

Company Number 02183088

**THE COMPANIES ACT 2006**

**WRITTEN RESOLUTION**

of

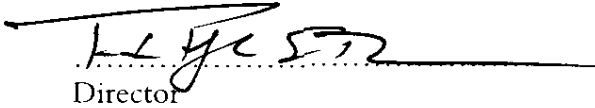
**CCLA INVESTMENT MANAGEMENT LIMITED  
(Company)**

Passed on 16 October 2019

The following resolution was duly passed as a special resolution by way of written resolution under Chapter 2 of Part 13 of the Companies Act 2006.

**SPECIAL RESOLUTION**

That the regulations contained in the document attached to this Resolution and for the purposes of identification signed by the Chairman be and are hereby approved and adopted as the new articles of association of the Company in substitution for and to the exclusion of the existing articles of association of the Company.

  
Director



**THE COMPANIES ACT 2006**

---

**PRIVATE COMPANY LIMITED BY SHARES**

---

**ARTICLES OF ASSOCIATION**

- of -

**CCLA INVESTMENT MANAGEMENT LIMITED**

**(a Private Company adopting Model Articles for Private Companies  
Limited by Shares with modifications)**

---

Adopted by Special Resolution the 16 day of October 2019

---

**THE COMPANIES ACT 2006**

---

**PRIVATE COMPANY LIMITED BY SHARES**

---

**ARTICLES OF ASSOCIATION**

- of -

**CCLA INVESTMENT MANAGEMENT LIMITED**

---

**1. DEFINITIONS AND INTERPRETATION**

- 1.1 In these Articles, the following words and expressions shall have the following meanings, unless the context otherwise requires:

|                      |                                                                                                                                               |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Act</b>           | means the Companies Act 2006.                                                                                                                 |
| <b>Board</b>         | means the board of directors of the Company from time to time.                                                                                |
| <b>Business Day</b>  | means a day (other than a Saturday or Sunday or a public holiday) on which banks are normally open for the transaction of business in London. |
| <b>call</b>          | has the meaning given in Article 15.1.                                                                                                        |
| <b>call notice</b>   | has the meaning given in Article 15.1.                                                                                                        |
| <b>CBF</b>           | means CBF Funds Trustee Limited.                                                                                                              |
| <b>CBF Director</b>  | means any director appointed from time to time by CBF pursuant to Article 4.1.                                                                |
| <b>COIF</b>          | means the board from time to time of the COIF Charity Funds (or any nominee which holds Shares on their behalf).                              |
| <b>COIF Director</b> | means any director appointed from time to time by COIF pursuant to Article 4.1.                                                               |

|                             |                                                                                                                                                                                                                  |
|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Committee</b>            | means the Remuneration Committee of the Board from time to time.                                                                                                                                                 |
| <b>Director</b>             | means any director of the Company from time to time.                                                                                                                                                             |
| <b>EBT</b>                  | means any employee benefit trust of the Company from time to time.                                                                                                                                               |
| <b>Eligible Director</b>    | means a director who would be entitled to vote on the matter had it been proposed at a meeting of the directors but, excluding any director whose vote is not to be counted in respect of the particular matter. |
| <b>Employee Share</b>       | means a Share held by an Employee Shareholder.                                                                                                                                                                   |
| <b>Employee Shareholder</b> | means a Member who is or who at any time has been an employee or executive director of the Company.                                                                                                              |
| <b>FCA</b>                  | means the Financial Conduct Authority or any successor or replacement regulatory body from time to time.                                                                                                         |
| <b>FCA Rules</b>            | means the rules and guidance contained in the handbook of rules and guidance issued by the FCA.                                                                                                                  |
| <b>Group</b>                | means the Company and its subsidiaries.                                                                                                                                                                          |
| <b>Group Interest</b>       | has the meaning given in Article 10.1.1.                                                                                                                                                                         |
| <b>holding company</b>      | has the meaning given in Section 1159 of the Act.                                                                                                                                                                |
| <b>Interested Director</b>  | has the meaning given in Article 9.1.                                                                                                                                                                            |
| <b>LAMIT</b>                | means the Local Authorities' Mutual Investment Trust, a company limited by guarantee and trustee of the Local Authorities' Property Fund.                                                                        |
| <b>LTIP</b>                 | means the long-term incentive plan of the Company as adopted by the Board from time to time.                                                                                                                     |
| <b>Market Value</b>         | means the market value of the shares from time to time as determined in accordance with the rules of the LTIP.                                                                                                   |
| <b>Member</b>               | means any holder of a Share.                                                                                                                                                                                     |
| <b>Member Interest</b>      | has the meaning given in Article 10.1.2.                                                                                                                                                                         |
| <b>Model Articles</b>       | means Schedule 1 of The Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended by any statute or subordinate legislation coming into force prior to the adoption of these Articles.               |
| <b>Non-Voting Share</b>     | means a non-voting ordinary share of £1 in the capital of the Company having the rights and subject to the obligations set out in these Articles.                                                                |

|                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Ordinary Share</b>       | means an ordinary share of £1 in the capital of the Company having the rights and subject to the obligations set out in these Articles but excluding the P Ordinary Shares and the Non-Voting Shares.                                                                                                                                                                                                                                                                                                                                                         |
| <b>P Ordinary Share</b>     | means a fully paid-up non-voting ordinary share of £1 each in the capital of the Company having the rights and subject to the obligations set out in these Articles.                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Permitted Group</b>      | <p>in relation to a corporate member which holds Shares, means that member and:</p> <ul style="list-style-type: none"> <li>(a) any wholly-owned subsidiary of that member;</li> <li>(b) any holding company of that member which holds issued share capital of such member; and</li> <li>(c) any wholly-owned subsidiary of that holding company.</li> </ul> <p>Unless the context otherwise requires, the application of the definition of Permitted Group to any corporate member at any time will apply to the corporate member as it is at that time.</p> |
| <b>Relevant Officer</b>     | means any director or other officer or former director or other officer of the Company but excluding in each case any person engaged by the Company as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor.                                                                                                                                                                                                                                                                                     |
| <b>Rights</b>               | has the meaning given in Article 19.1.2.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Share</b>                | means a share in the capital of the Company of any class.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Shareholder</b>          | means a holder of Shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Shareholder Director</b> | has the meaning given in Article 4.1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Situational Conflict</b> | means any matter or situation which would, if not authorised in accordance with Article 9.1, constitute a breach of Section 175 of the Act (to avoid conflicts of interest).                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Subsidiary</b>           | has the meaning given in Section 1159 of the Act.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Transfer Period</b>      | means the period determined by the Committee in each year.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

1.2 Unless the context otherwise requires:

- 1.2.1 words and expressions used in these Articles shall have the meaning ascribed to them in or by virtue of the Model Articles;

1.2.2 use of the singular shall include the plural and vice versa, and the use of any gender shall include all other genders; and

1.2.3 includes or including shall mean including without limitation.

1.3 Unless expressly provided otherwise, references to any statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of any:

1.3.1 amendment, modification, consolidation, re-enactment or replacement; and

1.3.2 any subordinate legislation from time to time made under it.

1.4 In these Articles, address in relation to electronic communications includes any number or address used for the purposes of such communications.

1.5 Headings are for convenience only and shall not affect the construction of these Articles.

## **2. ADOPTION OF MODEL ARTICLES**

2.1 The Model Articles shall, except where they are excluded or modified by these Articles, apply to the Company and, together with these Articles, shall constitute the articles of association of the Company.

2.2 The provisions of Articles 6(2), 7(2), 8, 9(1), 11, 12 to 14, 16, 17(1), 21, 22, 24(2)(c), 26(5), 27 to 29, 38, 39 and 44 of the Model Articles shall not apply to the Company.

2.3 Article 20 of the Model Articles shall be amended by:

2.3.1 the replacement of the word "may" with the word "shall"; and

2.3.2 the insertion of the words "(including alternate directors) and the secretary (if one)" before the words "properly incur".

## **3. NUMBER OF DIRECTORS**

The number of Directors (other than alternate directors) shall not be subject to any maximum but shall be not less than three.

## **4. APPOINTMENT AND REMOVAL OF DIRECTORS**

4.1 Each holder of Ordinary Shares or Non-Voting Shares for the time being (other than an Employee Shareholder) shall be entitled to appoint one person to be a non-executive director of the Company ("**Shareholder Director**") for such time as that member holds 10 per cent, or more of the issued Ordinary Shares and Non-Voting Shares together.

4.2 Any Shareholder Director may at any time be removed from office by the member that appointed such Director. The person(s) so removing a Director shall be responsible for and shall indemnify the Company against any claim by such director arising out of such removal.

4.3 If any Shareholder Director ceases to be a Director for any reason whatsoever, the member that appointed such Shareholder Director may, subject to meeting the criteria in Article 4.1, appoint in his place another person.

4.4 Any appointment or removal of a Shareholder Director under this Article 4 shall be by notice in writing to the Company at its registered office and signed by or on behalf of the member

that appointed such Shareholder Director. Any such appointment or removal shall take effect upon the Company's receipt of such notice or at such later time as may be specified in the notice.

- 4.5 For the purposes of this Article 4, the Ordinary Shares and the Non-Voting Shares shall rank *pari passu* as if they were one class of Share. The right to appoint and to remove a Director under this Article 4 shall be a class right attaching to the Ordinary Shares and Non-Voting Shares.
- 4.6 If any member ceases to hold 10 per cent or more of the issued Ordinary Shares and Non-Voting Shares together, any Shareholder Director appointed by that member shall be deemed to have resigned as from the date of such member ceasing to hold such percentage of the Ordinary Shares and Non-Voting Shares together.
- 4.7 Notwithstanding any provision of these Articles, no director shall be appointed unless such appointment is in accordance with all applicable laws and regulations (including, without limitation, the regulations of the FCA).
- 4.8 The Directors may appoint and dismiss up to four persons each of whom is willing to act and is not a Non-Executive Director or an Executive Director or employed by the Company and who is determined by the Board to be independent in character and judgement and free from any relationship or circumstances which appears likely to affect that person's judgement as a Director of the Company and any such Director shall be called the "**External Non-Executive Director**".

## 5. PROCEEDINGS OF DIRECTORS

- 5.1 Decisions of the Directors shall be taken:

- 5.1.1 at a meeting of the Directors; or
- 5.1.2 in the form of a Directors' written resolution.

Article 7 of the Model Articles shall be modified accordingly.

- 5.2 A unanimous decision is taken when all Eligible Directors indicate:

- 5.2.1 at a meeting of the Directors; or
- 5.2.2 in the form of a Directors' written resolution, where each Eligible Director has signed one or more copies of it, that they share a common view.

- 5.3 A decision may not be taken in accordance with this Article 5 if the Eligible Directors would not have formed a quorum at a Directors' meeting to vote on the matter.
- 5.4 The quorum at any meeting of the Directors shall be two Eligible Directors, unless the business to be transacted at the meeting relates to a Special Matter (as such term is defined in an agreement between COIF, CBF and LAMIT) in which case one must be the CBF Director and one must be the COIF Director and if no such directors are appointed, the meeting shall not proceed. No business shall be transacted at any meeting of the Directors unless a quorum is participating at the commencement of the meeting and also when that business is voted on.
- 5.5 If the total number of Directors in office for the time being is less than the quorum required by Article 5.4, the Directors or Director may act:

- 5.5.1 for the purpose of calling a general meeting of the Company or of the holders of any class of Shares; and
- 5.5.2 for the purpose of exercising the powers vested in and the duties imposed on the Directors by Article 22, but for no other purpose.
- 5.6 Any Director may call a meeting of the Directors by giving not less than five days written notice or such lesser notice as the Directors may agree save in the case of an emergency except where the business to be transacted at the emergency meeting relates to a Special Matter where at least the CBF Director and the COIF Director agree in writing to a shorter period. Not less than two business days before each meeting an agenda of business to be transacted at such meeting (together with all papers to be circulated or presented to it) shall be sent to each Director. Save as otherwise agreed by all Directors, no business shall be transacted at any such meeting except for that specified in the aforementioned agenda.
- 5.7 If within 30 minutes from the time appointed for a meeting of the Directors a quorum is not present, then the meeting shall be adjourned for three business days at the same time and place or to such time and place as the Director(s) present may determine. If at any adjourned meeting a quorum is not present within 30 minutes from the time appointed for the meeting the Director or Directors present shall constitute a quorum.
- 5.8 The Board shall, after consultation with each holder of Ordinary Shares and Non-Voting Shares, appoint a suitably qualified person to be the chairman of the Directors from time to time. In the case of an equality of votes the chairman of a meeting of the Directors shall have a second or casting vote.
- 6. ALTERNATE DIRECTORS**
- 6.1 Any Director (other than an alternate director) may appoint any other Director, or any other person who is willing to act and approved by resolution of the Directors, to:
  - 6.1.1 exercise that Director's powers; and
  - 6.1.2 carry out that Director's responsibilities, in relation to the taking of decisions by the Directors in the absence of the alternate's appointor, and the appointor may remove from office an alternate so appointed by him.
- 6.2 An alternate has the same rights, in relation to any meeting of Directors or Directors' written resolution, as the alternate's appointor.
- 6.3 A person who is an alternate director but not a Director:
  - 6.3.1 may be counted as participating for the purposes of determining whether a quorum is participating (but only if his appointor is not participating); and
  - 6.3.2 may sign a written resolution (but only if it is not signed or to be signed by his appointor); but
  - 6.3.3 shall not be counted as more than one Director for the purposes of Articles 6.3.1 and 6.3.2.
- 6.4 A Director who is also an alternate director is entitled (in the absence of his appointor) to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the Directors but shall not count as more than one Director for the purposes of determining whether a quorum is present.
- 6.5 An alternate director may act as alternate director to more than one Director and has the same rights in relation to any decision of the Directors as the alternate's appointor.

- 6.6 Except as the Articles specify otherwise, alternate directors:
- 6.6.1 are deemed for all purposes to be Directors;
  - 6.6.2 are liable for their own acts and omissions;
  - 6.6.3 are subject to the same restrictions as their appointors; and
  - 6.6.4 are not deemed to be agents of or for their appointors.
- 6.7 Any appointment or removal of an alternate must be effected by written notice to the Company signed by the appointor, or in any other manner approved by the Directors. The notice must identify the proposed alternate and where it is a notice of appointment, include a statement signed by the proposed alternate confirming that he is willing to act as the alternate of the appointor.
- 6.8 Any person appointed as an alternate shall vacate his office as an alternate if the Director by whom he has been appointed ceases to be a Director or removes him or on the happening of any event which, if he is or were a Director, causes or would cause him to vacate that office.
- 6.9 An alternate is not entitled to receive any remuneration from the Company for serving as an alternate except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the Company.

## **7. POWERS OF DIRECTORS**

The Directors may, if they think fit, receive from any member willing to advance the same, all or any part of the moneys uncalled and remaining unpaid on any Shares held by him.

## **8. DELEGATION OF DIRECTORS' POWERS**

The provisions of these Articles as regards meetings of the Directors shall apply equally to meetings of any such committee.

## **9. AUTHORISATION OF ALL SITUATIONAL CONFLICTS**

- 9.1 For the purposes of Section 175 of the Act, the members (and not the Directors) shall have the power to authorise, by resolution and in accordance with the provisions of these Articles, any matter or situation proposed to them by a Director ("**Interested Director**") which would, if not so authorised, constitute a breach of Section 175 of the Act (to avoid conflicts of interest) ("**Situational Conflict**"). Any authorisation of a Situational Conflict under this Article 9 may extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised.
- 9.2 The Interested Director must provide the members with such details as are sufficient for the members to decide whether or not to authorise the Situational Conflict, together with such additional information as may be reasonably requested by the members.
- 9.3 If the members authorise a Situational Conflict, they may provide (whether at the time of giving the authority or subsequently) that the Interested Director:
- 9.3.1 not be permitted to receive certain documents or other information relating to the Situational Conflict;
  - 9.3.2 not be permitted to attend discussions (whether at meetings of Directors or otherwise) relating to the Situational Conflict;

- 9.3.3 may or may not vote (or may or may not be counted in the quorum) at any future meeting of Directors in relation to the Situational Conflict;
- 9.3.4 shall not be required to account by reason of being a Director (or because of a fiduciary relationship established by reason of being a Director) to the Company for any remuneration, profit or other benefit which he derives from or in connection with a Situational Conflict which has been duly authorised by the members and the receipt of any such remuneration, profit or other benefit shall not constitute a breach of his duty under Section 176 of the Act;
- 9.3.5 shall not be required to disclose to the Company any confidential information received by him by virtue of his Situational Conflict and otherwise than by virtue of his position as a Director of the Company, if to do so would breach any duty of confidentiality to any other member of the Group or third party; and/or
- 9.3.6 comply with such other terms or conditions as the members reasonably think fit.
- 9.4 The members may revoke or vary such authorisation at any time but this will not affect anything done by the Interested Director prior to such revocation or variation in accordance with the terms of such authorisation.
- 10. **PRE-APPROVAL OF DIRECTORS' SITUATIONAL CONFLICTS**
- 10.1 Subject to compliance by him with his duties as Director of the Company under the Act (save in respect of the duty contained in Section 175(1) of the Act), at any time:
  - 10.1.1 any Director may be a director or other officer of, or employed by or hold shares or other securities (whether directly or indirectly) in, or otherwise be interested (whether directly or indirectly) in any other member of the Group ("**Group Interest**"); and/or
  - 10.1.2 any Director may be a director or other officer of, or employed by or hold shares or other securities (whether directly or indirectly) in, or otherwise be interested (whether directly or indirectly) in the member(s) who appointed him as a director, or any other member of that member's Permitted Group ("**Member Interest**"),
- 10.2 and no further authorisation under Article 9 is required.
- 10.3 Notwithstanding any actual or potential conflict between any Group Interest or Member Interest (as the case may be) and the interests of the Company which would, but for this Article 10 constitute a breach of Section 175 of the Act, the relevant Director:
  - 10.3.1 is permitted to:
    - (a) participate in any discussions (whether meetings of the Directors or otherwise);
    - (b) vote at (and be counted in the quorum for) any future meeting of the Directors; and
    - (c) receive any documents or other information relating to such discussions and vote on any resolution of the Directors,
    - (d) relating to such Group Interest or Member Interest (as the case may be);
  - 10.3.2 shall not be required to account by reason of being a Director (or because of a fiduciary duty established by reason of being a Director) to the Company for any

remuneration, profit or other benefit which he derives from or in connection with a Group Interest or Member Interest (as the case may be); and

- 10.3.3 shall not be required to disclose to the Company any confidential information received by him by virtue of his Group Interest or Member Interest (as the case may be) and otherwise than by virtue of his position as a Director of the Company, if to do so would breach any duty of confidentiality to any other member of the Group or third party.
- 10.4 Any authorisation of a Group Interest or Member Interest under this Article 10 shall extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised.
- 10.5 The members may revoke or vary such authorisation at any time but this will not affect anything done by the Interested Director prior to such revocation or variation in accordance with the terms of such authorisation.

## **11. DIRECTORS' INTERESTS AND DISCLOSURE OF INFORMATION**

- 11.1 A Director who to his knowledge is in any way (whether directly or indirectly), interested in an existing contract or a proposed contract with the Company shall declare the nature and extent of his interest to the other Directors in accordance with the Act. Subject where applicable to such disclosure and to any limitations or terms imposed by the members pursuant to Article 9, a Director:
- 11.1.1 shall be an Eligible Director and shall be entitled to vote in respect of any existing contract or proposed contract in which he is interested and if he does so his vote shall be counted and he shall be taken into account in ascertaining whether a quorum is present; and
- 11.1.2 may be a party to, or otherwise interested in, any contract with the Company or in which the Company has an interest.
- 11.2 A reference in this Article 11 to a contract includes any transaction, arrangement or agreement (whether or not constituting a contract).
- 11.3 For the purposes of this Article 11 and without any requirement for any further notification to the Company, the Shareholder Director shall be deemed to be interested in any contract or proposed contract between the Company and any member that appointed the Shareholder Director (as the case may be).
- 11.4 Any Shareholder Director shall be entitled, whilst he holds that office, from time to time to disclose to the member that appointed him (as the case may be) such information concerning the business and affairs of the Company as he shall in his absolute discretion see fit, subject only to the condition that any person to whom such information is passed has been informed of the confidential nature of the information (where appropriate).

## **12. COMPANY SECRETARY**

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

### **13. SHARE CAPITAL**

13.1 Except as otherwise provided in these Articles, the Ordinary Shares, the P Ordinary Shares and the Non-Voting Shares shall rank pari passu in all respects but shall constitute separate classes of Shares.

13.2 The rights attaching to the Ordinary Shares are:

#### **13.2.1 Capital**

Subject only to the rights of the P Ordinary Shares in Article 13.3, on a return of assets on a liquidation, capital reduction, winding up or otherwise, such assets shall be distributed amongst the holders of the Ordinary Shares and the Non-Voting Shares as if the same constituted one class of Share.

#### **13.2.2 Income**

Subject only to Article 13.3, the Ordinary Shares and the Non-Voting Shares shall be entitled to receive all of the income, dividends and profits of the Company as if the same constituted one class of share.

#### **13.2.3 Voting**

The Ordinary Shares shall entitle the holders thereof to receive notice of and to attend and vote at any general meeting of the Company and on any matter to be put to the members in writing.

13.3 The rights and characteristics attaching to the P Ordinary Shares are:

#### **13.3.1 Paid-up**

P Ordinary Shares will only be issued by the Company as fully paid-up shares.

#### **13.3.2 Capital**

The P Ordinary Shares shall entitle the holders thereof in preference to any other Shares on a liquidation or winding up involving a return of assets or capital to an amount equal to the nominal capital on each P Ordinary Share only. Save as set out in this Article 13.3.2, the P Ordinary Shares shall not have the right to receive any such assets or capital.

#### **13.3.3 Income**

The Directors may, in their sole discretion and without imposing any obligation on the Directors, before application of any profits to reserve or for any other purpose, pay in each financial year of the Company in respect of each P Ordinary Share and in preference to the other Shares a dividend.

If any such dividend is declared, the annual rate of such dividend shall be a maximum of 3% of the nominal value per P Ordinary Share (net of any associated tax credit). Any such dividend shall be paid no later than six months following the end of the relevant financial year of the Company to the person registered as the holder of such P Ordinary Share at that date (pro rata according to the amounts paid up thereon).

In certain circumstances the Company must not pay dividends (even if such dividends have been declared) to the holders of P Ordinary Shares. These circumstances are:

- (a) if the Company has no distributable reserves (in accordance with the FCA Rules) and the Act;

- (b) if the Company does not have sufficient available profits (in accordance with the Act);
- (c) if the Company cannot meet its capital resources requirement under the FCA Rules on the date the dividend is due for payment;
- (d) if following a payment of the dividend the Company would not be able to meet its capital resource requirements under the FCA Rules; or
- (e) if the Company is otherwise prohibited by law or regulation (including the FCA Rules).

In such circumstance, the P Ordinary Shares shall not have any further right to or in respect of such dividend.

The rights set out in this Article 13.3.3 are not cumulative and accordingly if in respect of any financial year of the Company, no dividend is declared in respect of the P Ordinary Shares, the P Ordinary Shares shall not have any further entitlement to such dividend whether in that year or in any subsequent financial year of the Company. Save as set out in this Article 13.3.3, the P Ordinary Shares shall not have the right to receive any income, dividend or other profits of the Company.

#### 13.3.4 Voting

Subject to Article 13.5, the P Ordinary Shares shall not carry a right for the holder to participate in any meeting of the Company or vote in respect of any matter to be put to the members of the Company in general meeting or in writing.

#### 13.3.5 Conversion Mechanism

The Directors may by notice in writing to the relevant holders of P Ordinary Shares convert some or all of the P Ordinary Shares into Non-Voting Shares in the following circumstances:

- (a) if the Company suffers reduction in the Company's retained earnings or other reserves, causing a significant deterioration of the Company's financial or solvency conditions;
- (b) if it becomes reasonably foreseeable that the Company may suffer reduction in the Company's retained earnings or other reserves, causing a significant deterioration of the Company's financial or solvency conditions;
- (c) at any point where the Company becomes in breach of its regulatory capital resources requirements or it becomes reasonably foreseeable that the Company may breach its regulatory capital resources requirements;
- (d) if the Directors form a reasonable opinion that it would be prudent to convert P Ordinary Shares in order to increase the likelihood of the recapitalisation of the Company;
- (e) at such times following the events in paragraphs (a) to (d) above as it remains prudent to convert P Ordinary Shares in order to increase the likelihood of the recapitalisation of the Company; or
- (f) if the FCA (or any successor regulatory authority) requires the Directors to give such notice.

Should the Directors convert any or all of the P Ordinary Shares into Non-Voting Shares in accordance with this Article 13.3, the maximum number of the Non-Voting Shares which may be issued to the holders of P Ordinary Shares, or converted, as a result of conversion

is capped so that the aggregate market value of such Non-Voting Shares does not exceed £7,425,000 being 150% of the par value of the issued P Ordinary Shares.

The maximum number of Non-Voting Shares that the holders of P Ordinary Shares would receive as a result of conversion is fixed at the date of the issue of P Ordinary Shares taking into consideration the market value of the Non-Voting Shares at the date of issue of the P Ordinary Shares and, consequently, the maximum number of Non-Voting Shares the holders of P Ordinary Shares would receive will not increase if the share price of the Non-Voting Shares decreases following the date of issue of P Ordinary Shares.

New Non-Voting Shares issued or created in accordance with this Article 13.3 shall rank pari passu with the existing Non-Voting Shares on a winding up with effect from the date of conversion from P Ordinary Shares.

13.4 The rights attaching to the Non-Voting Shares are:

13.4.1 Capital

Subject only to the rights of the P Ordinary Shares in Article 13.3.2, on a return of assets on a liquidation, capital reduction, winding-up or otherwise, such assets shall be distributed amongst the holders of the Non-Voting Shares and the Ordinary Shares as if the same constituted one class of Share.

13.4.2 Income

Subject only to Article 13.3, the Non-Voting Shares shall be entitled to receive income dividends or profits of the Company pari passu with the Ordinary Shares as if the same constituted one class of share.

13.4.3 Voting

Subject to Article 13.5, the Non-Voting Shares shall not carry a right for the holder to participate in any meeting of the Company or vote in respect of any matter to be put to the members of the Company in general meeting or in writing.

13.5 Whenever the Share capital of the Company is divided into different classes of Share, the special rights attached to any such class may only be varied or abrogated only with the consent in writing of the holders of Shares of that class carrying more than three-fourths of the total voting rights exercisable by the holders of issued Shares of that class provided that any purchase by the Company, increase, reduction, subdivision or consolidation of the P Ordinary Shares shall not constitute a variation of the class rights of the P Ordinary Shares.

13.6 The Board may establish one or more share incentive plans ("**the Incentive Plans**") in favour of the Company's employees, Directors, consultants and/or advisors in order to provide an incentive for such persons to contribute to the success and long term value of the Company, to enhance the value of the Shares and to increase the ability of the Company to attract and retain individuals of exceptional skills. In aggregate, such Incentive Plans shall constitute up to a maximum of 20% of the Ordinary Share and Non-Voting Share capital, as if the same constituted one class of shares of the Company, from time to time. Subject to the Act, the creation of the Incentive Plan(s) and the terms of such Incentive Plans (including the conditions of issue of the Shares) shall be the responsibility of, and determined by, the Board.

13.7 Notwithstanding any other provisions of Article 13, all Shares held by the EBT from time to time shall, unless the Committee directs otherwise, for such period as those Shares are held by the EBT cease to confer the right to be entitled to vote at any general meeting or on any

written resolution of the Company or at any meeting or on any written resolution of the holders of any class of shares in the capital of the Company and such shares shall not be counted in determining the total number of votes which may be cast at any such meeting or written resolution, or any consent under these Articles or otherwise. Such rights shall be restored automatically and in full immediately upon a transfer of any such Shares to another person or in the event of any sale of Shares pursuant to Articles 26 or 27.

#### **14. LIEN**

14.1 The Company shall have a first and paramount lien upon every Share (whether a fully paid up Share or not) registered in the name of any member, either alone or jointly with any other person, for their or their estate's debts, liabilities and engagements, whether solely or jointly with any other person, to or with the Company, whether the period for the payment, fulfilment or discharge thereof shall have actually arrived or not. Such lien:

14.1.1 takes priority over any third party's interest in that Share; and

14.1.2 extends to all dividends from time to time declared or other moneys payable in respect of every such Share,

but the Directors may at any time declare any Share to be exempt, wholly or partially, from the provisions of this Article 14.

14.2 Subject to the provisions of this Article 14, if:

14.2.1 a lien enforcement notice has been given in respect of a Share; and

14.2.2 the person to whom the notice was given has failed to comply with it,

the Company may sell that Share in such manner as the Directors decide.

14.3 A lien enforcement notice:

14.3.1 may only be given in respect of a Share which is subject to the Company's lien, in respect of which a sum is payable and the due date for payment of that sum has passed;

14.3.2 must specify the Share concerned;

14.3.3 must require payment of the sum payable within 14 clear days of the notice;

14.3.4 must be addressed either to the holder of the Share or to a transmittee; and

14.3.5 must state the Company's intention to sell the Share if the notice is not complied with.

14.4 Where Shares are sold under this Article:

14.4.1 the Directors may authorise any person to execute an instrument of transfer of the shares to the purchaser of a person nominated by the purchaser; and

14.4.2 the transferee is not bound to see to the application of the consideration, and the transferee's title is not affected by any irregularity in or invalidity of the process leading to the sale.

14.5 The net proceeds of any such sale (after payment of the costs of the sale and any other costs of enforcing the lien) must be applied:

- 14.5.1 first, in payment of so much of the sum for which the lien exists as was payable at the date of the lien enforcement notice; and
  - 14.5.2 second, to the person entitled to the Shares at the date of the sale, but only after the certificate for the Shares sold has been surrendered to the Company for cancellation or an indemnity (in a form reasonably satisfactory to the Directors) has been given for any lost certificates, and subject to a lien equivalent to the Company's lien over the Shares before the sale for any money payable in respect of the Shares after the date of the lien enforcement notice.
- 14.6 A statutory declaration by a Director or the company secretary (if any) that the declarant is a Director or the company secretary (if any) and that a Share has been sold to satisfy the company's lien on a specified date:
- 14.6.1 is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share; and
  - 14.6.2 subject to compliance with any other formalities of transfer required by the Articles or by law, constitutes a good title to the Share.

## **15. CALL NOTICES**

- 15.1 Subject to the Articles and the terms on which Shares are allotted, the Directors may send a notice (a "**call notice**") to a member requiring the member to pay the Company a specified sum of money (a "**call**") which is payable in respect of Shares which that member holds at the date when the Directors decide to send the call notice.
- 15.2 A call notice:
- 15.2.1 may not require a member to pay a call which exceeds the total sum unpaid on that member's Shares (whether as to the Share's nominal value or any amount payable to the Company by way of premium);
  - 15.2.2 must state when and how any call to which it relates is to be paid; and
  - 15.2.3 may permit or require the call to be paid by instalments.
- 15.3 A member must comply with the requirements of a call notice, but no member is obliged to pay any call before 14 clear days have passed since the notice was sent.
- 15.4 Before the Company has received any call due under a call notice the Directors may:
- 15.4.1 revoke it wholly or in part; or
  - 15.4.2 specify a later time for payment than is specified in the notice;
- by a further notice in writing to the member in respect of whose Shares the call is made.
- 15.5 Liability to pay a call is not extinguished or transferred by transferring the Shares in respect of which it is required to be paid.
- 15.6 Joint holders of a Share are jointly and severally liable to pay all calls in respect of that Share.
- 15.7 Subject to the terms on which the Shares are allotted, the Directors may, when issuing Shares, provide that call notices sent to the holders of those Shares may require them:
- 15.7.1 to pay calls which are not the same; or

- 15.7.2 to pay calls at different times.
- 15.8 A call notice need not be issued in respect of sums which are specified, in the terms on which a Share is issued, as being payable to the Company in respect of that Share (whether in respect of nominal value or premium):
- 15.8.1 on allotment;
- 15.8.2 on the occurrence of a particular event; or
- 15.8.3 on a date fixed by or in accordance with the terms of issue.
- 15.9 But if the date due for payment of such a sum has passed and it has not been paid, the holder of the Share concerned is treated in all aspects as having failed to comply with a call notice in respect of that sum, and is liable to the same consequences as regards the payment of interest and forfeiture as set out in Article 16.
- 16. FORFEITURE**
- 16.1 If a person is liable to pay a call and fails to do so by the call payment date:
- 16.1.1 the Directors may issue a notice of intended forfeiture to that person; and
- 16.1.2 until the call is paid, that person must pay the Company interest on the call from the call payment date at the relevant rate.
- 16.2 For the purposes of this Article:
- 16.2.1 the call payment date is the time when the notice states that a call is payable, unless the Directors give a notice specifying a later date, in which case the call payment date is that later date;
- 16.2.2 the relevant rate is:
- (a) the rate fixed by the terms on which the Share in respect of which the call was allotted;
- (b) such other rate as was fixed in the call notice which required payment of the call, or has otherwise been determined by the Directors; or
- (c) if no rate is fixed in either of these ways, 5 per cent per annum.
- 16.2.3 The relevant rate must not exceed by more than 5 percentage points the base lending rate most recently set by the Monetary Policy Committee of the Bank of England in connection with its responsibilities under Part 2 of the Bank of England Act 1998(a).
- 16.2.4 The Directors may waive any obligation to pay interest on a call wholly or in part.
- 16.3 A notice of intended forfeiture:
- 16.3.1 may be sent in respect of any Share in respect of which a call has not been paid as required by a call notice;
- 16.3.2 must be sent to the holder of that Share (or all the joint holders of that Share) or to a transmittee;

- 16.3.3 must require repayment of the call and any accrued interest and all expenses that may have been incurred by the Company by reason of the non-payment by a date which is not less than 14 clear days after the date of notice;
- 16.3.4 must state how the payment is to be made; and
- 16.3.5 must state that if the notice is not complied with, the Shares in respect of which the call is payable will be liable to be forfeited.
- 16.4 If a notice of intended forfeiture is not complied with before the date by which payment of the call is required in the notice of intended forfeiture, the Directors may decide that any Share in respect of which it was given is forfeited, and the forfeiture is to include all dividends or other monies payable in respect of the forfeited Shares and not paid before the forfeiture.
- 16.5 The forfeiture extinguishes:
  - 16.5.1 all interests in that Share, and all claims and demands against the Company in respect of it; and
  - 16.5.2 all other rights and liabilities incidental to the Share as between the person whose Share it was prior to the forfeiture and the Company.
- 16.6 Any Share which is forfeited in accordance with the Articles:
  - 16.6.1 is deemed to have been forfeited when the Directors decide that it is forfeited;
  - 16.6.2 is deemed to be the property of the Company; and
  - 16.6.3 may be sold, re-allotted or otherwise disposed of as the Directors think fit.
- 16.7 If a person's Shares have been forfeited:
  - 16.7.1 the Company must send that person notice that forfeiture has occurred and record it in the register of members;
  - 16.7.2 that person ceases to be a member in respect of those Shares;
  - 16.7.3 that person must surrender the certificate for the Shares forfeited to the Company for cancellation;
  - 16.7.4 that person remains liable to the Company for all sums payable by that person under the Articles at the date of forfeiture in respect of those Shares, including any interest (whether accrued before or after the date of forfeiture); and
  - 16.7.5 the Directors may waive payment of such sums wholly or in part or enforce payment without any allowance for the value of the Shares at the time of forfeiture or for any consideration received on their disposal.
- 16.8 At any time before the Company disposes of a forfeited share, the Directors may decide to cancel the forfeiture on payment of all calls and interest and expenses due in respect of it and on such other terms as they think fit.
- 16.9 If a forfeited share is to be disposed of by being transferred, the Company may receive the consideration for the transfer and the Directors may authorise any person to execute the instrument of transfer.

- 16.10 A statutory declaration by a Director or the company secretary (if any) that the declarant is a Director or the company secretary and that a share has been forfeited on a specified date:
- 16.10.1 is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share; and
  - 16.10.2 subject to compliance with any other formalities of transfer required by the Articles or by law, constitutes a good title to the share.
- 16.11 A person to whom a forfeited share is transferred is not bound to see to the application consideration (if any) nor is that person's title to the share affected by any irregularity in or invalidity of the process leading to the forfeiture or transfer of the share.
- 16.12 If the Company sells a forfeited share, the person who held it prior to its forfeiture is entitled to receive from the Company the proceeds of such sale, net of any commission, and excluding any amount which:
- 16.12.1 was, or would have become payable; and
  - 16.12.2 had not, when that Share was forfeited, been paid by that person in respect of that Share, but no interest is payable to such a person in respect of such proceeds and the Company is not required to account for any money earned on them.

## **17. SURRENDER OF SHARES**

- 17.1 A member may surrender any Share:
- 17.1.1 in respect of which the Directors may issue a notice of intended forfeiture;
  - 17.1.2 which the Directors may forfeit; or
  - 17.1.3 which has been forfeited.
- 17.2 The Directors may accept the surrender of any such Share.
- 17.3 The effect of surrender on a Share is the same as the effect of forfeiture on that Share, as set out in Article 16.
- 17.4 A Share which has been surrendered may be dealt with in the same way as a Share which has been forfeited, as set out in Article 16.

## **18. VARIATION OF CLASS RIGHTS**

- 18.1 Each of the following shall be deemed to constitute a variation of the rights attached to each class of Shares:
- 18.1.1 any increase, reduction, subdivision, consolidation or other alteration of the issued share capital of the Company other than the P Ordinary Shares;
  - 18.1.2 any other alteration of any of the rights attaching to any share capital of the Company; and
  - 18.1.3 any resolution to put the Company into liquidation.

## **19. AUTHORITY TO ISSUE SHARES AND CERTAIN RIGHTS IN RELATION TO SHARES**

- 19.1 For the purposes of Section 551 of the Act, but subject to the provisions of these Articles, the Directors are generally and unconditionally authorised to exercise any powers of the Company to:
- 19.1.1 offer or allot Shares;
  - 19.1.2 grant rights to subscribe for or to convert any security into Shares ("**Rights**");
  - 19.1.3 otherwise deal in, or dispose of Shares or Rights,
- with such rights or restrictions as they may determine.
- 19.2 The authority conferred on the Directors by Article 19.1 shall:
- 19.2.1 be limited to an aggregate nominal amount of £6,000,000 or such other amount as may from time to time be authorised by the Company in general meeting; and
  - 19.2.2 unless revoked, varied or renewed in accordance with the Act, expire on the date five years from the date of adoption of these Articles, save that the Company may before such expiry make an offer or agreement which would or might require Shares to be allotted after such expiry and the Directors may allot Shares in pursuance of such offer or agreement as if such authority had not expired.

## **20. UNISSUED SHARES**

- 20.1 No Share in the Company nor any Right shall at any time be allotted or granted (as the case may be) without the prior written approval of each holder of Ordinary Shares and Non-Voting Shares (other than an Employee Shareholder) to that allotment or grant, its terms and the identity of the proposed allottee(s).
- 20.2 Sections 561 and 562 of the Act shall not apply to an allotment of any Share or grant of any Right where the allotment or grant (as the case may be) otherwise conforms to the requirements of these Articles.

## **21. ALTERATION OF SHARE CAPITAL**

- 21.1 The Company shall not:
- 21.1.1 sub-divide any of its Shares into Shares of a smaller denomination or consolidate any of its Shares into Shares of a larger nominal amount than its existing Shares;
  - 21.1.2 issue Shares that are to be redeemable or are liable to be redeemed at the option of the Company or the member;
  - 21.1.3 purchase its own Shares (including any redeemable shares);
  - 21.1.4 purchase its own Shares out of capital; and
  - 21.1.5 redenominate its Share capital or any class of its capital,
- without the prior written consent of the holders of 75% of the Ordinary Shares and the Non-Voting Shares together (which must include the consent of CBF and COIF if they are Members).
- 21.2 Subject to Article 19.1, the Directors may determine the terms, conditions and manner of redemption of any Shares issued in accordance with that Article.

## **22. TRANSFER OF SHARES**

- 22.1 Subject in all respects to Articles 23 to 27 (inclusive), no sale, transfer, assignment, pledge, charge or other disposition of any Share or any interest in any Share shall be effected without the prior written consent of all the holders of Ordinary Shares and Non-Voting Shares for the time being but excluding any Shares held by an Employee Shareholder. Any such consent may be unconditional or subject to such terms and conditions, in which case any Share so transferred shall be subject to such terms and conditions.
- 22.2 The instrument of transfer of any Share shall be executed by or on behalf of the transferor and the transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the register of members in respect thereof. In the case of a nil paid or partly-paid share, the instrument of transfer must also be executed by or on behalf of the transferee.
- 22.3 The Directors in their absolute discretion and without assigning any reason therefore may decline to register any transfer of Shares which are not fully-paid or on which the Company has a lien. The Directors may also refuse to register the transfer of Shares which are not fully paid to a person of whom they do not approve. They may also refuse to register a transfer unless:
- 22.3.1 it is lodged at the office or at such other place as the Directors may appoint and is accompanied by the certificate for the Shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
  - 22.3.2 it is in respect of only one class of Shares; and
  - 22.3.3 it is in favour of not more than four transferees.
- 22.4 The registration of transfers of Shares or of transfers of any class of Shares may be suspended at such times and for such periods (not exceeding thirty days in any year) as the Directors may determine.
- 22.5 The Directors shall forthwith register any duly stamped transfer made in accordance with Article 22.1 and shall not have any discretion to register any transfer of Shares which has not been made in compliance with this Article 22.
- 22.6 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:
- 22.6.1 the transferor; and
  - 22.6.2 if any of the Shares are partly paid, the transferee.
- 22.7 Article 26(1) of the Model Articles shall be modified accordingly.

## **23. PERMITTED TRANSFERS**

- 23.1 For the purposes of this Article 23:
- 23.1.1 references to "**transfer**", "**transferred**" and "**transferring**" shall include references to the disposal of the legal and beneficial interest in Shares by any means whatsoever;
  - 23.1.2 the word "**company**" includes any body corporate;

- 23.1.3 the expression "**Transferor Company**" means a company (other than a Transferee Company) which has transferred or proposes to transfer Shares to a member of its Permitted Group;
- 23.1.4 the expression "**Transferee Company**" means a company for the time being holding Shares in consequence, directly or indirectly, of a transfer or series of transfers of Shares between members of the same Group (the relevant Transferor Company in the case of a series of such transfers being the first transferor in such series); and
- 23.1.5 the expression "**the Relevant Shares**" means and includes (so far as the same remain for the time being held by the Transferee Company) the Shares originally transferred to such Transferee Company and any additional Shares issued to such Transferee Company by way of capitalisation or acquired by such Transferee Company in exercise of any right or option granted or arising by virtue of the holding of the Relevant Shares or any of the new or any existing membership thereby conferred.
- 23.2 A transfer of Shares in the following circumstances are permitted without the need to comply with the provisions of Articles 22.1, 24, 25, 26 or 27 (a "**Permitted Transfer**"):
  - 23.2.1 any Shares held by or on behalf of trustees may, on a change of trustees, be transferred to the new or any existing trustee or trustees or nominee on behalf of those trustees of that trust;
  - 23.2.2 any Shares may at any time be transferred by any member being a company to that member's Permitted Group;
  - 23.2.3 any Shares may at any time be transferred to a person to be held by him as bare nominee for the transferor or, where the transfer was made by trustees, for the trustees for the time being of that trust;
  - 23.2.4 any Shares for the time being held by or on behalf of a member in its capacity as manager of any fund established under Section 11 of the Trustee Investments Act 1961 or any statutory modification or re-enactment thereof may at any time be transferred to the successor of the member in its capacity as such a manager; and
  - 23.2.5 subject to the prior written approval of the Committee a transfer of any Share may be made to the trustees from time to time of the EBT and/or a transfer of any Share by the trustees from time to time of the EBT to:
    - (a) any beneficiary of the EBT; and/or
    - (b) any Director, employee or consultant of the Company which is not a beneficiary of the EBT.
- 23.3 If a Transferee Company ceases to be a member of the same Permitted Group as the Transferor Company from which (whether directly or by a series of transfers) the Relevant Shares were derived, it shall be the duty of the Transferee Company to notify the Directors in writing that such event has occurred and to procure that the Relevant Shares are thereupon transferred to the Transferor Company or a member of the Permitted Group of the Transferor Company (any such transfer being deemed to be authorised under the foregoing provisions of this Article).
- 23.4 For the purpose of ensuring that a transfer of Shares is a Permitted Transfer or that no circumstances have arisen whereby the restriction in Article 22 has been breached the

Directors may from time to time require any member or any person named as transferee in any transfer lodged for registration to furnish to the Company such information and evidence as the Directors may think fit regarding any matter which they may deem relevant to such purpose. Failing such information or evidence being furnished to the satisfaction of the Directors within a reasonable time after request the Directors shall be entitled to refuse to register the transfer in question.

## **24. TRANSFER PERIOD**

- 24.1 The holder of a Share other than an Employee Share shall be entitled to transfer any Shares or beneficial interest therein during the Transfer Period in accordance with the following provisions of this Article.
- 24.2 An Employee Shareholder, or a person entitled to any Employee Share by reason of the bankruptcy of an Employee Shareholder, shall be entitled to transfer any such Employee Share or beneficial interest therein during the Transfer Period in accordance with the following provisions of this Article. Where the relevant Employee Shares were acquired by the Employee Shareholder pursuant to the LTIP (as determined by the Committee in its sole discretion) any such transfer shall require the prior written approval of the Committee.
- 24.3 In the case of a voluntary transfer the proposing transferor ("**Transferor**") shall serve on the Company notice in writing ("**Transfer Notice**") not less than 30 days prior to the commencement of the relevant Transfer Period. The Transfer Notice shall constitute the Company as agent for the sale of the Shares specified in it ("**Sale Shares**") at the Market Value for each Sale Share.
- 24.4 Sale Shares may only be sold at Market Value other than pursuant to Article 24.9. The Committee shall otherwise in its sole discretion be entitled to determine in respect of each Transfer Period the process for the transfer of Sale Shares including the persons to whom the Sale Shares are offered (which may include the EBT and/or the Company) ("**Offerees**"), the proportions in which the Sale Shares are offered, the period during which the offer remains open for acceptance (provided that such period shall not be longer than three months) and the number of times Sale Shares are offered until a purchaser is found (together the "**Specified Process**"). The Committee shall notify the Board of the Specified Process on or before the commencement of the relevant Transfer Period.
- 24.5 The Board shall by notice in writing, offer the Sale Shares to Offerees at the Market Value in accordance with the relevant Specified Process.
- 24.6 If any Offerees apply for any Sale Shares the Board shall allocate the Sale Shares amongst such of the Offerees so applying and in the case of competition, in such proportions (but without increasing the number sold to any person beyond the number applied for by him) as the Committee determines.
- 24.7 If applications are received from one or more of the Offerees ("**Transferee**") in respect of any of the Sale Shares, the Board shall in each case promptly give notice in writing to the Transferor (each an "**Acceptance Notice**") specifying the number of Sale Shares applied for and the place and time (not being earlier than seven and not later than 28 days after the date of the relevant Acceptance Notice) at which the sale shall be completed.
- 24.8 The Transferor shall be bound to transfer the Sale Shares to the Transferee at the time and place specified in the Acceptance Notice and the Transferee shall thereupon make payment of the Market Value for them. If in any case the Transferor, after having become bound to transfer any Sale Shares to a Transferee, shall default in transferring them, the Board may authorise some person to execute on behalf of and as attorney for the Transferor any necessary transfer or other document and receive the purchase money on behalf of the Transferor. The Board shall thereupon cause the name of the Transferee to

be entered in the register as the holder of such Shares or, if the Company is a Transferee, the registration or cancellation of the relevant shares. The Company shall hold the purchase money in trust for the Transferor and may apply such funds to repay any indebtedness of the Transferor to the Company. The receipt of the Company for the purchase money or, if the Company is the Transferee, the retention of such money, shall be a good discharge to the Transferee (who shall not be bound to see to the application thereof) and after the name of the Transferee shall have been entered in the register of members of the Company in purported exercise of the aforesaid powers or, in the case of the Company as a Transferee, the cancellation of the relevant Shares has taken place, the validity of the proceedings shall not be questioned by any person.

- 24.9 If the Company shall not after completion of the Specified Process have found persons willing to purchase all of the Sale Shares included in the Transfer Notice, the Transferor shall be entitled to transfer any remaining Sale Shares (which must include both the legal and beneficial interest in such Share) not so transferred or acquired to any person at any price and at any time.

## **25. COMPULSORY TRANSFER**

- 25.1 Subject to Article 25.5, if a Relevant Event (as defined below) occurs in relation to an Employee Shareholder, he shall if the Committee so determines, be deemed to have given a Transfer Notice in respect of all or some of the Shares held by him or his nominee immediately prior to the start of the next following Transfer Period. A Transferor following a Relevant Event shall not be entitled to withdraw the Transfer Notice. In this paragraph, "**Relevant Event**" shall mean:

- 25.1.1 a direction in whatever circumstances by an Employee Shareholder to the effect that all or some of his Shares be allotted, issued or transferred to some person other than himself (other than in accordance with Articles 24, 26 or 27);
- 25.1.2 a sale or other disposition of any beneficial interest in a Share by an Employee Shareholder otherwise than in accordance with Articles 24, 26 or 27;
- 25.1.3 the bankruptcy of an Employee Shareholder;
- 25.1.4 a person becoming a Good Leaver within the meaning of Article 25.3 provided that where a Good Leaver has paid in full for all Shares held by that person and, where a loan has been made to that person pursuant to the LTIP, all amounts in respect of that loan and accrued interest have been repaid in full, in each case on or before the start of the next following Transfer Period the Relevant Event shall not be deemed to occur until the date five years following the date upon which the holder of Shares becomes a Good Leaver. For the avoidance of doubt, that person shall be entitled to sell or otherwise transfer some or all of his Shares at any time during that five year period in accordance with these Articles;
- 25.1.5 if there is outstanding any loan between the Company and the Employee Shareholder in relation to the acquisition of any Shares and the Shareholder has committed a material breach of the agreement relating to such loan; or
- 25.1.6 a person becoming a Bad Leaver within the meaning of Article 25.5;
- 25.1.7 and the Transfer Notice shall be deemed to relate to all or part of the Shares held by the Shareholder concerned as the Committee so determines.

- 25.2 The price for any Shares which are the subject of a deemed Transfer Notice given as a consequence of a Relevant Event shall be the Market Value.

25.3 In Article 25.1:

25.3.1 **"Good Leaver"** means a holder of Shares who ceases to be an executive director or employee of the Company and who has been an executive director or an employee of the Company and has held shares under the LTIP for not less than five successive years and such cessation is as a result of:

- (a) death, illness (including mental illness), permanent disability, permanent incapacity through ill-health;
- (b) retirement from the Company from the age of 60 or such younger age as agreed by the Committee; or
- (c) redundancy or in circumstances where he has been dismissed from employment and such dismissal is found to have been unfair by any industrial tribunal or any appellate body thereof;

25.4 Irrespective of Article 25.4 the Committee may in its absolute discretion resolve that a person be treated as a Good Leaver;

25.5 **"Bad Leaver"** refers to any holder of Shares who ceases to be an executive director or employee of the Company who is not a Good Leaver.

25.6 A person who has deemed to have given a Transfer Notice pursuant to this Article 25 shall not be entitled to withdraw the sale of Shares.

**26. DRAG ALONG RIGHTS**

26.1 If any one or more Shareholders holding at least 70% of the Ordinary Shares and Non-Voting Shares (together the **"Selling Shareholders"**) wish to transfer all of their Ordinary Shares (**"the Relevant Shares"**) to a bona fide purchaser (**"the Purchaser"**), the Selling Shareholders shall have the option (**"the Drag Option"**) to require all the other holders of Shares to transfer all their Shares with full title guarantee to the Purchaser or as the Purchaser shall direct in accordance with this Article 26.

26.2 The Selling Shareholders may exercise the Drag Option by giving notice to that effect (**"a Drag Notice"**) to all other Shareholders (**"the Dragged Shareholders"**) at any time before the registration of the transfer of the relevant Ordinary Shares and Non-Voting Shares. A Drag Notice shall specify that the Dragged Shareholders are required to transfer all their Shares (**"the Dragged Shares"**) pursuant to this Article to the Purchaser, the price at which the Dragged Shares are to be transferred (determined in accordance with Article 26.4) the proposed date of transfer and the identity of the Purchaser.

26.3 A Drag Notice is irrevocable but the Drag Notice and all obligations under that Drag Notice will lapse if for any reason completion of the transfer of the Relevant Shares and the Dragged Shares has not taken place within 60 days after the date of the Drag Notice.

26.4 The Dragged Shareholders shall be obliged to sell the Dragged Shares at the price specified in the Drag Notice which shall be:

26.4.1 an equal value for each Ordinary Share and Non-Voting Share;

26.4.2 the nominal value for each other Share.

26.5 Completion of the sale of the Dragged Shares shall take place on the same date as the date proposed for completion of the sale of the Selling Shareholders' Shares unless:

26.5.1 all of the Dragged Shareholders and the Selling Shareholders agree otherwise;  
or

26.5.2 that date is less than 7 days after the date of the Drag Notice, when it shall be deferred until the 7th day after the date of the Drag Notice.

26.6 Each of the Dragged Shareholders shall on service of the Drag Notice be deemed to have irrevocably appointed each of the Selling Shareholders severally to be his attorney to execute any stock transfer form or similar document and to do such other things as may be necessary or desirable to accept, transfer and complete the sale of the Dragged Shares pursuant to this Article 26.

## **27. TAG ALONG RIGHTS**

27.1 No sale or transfer of Relevant Shares ("**the Specified Shares**") by a Selling Shareholder to any person shall be made or registered unless, before the transfer is lodged for registration, the Purchaser or their nominees has or have made a written offer to all the other holders of the Shares ("**the Other Members**") (which such offer shall be stipulated to be open for acceptance in England for a period of not less than 28 days and with adequate security as to the performance of its obligation) to purchase the same proportion of the total numbers of the Shares by each Other Member as the number of Specified Shares bears to the total numbers of Shares held by the Selling Shareholders at the Specified Price.

27.2 For the purpose of this Article 27 the expressions:

the "**Specified Price**" shall mean:

- (a) an equal value for each Ordinary Share and Non-Voting Share;
- (b) the nominal value for each other Share.

27.3 "**Relevant Shares**", "**Purchaser**" and "**Selling Shareholder**" shall have the same meaning as in Article 26.

## **28. DIVIDENDS**

28.1 Except as otherwise provided by the rights attached to the Shares, all dividends shall be declared and paid according to the amounts paid up on the Ordinary Shares, the P Ordinary Shares and the Non-Voting Shares on which the dividend is paid. All dividends shall be apportioned and paid proportionately to the amounts paid up on such Shares during any portion or portions of the period in respect of which the dividend is paid. However, if any Share is issued on terms providing that it shall rank for dividends as from a particular date, that Share shall rank for dividend accordingly. Article 30(4) of the Model Articles shall be modified accordingly.

28.2 Articles 31(a) to (d) (inclusive) of the Model Articles shall be amended, in each case, by:

28.2.1 deleting the word "either"; and

28.2.2 inserting the words "in the absence of such specification" before the words "as the Directors may otherwise decide".

## **29. PROCEEDINGS AT GENERAL MEETINGS**

29.1 No business shall be transacted at any general meeting of the Company unless a quorum is participating at the time when the meeting proceeds to business and also when that business is voted on. A quorum shall consist of two persons participating in person or by

proxy or (being a corporation) represented by a duly authorised representative, one being a representative of CBF and the other being a representative of COIF.

- 29.2 If at any adjourned meeting a quorum is not present within 30 minutes from the time appointed for the meeting the member or members participating in person or by proxy or (being a corporation) by a duly authorised representative shall form a quorum. Article 41 of the Model Articles shall be modified accordingly.

### **30. VOTES OF MEMBERS**

- 30.1 At a general meeting, on a show of hands each holder of Ordinary Shares, who (being an individual) is participating in person or by proxy or (being a corporation or a trust) is participating by a duly authorised representative (regardless of the number or the holdings of the members for whom he is a proxy) shall have one vote, and on a poll every member who is present in person or by proxy or (being a corporation) is present by a duly authorised representative shall have one vote for every Ordinary Share of which he is the holder save that:

30.1.1 no Share of one class shall confer any right to vote upon a resolution for the removal from office of a Director appointed by the holders of Shares of the other class under a right to appoint in accordance with these Articles and which constitutes a class right; and

30.1.2 if at any meeting any holder of any Ordinary Shares is not present in person or by proxy or (being a corporation) a duly authorised representative, the votes exercisable in respect of the Shares of that class by members who are so present shall be increased pro tanto so that such Shares together entitle such members to the same aggregate number of votes as would be the case in respect of all the Shares of that class if all the members holding Shares of that class were present.

### **31. RECEIPT OF PROXIES**

- 31.1 Article 45(1)(d) of the Model Articles shall be deleted and replaced with the words:

"is delivered to the Company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of general meeting or adjourned meeting to which they relate".

- 31.2 In calculating the 48 hour period, no account shall be taken of any day that is not a Business Day.

### **32. NOTICES**

- 32.1 Notices to be given pursuant to these Articles (other than a notice calling a meeting of Directors) shall be given in writing unless these Articles expressly provide otherwise.

- 32.2 Any document (including any notice or share certificate) or information shall be deemed served on, or delivered to, the intended recipient:

32.2.1 if properly addressed and sent by first class post in a pre-paid envelope to an address in the United Kingdom (UK Address) 48 hours after it was posted or five Business Days after posting either to an address outside the United Kingdom or from outside the United Kingdom to a UK address;

32.2.2 if properly addressed and sent or supplied by electronic means one hour after the document or information was sent or supplied; and

32.2.3 if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.

32.3 For the purpose of this Article 32, no account shall be taken of any part of a day that is not a Business Day.

32.4 In the case of joint holders of a Share, notices shall be given to the joint holder whose name stands first in the register of members in respect of the joint holding and notice so given shall be sufficient notice to all the joint holders.

32.5 A member present, either in person or by proxy or, being a corporation, by its representative, at any meeting of the Company or of holders of any class of Shares shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

### **33. INDEMNITY**

33.1 Subject to the provisions of Sections 232 to 238 (inclusive) of the Act, each Relevant Officer shall be indemnified out of the Company's assets against all liabilities incurred by him to a person other than the Company or other member of the Group in connection with the execution of his duties, or in relation thereto and in relation to the Company's activities as a trustee of an occupational pension scheme (as defined in Section 235(6) of the Act) including any liability incurred by him in defending any civil or criminal proceedings, in which judgement is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's affairs, but, for the avoidance of doubt such indemnity shall not cover any liability of a Director which is mentioned in Section 234(3) of the Act.

33.2 To the extent permitted by the Act (and in accordance with Section 233 of the Act in the case of Directors), the Company may buy and maintain insurance against any liability falling upon its Directors and other officers which arises out of their respective duties to the Company or in relation to its affairs.

### **34. INSURANCE**

34.1 To the extent permitted by the Act, the Directors may exercise all the powers of the Company to purchase and maintain insurance for the benefit of a person who is or was:

34.1.1 a Director, alternate director, secretary, or other officer of the Company or a company which is or was a Subsidiary undertaking of the Company or in which the Company has or had an interest (whether direct or indirect); and

34.1.2 a trustee of a retirement benefits scheme or other trust in which a person referred to in the preceding paragraph is or has been interested,

to indemnify him against liability for negligence, default, breach of duty or breach of trust in relation to the Company or other liability which may lawfully be insured against by the Company.