting or would have been agreed to if the votes of the interested directors had not been counted.

8.3. Any authorisation of a matter under this article 8:

- (a) may extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised;
- (b) shall be subject to such conditions or limitations as the board may determine, whether at the time such authorisation is given or subsequently,
- (c) may be terminated or suspended by the board at any time
provided always that any such termination or suspension or the imposition of any such conditions or limitations will not affect anything done by the director concerned prior to such event in accordance with the relevant authorisation.

8.4. A director shall comply with the terms of any such authorisation and with any policies or procedures dealing with conflicts of interest which are from time to time approved by the board.

8.5. Articles 8.1 to 8.4 (inclusive) shall not apply to any interest permitted under article 9.

9. **DIRECTORS' PERMITTED INTERESTS**

9.1. Subject to compliance with article 9.3 a director notwithstanding his office may:

- (a) be a party to, or otherwise interested in, any proposed or existing contract, transaction or arrangement with a relevant company;
- (b) hold any other office or place of profit with any relevant company (except that of auditor) in conjunction with his office of director on such terms, including as to remuneration, as the directors may determine;
- (c) alone, or through a firm with which he is associated, do paid professional work (except as auditor) for any relevant company and be entitled to remuneration for professional services as if he were not a director;
- (d) be a director or other officer or trustee or representative of, employed by, a partner or a member of, or hold shares or other securities (whether directly or indirectly) in, or otherwise be interested in, any relevant company;

- (e) have any interest which has been authorised by an ordinary resolution of the company, subject to any terms or conditions applicable to such authorisation under or pursuant to such resolution.
- 9.2. For the purposes of article 9.1 a “**relevant company**” means:
- (a) the company and all holding companies, subsidiaries, subsidiary undertakings of the company for the time being, or
 - (b) any other body corporate promoted by the company or in which the company is otherwise interested.
- 9.3. Subject to article 9.4, a director shall declare the nature and extent of any interest permitted under article 9.1 at a meeting of the board or in the manner set out in section 184 or section 185 of the Companies Act 2006 (irrespective of whether the interest is in a transaction or arrangement with the company and whether he is under a duty under the Companies Act 2006 to make such a declaration) or in such other manner as the board may lawfully determine.
- 9.4. No declaration of an interest shall be required by a director:
- (a) in relation to an interest which cannot reasonably be regarded as likely to give rise to a conflict of interest, or
 - (b) in relation to an interest of which the director is not aware or where the director is not aware of the contract, transaction or arrangement in question (and for these purposes, the director concerned is treated as aware of anything of which he ought reasonably to be aware),
 - (c) *if, or to the extent that, the other directors are already aware of such interest (and for these purposes, the other directors are treated as aware of anything of which they ought reasonably to be aware), or*
 - (d) if, or to the extent that, it concerns the terms of his service contract.
- 9.5. If a director has an interest which is permitted under article 9.1 he shall comply with any policies or procedures dealing with conflicts of interest and with any specific terms relating to that director which are (in each case) from time to time approved by the board.
10. **PROVISIONS APPLYING TO AUTHORISED CONFLICTS AND PERMITTED INTERESTS**
- 10.1. A director shall not by reason of his holding office as director (or of any fiduciary relationship established by holding that office), be accountable to the company for any benefit, profit or remuneration which he or any person connected with him derives from any matter authorised under article 8 or any interest permitted under article 9.

- 10.2. No contract, transaction or arrangement relating to any matter authorised under article 8 or any interest permitted under article 9 shall be liable to be avoided by virtue of such authorised matter or permitted interest.
- 10.3. *Subject to any terms imposed by the board and/or to any policies or procedures dealing with conflicts of interests which are from time to time approved by the board, a director shall be under no obligation to disclose to the company any information which he obtains or has obtained otherwise than as a director of the company and in respect of which he owes a duty of confidentiality to another person in relation to any matter authorised under article 8 or any interest permitted under article 9.*
- 10.4. Article 10.3 is without prejudice to any equitable principle or rule of law which may excuse a director from disclosing information where these articles would otherwise require him to do so.

11. PROCEEDINGS OF DIRECTORS

- 11.1. Subject to any terms imposed by the board and/or to any policies or procedures dealing with conflicts of interests which are from time to time approved by the board, a director:
- (a) shall be counted in the quorum for and shall be entitled to attend and vote at any meeting of the board in relation to:
 - (i) any proposed or existing contract, transaction or arrangement with the company in which he is interested and which is permitted under article 9.1. (a);
 - (ii) any resolution relating to a matter authorised under article 8 or any interest which is permitted under article 9.1, and/or
 - (b) may, where he reasonably believes that any actual or potential conflict of interest arising out of any matter authorised under article 8 or any interest permitted under article 9 exists:
 - (i) absent himself from any meeting of the board (or part of any meeting) at which any such matter or interest will or may be discussed, and/or
 - (ii) make arrangements not to receive or review documents or information relating to any such matter or interest and/or for such documents or information relating to any such matter or interest to be received and reviewed by a professional adviser.

SHARES AND DISTRIBUTIONS

12. EXCLUSION OF STATUTORY PRE-EMPTION RIGHTS

- 12.1. In accordance with section 550 of the Companies Act 2006, the directors may exercise any power of the company to allot shares in the capital of the company or to grant rights to subscribe for or to convert any security into shares.
- 12.2. Section 561 of the Companies Act 2006 shall not apply to the allotment by the company of any equity security within the meaning of Section 560 of the Companies Act 2006.

TRANSFER OF SHARES

13. PERMITTED TRANSFERS

The following definitions shall apply to this article 13:

"Employee Trust" means any trust established to enable or facilitate the holding of shares by, or for the benefit of, inter alia employees of the company;

"Encumbrance" means any mortgage, charge, pledge, assignment, title retention, lien, hypothecation or other form of security, trust, right of set off or other third party right, claim or encumbrance including any right of option or pre-emption howsoever created or arising or any other arrangement having similar effect (or an agreement or commitment to create any of them);

13.1 Transfers by trustees of an Employee Trust

A member or shareholder who is a trustee of an Employee Trust may at any time transfer any share held in such an Employee Trust to:

- (a) the new or remaining trustees of the Employee Trust upon any change of trustees; and
- (b) subject to written consent of the board, any beneficiary of the Employee Trust

provided that any permitted transferee enters into a deed of adherence in a format set by the board of directors from time to time.

13.2 Transfers with Consent

A member or shareholder may transfer shares to any person at any time with the prior written consent of the members or shareholders holding together, in aggregate, 75% of the shares from time to time, on the condition that any permitted transferee enters into a deed of adherence in a format set by the board of directors from time to time.

13.3 Transfers of Entire Interest

Without prejudice to the other provisions of these articles a transfer of any share pursuant to these articles shall only be treated as a permitted transfer if it is a transfer of the entire legal and beneficial interest in such share, free from any Encumbrance.

14. VOLUNTARY TRANSFERS

14.1. No member or shareholder shall sell, transfer, assign, pledge, charge or otherwise dispose of any share or any interest in any share, except as permitted by the terms of these articles.

14.2. Except for transfers in accordance with article 13 and article 15 a member or shareholder who wishes to transfer all or part of their shares (the "**Seller**") shall, before transferring or agreeing to transfer such share, serve notice in writing (a "**Transfer Notice**") on the company of his wish to make that transfer.

14.3. The minimum number of shares in relation to which a member or shareholder may serve a Transfer Notice is twenty five (25) or if lower the total number of shares registered in his name.

14.4. In the Transfer Notice the Seller shall specify:

14.4.1. the number of shares ("**Sale Shares**") which he wishes to transfer;

14.4.2. the identity of the person (if any) to whom the Seller wishes to transfer the Sale Shares;

14.4.3. the price per share (if the Seller has specified a price) at which the Seller wishes to transfer the Sale Shares (the "**Proposed Sale Price**");

14.4.4. any other terms relating to the transfer of the Sale Shares; and

14.4.5. whether the Transfer Notice is conditional upon all (and not part only) of the Sale Shares being sold pursuant to the following provisions of this article 14 (a "**Total Transfer Condition**").

14.5. Each Transfer Notice shall:

14.5.1. constitute the board as the agent of the Seller for the sale of the Sale Shares on the terms of this article 14;

14.5.2. *except with the written consent of the board, be irrevocable; and*

14.5.3. not contain or be deemed to contain a Total Transfer Condition unless it states that a Total Transfer Condition applies and a Total Transfer Condition is permitted by this article 14.

14.6. Subject to article 14.7, the Sale Shares shall be offered for purchase in accordance with this article 14 at a price per Sale Share (the "**Sale Price**") determined as follows:

- 14.6.1. if the Transfer Notice contains a Proposed Sale Price and providing the Proposed Sale Price is agreed by the board of directors of the Company, the Sale Price shall be the Proposed Sale Price; or
 - 14.6.2. if the Transfer Notice does not contain a Proposed Sale Price, or if the board does not agree the Proposed Sale Price, the Sale Price may be agreed between the Seller and the board within 28 days after the date the Transfer Notice is deemed to be received by the company; or
 - 14.6.3. if the Transfer Notice does not contain a Proposed Sale Price and/or the Seller and the board have not agreed a Sale Price within 28 days after the Transfer Notice is deemed to be received by the company, the Sale Price shall be the price per share determined in accordance with the valuation methodology in article 16 (the "**Valuation Formula Price**"). For these purposes the valuation shall be carried out by reference to the date on which the Transfer Notice was served or otherwise deemed delivered.
- 14.7. Following determination of the Sale Price, the board (in its absolute discretion) shall offer the Sale Shares at the Sale Price:
- 14.7.1. for repurchase by the company (including into treasury); and/or
 - 14.7.2. for purchase by one or more employees of the company; and/or
 - 14.7.3. for purchase by an Employee Trust (as defined in article 13);
- and in each case the persons to whom Sale Shares are offered will have 35 days to accept the offer.
- 14.8. If any of the Sale Shares remain unsold following offers made pursuant to article 14.7, the board will within 14 days of the expiry of the period specified in article 14.7 offer the Sale Shares for purchase at the Sale Price by a written offer notice (the "**Offer Notice**") served on existing members or shareholders (subject to article 14.9) other than the Seller.
- 14.9. Subject, at all times, to any cap on shares, the board shall offer the Sale Shares to existing members or shareholders in accordance with article 14.8 on a pro-rata basis (in such proportions as nearly as possible to the proportions of shares held by the existing members or shareholders), subject to such exclusions or other arrangements as the board may deem necessary or expedient in relation to overseas shareholders, fractional entitlements, legal or practical problems under the laws of any territory or any other reason the board shall, in its reasonable opinion having regard to the best commercial interests of the company, determine.
- 14.10. An Offer Notice shall expire 28 days after its service and shall:
- 14.10.1. specify the Sale Price;
 - 14.10.2. contain the other details included in the Transfer Notice; and
 - 14.10.3. invite the relevant members or shareholders to apply in writing, before expiry of the Offer Notice, to purchase:
 - (i) the number of Sale Shares offered to that member or shareholder pursuant to article 14.9; and

- (ii) any number of excess Sale Shares for which applications have not been received from existing member(s) or shareholder(s) following the expiry of the Offer Notice.
- 14.11. After the expiry date of the Offer Notice (or, if earlier, upon valid applications being received for all the Sale Shares), the board shall allocate the Sale Shares in accordance with both the applications received and acceptances made pursuant to articles 14.7 and 14.10, subject to the other provisions of this article 14, so that if the Transfer Notice contained a Total Transfer Condition, no allocation of Sale Shares shall be made unless all the Sale Shares are allocated.
- 14.12. The board shall, within seven days of the earlier of, valid applications for the Sale Shares being received in accordance with article 14.7 and expiry date of the Offer Notice, give notice in writing (a "**Sale Notice**") to the Seller and to each person to whom Sale Shares have been allocated pursuant to articles 14.7 to 14.11 (each a "**Buyer**") specifying the name and address (or if applicable the registered office) of each Buyer, the number of Sale Shares agreed to be purchased by him and the aggregate price payable for them.
- 14.13. Completion of a sale and purchase of Sale Shares pursuant to a Sale Notice shall take place at the registered office of the Company at the time specified in the Sale Notice when the Seller shall, upon payment to him by a Buyer of the Sale Price in respect of the Sale Shares allocated to that Buyer, transfer those Sale Shares and deliver the relevant share certificates to that Buyer.
- 14.14. The Seller may, during the period falling between one and three months after the expiry date of the Offer Notice, sell all or any of those Sale Shares that have not been purchased to the proposed transferee (if any) named in the Transfer Notice or, if none was so named, to any transferee at any price per Sale Share which is not less than the Sale Price, without any deduction, rebate or allowance to the proposed transferee, provided that:
- 14.14.1. the board shall be entitled to refuse to register any transfer where it is not satisfied that the proposed transferee would, in its reasonable opinion, be desirable as a member or shareholder of the company; and
- 14.14.2. if the Transfer Notice contained a Total Transfer Condition, the Seller shall not be entitled, save with the written consent of members or shareholders holding together in aggregate 75 per cent. of the shares for the time being, excluding the Sale Shares, to sell only some of the Sale Shares.
- 14.15. If a Seller fails for any reason (including death) to transfer any Sale Shares when required pursuant to this article 14, the board may authorise any person (who shall be deemed to be irrevocably appointed as the attorney of the Seller for the purpose) to execute the necessary transfer of such Sale Shares and deliver it on the Seller's behalf. The company may receive the purchase money for such Sale Shares from the Buyer and shall upon receipt (subject to the transfer being duly stamped at the cost of the Buyer) register the Buyer as the holder of such Sale Shares. The company shall hold such purchase money on trust for the Seller but shall not be bound to earn or pay interest on any money so held. The company's receipt for such purchase money shall be a good discharge to the Buyer who shall not be bound to see to the application of it, and after the name of the Buyer has been entered in the register of members in purported exercise of the power conferred by this article the validity of the proceedings shall not be questioned by any person.

15. **COMPULSORY TRANSFERS**

The following definitions shall apply to this article 15:

"Bad Leaver" means any director or employee or consultant of the company whose office or employment or consultancy is validly terminated summarily in accordance with the terms of his appointment letter, consultancy terms or agreement, service or employment contract in circumstances where he ceases to hold any role of director, employee or consultant in the company except where such summarily termination is as a result of the long term ill health or incapacity of the person concerned, in which case that person should be treated as a Good Leaver.

"Competitor" means any person who:

- (a) competes with the business of the company;
- (b) enters into any transaction or arrangement (of any nature whatsoever) which would have the effect of competing with the business of the company); or
- (c) enters into a contract of employment, consultancy agreement (whether documented or otherwise) or any other similar arrangement with a Competitor;

"Good Leaver" means any director or employee or consultant of the company whose office with or employment by or consultancy with the company is terminated in circumstances where the individual concerned ceases to hold any role as director, employee or consultant of the company except where such individual is a Bad Leaver or required to sell shares in accordance with Articles 15.1.1 to Article 15.1.6 inclusive below or such cessation is by reason of his death.

15.1. In this article, a **"Transfer Event"** occurs, in relation to any member or shareholder:

- 15.1.1. if that member or shareholder being an individual shall become bankrupt; or
- 15.1.2. if that member or shareholder shall make or offer or purport to make any arrangement or composition with his creditors generally;
- 15.1.3. if that member or shareholder being a body corporate:
 - 15.1.3.1. shall have a receiver, manager, administrator or administrative receiver appointed over all or any part of its undertaking or assets; or
 - 15.1.3.2. shall have an administrator appointed in relation to it; or
 - 15.1.3.3. shall enter into liquidation (other than a voluntary liquidation for the purpose of a bona fide scheme of solvent amalgamation or reconstruction); or
 - 15.1.3.4. shall have any equivalent action in respect of it taken in any jurisdiction; or
- 15.1.4. if that member or shareholder (or any permitted transferee (whether directly or by means of two or more permitted transfers)) shall attempt to deal with or purports to dispose of any share or any interest in it otherwise than in accordance with article 13, (Permitted Transfers), article 14 (Voluntary Transfers) and this article 15 (Compulsory Transfers); or

- 15.1.5. if that member or shareholder (or any permitted transferee (whether directly or by means of two or more permitted transfers)) commits a material breach of these articles or any shareholder agreement entered into by the members or shareholders; or
 - 15.1.6. if that member or shareholder becomes a Competitor; or
 - 15.1.7. if that member or shareholder becomes a Bad Leaver; or
 - 15.1.8. if that member or shareholder becomes a Good Leaver.
- 15.2. Notwithstanding any other provision of these articles, upon the occurrence of one of the events set out in article 15.1, the member or shareholder in question and any other person who has acquired shares from him under or in connection with a permitted transfer (whether directly or by means of or in connection with two or more permitted transfers) shall be deemed immediately to have given a Transfer Notice (with effect from the date specified in article 15.3) in respect of such of the shares then held by such person(s) as referred to in article 15.1 above (a "**Deemed Transfer Notice**"). A Deemed Transfer Notice shall supersede and cancel any then current Transfer Notice insofar as it relates to the same shares except for shares which have then been validly transferred pursuant to that Transfer Notice.
- 15.3. The shares the subject of any Deemed Transfer Notice shall be offered for sale in accordance with article 14 as if they were Sale Shares in respect of which a Transfer Notice had been given (and references in article 14 and this article 15 to Sale Shares shall be construed accordingly as references to such shares) save that:
- 15.3.1. a Deemed Transfer Notice shall be deemed to have been given on the date of the Transfer Event or, if later, the date of the first meeting of the board at which details of the facts or circumstances giving rise to the Deemed Transfer Notice are tabled;
 - 15.3.2. the Sale Price in respect of any Transfer Event set out in article 15.1.1 to 15.1.7 inclusive above shall be 50 per cent. of the Valuation Formula Price. The Sale Price in respect of any Transfer Event set out in article 15.1.8 shall be 100 percent of the Valuation Formula Price. For these purposes the valuation calculation shall be carried out by reference to the date on which the Transfer Event occurred;
 - 15.3.3. a Deemed Transfer Notice shall be deemed not to contain a Total Transfer Condition and shall be irrevocable; and
 - 15.3.4. the Seller may retain any Sale Shares for which Buyers (as defined in article 14) are not found.
- 15.4. Notwithstanding any other provision of this article 15, the board of directors from time to time may decide that the provisions of this article 15 shall not apply to a Good Leaver in whole or in part and that such a Good Leaver shall be entitled to retain all or part of the shares in the company registered in his name.
- 15.5. Notwithstanding any other provision of this article 15, the board of directors from time to time may decide in its absolute discretion acting reasonably on a case by case basis that the 50 percent figure set out in the first sentence of article 15.3.2 shall be increased above 50% but any higher percentage shall not in any event exceed 100% of the Valuation Formula Price.
16. **VALUATION METHOD**

16.1. For the purpose of this article 16, the following words or phrases shall have the following meanings:

"5Year Average EBITDA" means the average of the Company's annual EBITDA (as calculated by reference to the Company's statutory accounts) for the five (5) Financial Years immediately preceding the Current Financial Year calculating after first removing the statutory accounts of the Company for the Financial Year in such 5 year period which showed highest EBITDA amount and the statutory accounts of the Company for the Financial Year in such 5 year period which showed the lowest EBITDA amount.

"5 Year Average APSDRP" means the average of the Company's Annual Pension Scheme Deficit Reduction Payment for the five (5) Financial Years immediately preceding the Current Financial Year calculating after first removing the statutory accounts of the Company for the Financial Year in such 5 year period which showed the highest EBITDA amount and the statutory accounts of the Company for the Financial Year in such 5 year period which showed the lowest EBITDA amount;

"Annual Pension Scheme Deficit Reduction Payment or APSDRP" means the annual payment made to reduce the deficit of the Company's pension scheme (as set out in the Company's statutory accounts) in a Financial Year;

"Current Financial Year" means the Financial Year of the Company during which the valuation calculation is being undertaken;

"Capital Value" means (the 5 Year Average EBITDA less the 5 Year Average APSDRP) multiplied by six (6);

"Financial Year" means (in relation to any year) the period running from 1st January to 31st December;

"EBITDA" means the profits of the Company before interest taxation depreciation and amortisation.

"Pension Scheme Deficit" means the pension scheme deficit of the Company as at the end of the previous financial year (as set out in the Company's statutory accounts).

16.2. The Valuation Formula Price is calculated on the following basis:

a)
$$\frac{\text{Capital Value}}{\text{The number of Shares issued as fully paid in the capital of the Company as at the date of the calculation of the Valuation Formula Price (including for the avoidance of doubt any issued Shares currently held in treasury at such a date)}} = \text{Valuation Formula Price per share}$$

16.3 Notwithstanding the provisions of this article 16 above, the board of directors from time to time may in its absolute discretion decide that having regard to all the circumstances a minimum Valuation Formula Price shall apply and in the event of the board making such a decision it shall notify all shareholders accordingly. The board of directors shall be entitled to impose, remove, vary and set a minimum Valuation Formula Price from time to time in its absolute discretion acting in the best interests of the Company. In the event that a minimum Valuation Formula Price has been established and not revoked, that minimum Valuation Formula Price shall apply in any valuation under this article 2 in the event that the Valuation Formula Price calculated under this article 2 would give a figure less than the minimum Valuation Formula Price.

17. TRANSFERS ON DEATH

17.1 Any person becoming entitled to a share in consequence of the death of a shareholder shall give a Transfer Notice before he elects in respect of any share to be registered himself or to execute a transfer.

17.2 If a person so becoming entitled to a share under article 17.1 shall not have given a Transfer Notice in respect of any share within six months of the death of a shareholder, the directors may at any time thereafter upon the resolution passed by them give notice requiring such person within thirty days to give a Transfer Notice in respect of all the shares to which he has so become entitled and for which he has not previously done so and if he does not do so he shall at the end of such thirty days be deemed to have given a Transfer Notice pursuant to article 14.2 relating to those shares in respect of which he has still not given a Transfer Notice

17.3 Where a Transfer Notice is given or deemed to be given under this article 17 and no price per share is specified therein, the Transfer Notice shall be deemed to specify the sum which shall, on the application of the directors, be certified in writing by the accountants of the company in accordance with the Expert Valuation Price in article 16.

18. REGISTRATION OF TRANSFERS

18.1. The directors may, in their absolute discretion decline to register any transfer of any share, whether or not it is a fully paid share.

19. DRAG ALONG RIGHTS

19.1. Notwithstanding any other provisions of this Agreement, any shareholder or shareholders who, alone or together, holds or hold in aggregate 51 percent or more in nominal value of the shares, from time to time (the "Calling Shareholders") shall have the right at any time to require all other holders of shares (the "Recipient Shareholders") by notice in writing to them (a "Call Notice") to sell all the shares held by the Recipient Shareholders to any person (the "Purchaser") to whom the Calling Shareholders propose to sell all of their shares, provided that:

- a) the terms and conditions applying to the sale of the shares of the Calling Shareholders and the Recipient Shareholders are set out in reasonable detail in, or in one or more attachments to, the Call Notice;

- b) the terms and conditions applying to the sale of the shares held by each of the Recipient Shareholders shall be no less favourable to the Recipient Shareholders than the terms and conditions applying to the sale of the shares held by the Calling Shareholders are to the Calling Shareholders, but the Calling Shareholders shall be entitled in such event to deduct from the amount to be received by the Recipient Shareholders a pro rata share of the fees and expenses relating to the sale of the shares held by the Calling Shareholders and the Recipient Shareholders;
 - c) the Purchaser is a bona fide arm's length purchaser; and
 - d) the Purchaser is required to acquire all the shares of the Recipient Shareholders and of the Calling Shareholders.
- 19.2 Subject to compliance with article 19.1, if a Call Notice is served, all the shareholders shall be bound to proceed with the sale of all their shares on the terms and subject to the conditions notified in the Call Notice.
- 19.3 No shareholder shall complete any sale of shares to the Purchaser unless the Purchaser completes the purchase of all the shares required to be sold simultaneously.
- 19.4 If any Recipient Shareholder fails to agree to sell or complete the sale of or make any required election in respect of any sale of any shares as he is bound to do in accordance with this clause, any of the directors shall be entitled to execute, and shall be entitled to authorise and instruct such person as they think fit (who may be a director) (the "Authorised Person") to execute all necessary agreements, deeds and other documents necessary to give effect to the sale on the terms and conditions notified in the Call Notice, to make any such election on his behalf (in such manner as the Authorised Person in his absolute discretion shall think fit) and to execute the necessary instrument of transfer of his shares and may deliver such transfer on his behalf. The company may receive the purchase consideration (and deduct any Recipient Shareholder's pro rata share of the sale costs incurred) and shall upon receipt of such consideration (subject to *such instrument being stamped with any required stamp duty at the cost of the Purchaser*) cause the transferee to be registered as the holder of the shares being transferred and shall hold such purchase consideration on behalf of the defaulting Recipient Shareholder. The company shall not be bound to earn or pay interest on any purchase consideration so held and shall not deliver such purchase consideration to any defaulting Recipient Shareholder until he shall have delivered his share certificates (or an appropriate indemnity in respect of any lost certificates) to the company. The receipt of the company for such purchase consideration shall be a good discharge to the transferee who shall not be bound to see to the application of such money, and after the name of the transferee has been entered in the register of shareholders in purported exercise of such power the validity of the proceedings shall be unchallengeable.

20. TAG ALONG RIGHT

- 20.1 The provisions of this clause 9 shall apply if, in one transaction or a series of related transactions, one or more shareholders (a "Seller") proposes to transfer any of the shares (a "Proposed Transfer") which would, if carried out, result in any shareholder (or, if not already a shareholder,

the proposed transferee) (the "Buyer") and any person Acting in Concert with the Buyer, acquiring a 50 percent or more in nominal value of the shares.

- 20.2 Before making a Proposed Transfer, a Seller shall procure that the Buyer makes an offer ("Offer") to the other shareholders to purchase all of the shares held by them for a consideration in cash per share that is at least equal to the highest price per share offered or paid by the Buyer, or any person Acting in Concert with the Buyer, in the Proposed Transfer (the "Specified Price").
- 20.3 The Offer shall be given by written notice (the "Offer Notice"), at least 10 Business Days (the "Offer Period") before the proposed sale date (the "Sale Date"). To the extent not described in any accompanying documents, the Offer Notice shall set out:
- a) the identity of the Buyer;
 - b) the purchase price and other terms and conditions of payment;
 - c) the Sale Date; and
 - d) the number of shares proposed to be purchased by the Buyer under the Proposed Transfer (the "Offer Shares").
- 20.4 If the Buyer fails to make an Offer to all holders of shares in accordance with this clause 9, the Seller shall not be entitled to complete the Proposed Transfer and the company shall not register any transfer of shares affected in accordance with the Proposed Transfer.
- 20.5 If the Offer is accepted by any shareholder (the "Accepting Shareholder") within the Offer Period, the completion of the Proposed Transfer shall be conditional on completion of the purchase of all the Offer Shares held by Accepting Shareholders.
- 20.6 For the purpose of this article 20 Acting in Concert shall have the meaning given to it in the City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended from time to time).

21. MISCELLANEOUS PROVISIONS RELATING TO SHARES

- 21.1. The directors may exercise all powers available to them pursuant to The Companies Act 2006 (Amendment of Part 18) Regulations 2013.
- 21.2. For the purpose of this Article 21 the following words and phrases shall have the following meanings:-

Affiliate	means in the case of a person which is a body corporate, any direct or indirect subsidiary or any direct or indirect parent company of that person and any direct or indirect subsidiary of any such parent company, in each case from time to time.
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Connected Person means, in relation to any shareholder, a person who would fall within the definition of a person connected with a director for the purposes of section 252 of the Companies Act 2006 if that shareholder were a Director.

- 21.3. Subject to Article 21.4, no shareholder, together with any of his Affiliates or Connected Persons, shall be entitled to hold in aggregate more than the number of shares (to the nearest whole share) equivalent to forty (40) percent of the issued share capital of the Company from time to time.
- 21.4. For the purposes of Article 21.3 and in determining Connected Persons:
- a) Richard Binnersley shall not be considered a Connected Person in respect of Terence Court or his spouse; and
 - b) neither Terence Court nor his spouse shall be considered a Connected Person in respect of Richard Binnersley.

DECISION – MAKING BY SHAREHOLDERS

22. PROCEEDINGS AT GENERAL MEETINGS

- 22.1. Model Article 41(1) shall be modified by the insertion at the end of that regulation of the following sentence "If at any adjourned meeting a quorum is not present within fifteen minutes from the time appointed for holding that meeting, the meeting shall be dissolved".
- 22.2. A poll may be demanded at any general meeting by any member present in person or by proxy and entitled to vote. Model Article 44 shall be modified accordingly.

ADMINISTRATIVE ARRANGEMENTS

23. NOTICES

- 23.1. If a notice or other document is sent by post, it shall be deemed to have been served or delivered twenty-four hours after it was posted or (where second class post is used) forty-eight hours after it was posted. Proof that an envelope containing the notice or document was properly addressed, stamped and put into the post shall be conclusive evidence that the notice was given. Any notice or other document not sent by post but delivered or left at a registered address or address for service in the United Kingdom shall be deemed to have been served or delivered when it was so delivered or left.

24. RIGHT TO INDEMNITY

24.1. If and only to the extent permitted by law, but without prejudice to any indemnity to which a director or other officer (excluding an auditor) may otherwise be entitled, the company may, if the board so determines, indemnify out of its own funds:

- (a) every director or other officer (excluding an auditor) of the company or any associated company against all costs, charges, losses, expenses and liabilities incurred by him:
 - (i) in connection with any negligence, default, breach of duty or breach of trust by him in relation to the company;
 - (ii) in performing his duties, and/or
 - (iii) in exercising his powers, and/or
 - (iv) in claiming to perform his duties or exercise his powers, and/or
 - (v) otherwise in relation to or in connection with his duties, powers or office, and
- (b) every director of the company or any associated company where the company or associated company acts as a trustee of an occupational pension scheme against any liability incurred in connection with the relevant company's activities as a trustee of such scheme.

24.2. For the purposes of this article 24 and article 26, "**associated company**" shall mean a company which is either a subsidiary or holding company of the company or a subsidiary of the holding company of the company.

25. **INSURANCE**

25.1. If an only to the extent permitted by law, but without prejudice to the power contained in article 22, the directors may purchase and maintain at the expense of the company insurance for or for the benefit of any persons who are or were at any time directors, officers (excluding auditor) or employees of the company or any related company or trustees of any pension fund or employees' share scheme in which any employees of the company or any related company are interested.

25.2. In this article "**related company**" means (i) any company which is or was the company's holding company or (ii) any body (whether incorporated or not) in which the company or any holding company has or had any kind of interest (whether direct or indirect) or (iii) any body (whether incorporated or not) which is associated or connected in any way with the company or any holding company of the company, (iv) any predecessors in business of the company or any other body referred to in this article 25.2, or (v) any body (whether incorporated or not) which is a subsidiary undertaking of the company or any other body referred to in this article 25.2.

26. **FUNDS TO MEET EXPENDITURE**

26.1. The company (to the extent permitted by law):

- (a) may provide a director or officer (excluding auditor) or a former director or officer (excluding auditor) of the company or of its holding company with funds to meet expenditure incurred or to be incurred by him:
 - (i) in defending any criminal or civil proceedings in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to the company or an associated company; or
 - (ii) in connection with any application for relief under any of the provisions mentioned in section 205(5) of the Companies Act 2006, or
 - (iii) in defending himself in any investigation by a regulatory authority or against action proposed to be taken by a regulatory authority, in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to the company or an associated company, or
- (b) may do anything to enable a director or officer (excluding auditor) or a former director or officer (excluding auditor) of the company or of its holding company to avoid incurring such expenditure.