

THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES

NEW

ARTICLES OF ASSOCIATION

of

LEATHAMS HOLDINGS LIMITED
(Company Number: 02328851)



(Adopted by a written resolution passed on 24th July 2008 and amended by Special Resolutions passed on 15th October 2010, 30th October 2015 and 9th August 2017)

1. Introduction

- 1.1 The Regulations contained or incorporated in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by The Companies (Tables A to F) Amendment Regulations 1985 ("Table A") shall apply to the Company, save insofar as they are varied or excluded by, or are inconsistent with, the following Articles.
- 1.2 In Regulation 1 of Table A, the words "and in articles of association adopting the same" shall be inserted after the word "Regulations" in the last paragraph of that Regulation and the sentence "Any reference to any statutory provision shall be deemed to include a reference to each and every statutory amendment, modification, re-enactment and extension thereof for the time being in force" shall be inserted at the end of that Regulation.
- 1.3 In these Articles:
 - (a) article headings are used for convenience only and shall not affect the construction or interpretation of these Articles;
 - (b) words denoting the singular include the plural and vice versa and reference to one gender includes the other gender and neuter and vice versa; and
 - (c) Regulations 8, 29, 30, 31, 54, 62, 73 to 77 (inclusive), 80, 82, 94 to 98 (inclusive) 115 and 118 of Table A shall not apply to the Company.

2. Definitions

In these Articles the following words and expressions shall have the following meanings:

"1985 Act" means the Companies Act 1985 and every statutory modification or re-enactment thereof for the time being in force;

"2006 Act" means any provisions of the Companies Act 2006 for the time being in force including any statutory modification or re-enactment thereof for the time being in force;

"Acts" means the 1985 Act and the 2006 Act;

"Acting in Concert" has 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);

"April 2002 Option Plan" means an EMI option plan adopted by the Company by board resolution on 5 April 2002

"Asset Sale" means the disposal by the Company of all or substantially all of its undertaking and assets;

"Associate" in relation to any person means:

- (a) any person who is an associate of that person and the question of whether a person is an associate of another is to be determined in accordance with section 435 of the Insolvency Act 1986 and (whether or not an associate as so determined);
- (b) any Member of the same Group;

"Auditors" means the auditors of the Company from time to time;

"Available Profits" means profits available for distribution within the meaning of the Acts;

"B Ordinary Shares" means the B Ordinary Shares of £1.00 each in the capital of the Company;

"Bad Leaver" means a person (other than a Founder) who ceases to be an Employee at any time and who is not a Good Leaver;

"Board" means the board of Directors and any committee of the board constituted for the purpose of taking any action or decision contemplated by these Articles;

"Bonus Issue" or **"Reorganisation"** means any return of capital, bonus issue of shares or other securities of the Company by way of capitalisation of profits or reserves (or any consolidation or sub-division or any repurchase or redemption of shares or any variation in the subscription price or conversion rate applicable to any other outstanding shares of the Company in each case other than shares issued as a result of the events set out in Article 7.6;

"Business Day" means a day on which English clearing banks are ordinarily open for the transaction of normal banking business in the City of London (other than a Saturday or Sunday);

"Civil Partner" means in relation to a Shareholder, a civil partner (as defined in the Civil Partnerships Act 2004) of the Shareholder;

"Commencement Date" means the date the relevant Employee commences his employment with the Company;

"Company" means Leathams Holdings Limited (CRN 02328851);

"Controlling Interest" means an interest in shares giving to the holder or holders control of the Company within the meaning of section 840 of ICTA;

"Date of Adoption" means the date on which these Articles were adopted;

"Director(s)" means a director or directors of the Company from time to time;

"Effective Termination Date" means the date on which the Employee's employment terminates;

"Employee" means an individual who is employed by the Company or any member of the Group other than a Founder;

"Employee Share Option Plan(s)" means the employee share option plan(s) of the Company other than the April 2002 Option Plan;

"Employee Shares" in relation to an Employee means all Shares in the Company held by:

- (a) the Employee in question; and
- (b) by any Permitted Transferee of that Employee;

"Employee Trust" means a trust whose beneficiaries include the Employees;

"Encumbrance" means any mortgage, charge, security, interest, lien, pledge, assignment by way of security, equity, claim, right of pre-emption, option, covenant, restriction, reservation, lease, trust, order, decree, judgment, title defect (including without limitation any retention of title claim), conflicting claim of ownership or any other encumbrance of any nature whatsoever (whether or not perfected other than liens arising by operation of law);

"Exit" means a Share Sale or an Asset Sale;

"Exit Value" means either:

- (i) on a Share Sale, the proceeds of sale received by the shareholders of the Company; or
- (ii) on an Asset Sale, the assets of the Company available for distribution to the shareholders following completion of the Asset Sale on a return of capital on liquidation or otherwise;

"Expert Valuer" is as determined in accordance with Article 11.2;

"Fair Value" is as determined in accordance with Article 11.3;

"Family Trusts" means as regards any particular individual member or deceased or former individual member, trusts (whether arising under a settlement, declaration of trust or other instrument by whomsoever or wheresoever made or under a testamentary disposition or on an intestacy) under which no immediate beneficial interest in any of the shares in question is for the time being vested in any person other than the individual and/or Privileged Relations of that individual; and so that for this purpose a person shall be considered to be beneficially interested in a share if such share or the income thereof is liable to be transferred or paid or applied or appointed to or for the benefit of such person or any voting or other rights attaching thereto are exercisable by or as directed by such person pursuant to the terms of the relevant trusts or in consequence of an exercise of a power or discretion conferred thereby on any person or persons;

"Founders" means Mark Leatham, Oliver Leatham and Terence Faulkner and unless the context otherwise admits "Founder" means any one of them;

"Founder Director" means a director appointed by any Founder pursuant to Article 22.1;

"Good Leaver" means a person (other than a Founder) who ceases to be an Employee at any time by reason of:

- (i) death;
- (ii) permanent incapacity;
- (iii) the Company (or a member of the Group) terminating his contract of employment by serving notice (in accordance with the terms of that contract) in circumstances where the Employee is not in breach, nor has been in breach, of his contract; or
- (iv) dismissal by the Company (or a member of the Group) which is determined by an employment tribunal or at a court of competent jurisdiction from which there is no right to appeal to be wrongful or constructive;
- (v) attaining retirement age as set out in his contract of employment; or
- (vi) the Board determining that he is a Good Leaver.

"Group" means the Company and its Subsidiary Undertaking(s) (if any) from time to time and "Group Company" shall be construed accordingly;

"Growth Share Exit Value" means the lesser of the Windfall Value and the Exit Value less £42,000,000

"Growth Share Percentage" means the Employee Percentage of the Growth Share Exit Value where the Employee Percentage is defined as follows:

- (i) if the Exit Value is less than or equal to the Minimum Exit Equity Value, the Employee Percentage shall be 0%;
- (ii) if the Exit Value is greater than the Minimum Exit Equity Value but less than or equal to the Target Exit Equity Value, the Employee Percentage shall be:
 - (I) 15% multiplied by the Performance Fraction in any year to 30 April 2022, but
 - (II) 15% multiplied by (Exit Value - £67,010,000)/1.358 thereafter; and
- (iii) if the Exit Value is greater than the Target Exit Equity Value, the Employee Percentage shall be:
 - (I) 15% plus 0.00000025% of the difference between the Exit Value and the Target Exit Equity Value in any year to 30 April 2022, but
 - (II) 15% plus 0.00000025% of the amount by which the Exit Value exceeds £91,000,000 thereafter; and

the Minimum Exit Equity Value is defined as follows:

- (i) in the year to 30 April 2016, £47,010,000;
- (ii) in the year to 30 April 2017, £49,010,000;
- (iii) in the year to 30 April 2018, £51,010,000;
- (iv) in the year to 30 April 2019, £54,010,000;
- (v) in the year to 30 April 2020, £58,010,000;

- (vi) in the year to 30 April 2021, £62,010,000; and
- (vii) in the year to 30 April 2022 and thereafter, £67,010,000;

the Target Exit Equity Value is defined as follows:

- (i) in the year to 30 April 2016, £49,000,000;
- (ii) in the year to 30 April 2017, £54,000,000;
- (iii) in the year to 30 April 2018, £59,000,000;
- (iv) in the year to 30 April 2019, £66,000,000;
- (v) in the year to 30 April 2020, £74,000,000;
- (vi) in the year to 30 April 2021, £82,000,000; and
- (vii) in the year to 30 April 2022 and thereafter, £91,000,000

and the Performance Fraction is defined as $(\text{Exit Value} - \text{Minimum Exit Equity Value}) / (\text{Target Exit Equity Value} - \text{Minimum Exit Equity Value})$.

"ICTA" means the Income and Corporation Taxes Act 1988;

"ITEPA" means Income Tax (Earnings and Pensions) Act 2003;

"a Member of the same Group" means as regards any company, a company which is from time to time a Parent Undertaking or a Subsidiary Undertaking of that company or a Subsidiary Undertaking of any such Parent Undertaking;

"New Securities" means any shares or other securities convertible into, or carrying the right to subscribe for those shares, issued by the Company after the Date of Adoption (other than shares or securities issued as a result of the events set out in Article 7.6);

"Ordinary Shareholders" means the holders from time to time of Ordinary Shares;

"Ordinary Shares" means the ordinary voting shares of £1 each in the capital of the Company;

"Permitted Transfer" means a transfer of Shares in accordance with Article 10;

"Permitted Transferee" means:

- (i) in relation to a Shareholder who is an individual, any of his Privileged Relations or Trustees;
- (ii) in relation to a Shareholder which is an undertaking (as defined in section 259(1) of the 1985 Act) means any Member of the same Group;

"Priority Rights" means the rights of Shareholders to purchase Shares contained in a Transfer Notice in the priority stipulated in Article 11.6 or Article 14.2 (as the case may be);

"Privileged Relation" in relation to a Shareholder who is an individual member or deceased or former member means a spouse, Civil Partner, child or grandchild (including step or adopted or illegitimate child and their issue);

"Proceeds of Sale" means the consideration payable (including any deferred consideration) whether in cash or otherwise to those Shareholders selling Shares under a Share Sale;

"Proposed Purchaser" means a proposed purchaser who at the relevant time has made an offer on arm's length terms;

"Proposed Seller" means any person proposing to transfer any shares in the capital of the Company;

"Sale Shares" has the meaning set out in Article 11.2(a) of these Articles;

"Seller" has the meaning set out in Article 11.2 of these Articles;

"Shareholder" means any holder of any Shares;

"Shares" means the Ordinary Shares in issue from time to time;

"Share Sale" means the sale of (or the grant of a right to acquire or to dispose of) any of the shares in the capital of the Company (in one transaction or as a series of transactions) which will result in the purchaser of those shares (or grantee of that right) and persons Acting in Concert with him together acquiring a Controlling Interest in the Company, except where following completion of the sale the shareholders and the proportion of shares held by each of them are the same as the shareholders and their shareholdings in the Company immediately prior to the sale;

"Subsidiary, Subsidiary Undertaking" and **"Parent Undertaking"** have the meanings set out in the 1985 Act;

"Transfer Notice" shall have the meaning given in Article 12.2;

"Transfer Price" shall have the meaning given in Article 12.2(a));

"Trustees" in relation to a Shareholder means the trustee or the trustees of a Family Trust; and

"Windfall Value" means £100,000,000.

3. Share capital

The share capital of the Company as at the most recent date on which these Articles were amended is divided into Ordinary Shares of £1.00 each and B Ordinary Shares of £1.00 each

4. Votes in general meeting

- 4.1 The Ordinary Shares shall confer on each holder the right to receive notice of and to attend, speak and vote at all general meetings of the Company; but the B Ordinary Shareholders shall not have the right to receive notice of, to attend, to speak or to vote at any general meeting of the Company, or to vote on any resolution of the Members.
- 4.2 Where Shares confer a right to vote, on a show of hands each holder of such shares who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy shall have one vote and on a poll each such holder so present shall have one vote for each Share held by him.

5. Class rights

5.1 All Shares shall rank *pari passu* in all respects save as stated otherwise in these Articles.

5.2 The rights attaching to the respective classes of shares shall be as follows:-

Income

5.3 The profits which the Company determines to distribute in respect of any financial year shall be applied:

- (i) Firstly in paying a dividend as determined on the Ordinary Shares;
- (ii) Secondly in paying a dividend on the B Ordinary Shares (but not solely by reason that a dividend has been paid on the Ordinary Shares) save that:
 - (l) no class dividend paid on B Ordinary Shares shall exceed in total that proportion of the whole dividend payment as is the proportion of the entitlement of that share class to the total capital value of the Company under Article 5.4 and for this purpose the Board may estimate the capital value of the Company;

and each dividend shall be distributed to the appropriate shareholders according to their class of share *pro rata* according to the amounts paid up or credited as paid up on the shares of each class held by that shareholder.

Capital

5.4 On a return of capital on liquidation or otherwise the assets of the Company available for distribution amongst the shareholders shall be distributed as follows:

- (i) the holders of the Ordinary Shares shall receive £1 per share and the B Ordinary Shares shall receive £1.00 per share and in the event of a shortfall the assets of the Company shall be distributed *pari passu* in proportion to the amount paid up on each share;
- (ii) thereafter amongst the holders of the Ordinary Shares up to an amount equal to £42,000,000; and
- (iii) thereafter such assets shall be distributed amongst the holders of the Ordinary Shares and the B Ordinary Shares such that the holders of B Ordinary Shares receive the Growth Share Percentage *pari passu* in proportion to the number of shares held by each of them and the holders of Ordinary Shares receive the balance *pari passu* in proportion to the number of shares held by each of them.

5.5 For the avoidance of doubt, the sums referred to in Article 5.4 shall be cumulative and not separate tranches of distribution.

Rights on Sale

5.6 Proceeds received upon a Share Sale of the Company shall be calculated in the same manner as for a return of capital, and the proceeds from such Sale shall be applied following the provisions of Article 5.4

B Ordinary Sale Option

- 5.7 Any B Ordinary Shareholder (including for the purpose of this Clause 5.7 B Ordinary Shares held by a Founder) shall have the right ("**Employee Sale Option**"), exercisable as mentioned in Article 5.8, to require the Company to acquire all, but not some, of his or her Employee Shares for the price specified in Article 5.8(ii).
- 5.8 The Employee Sale Option may be exercised at any time by the B Ordinary Shareholder giving notice in writing to the Board ("**Employee Sale Option Notice**") which specifies that it is given pursuant to the exercise of his or her Employee Sale Option. Such an Employee Sale Option Notice shall specify:
- (i) that the Company is required to acquire all of the B Ordinary Shares held by such B Ordinary Shareholder;
 - (ii) that the consideration payable by the Company shall be £2,000 for the B Ordinary Shareholder's entire holding of B Ordinary Shares; and
 - (iii) the proposed date of completion of the transfer of the B Ordinary Shares subject to the Employee Sale Option Notice (not being less than 28 days from the date on which such notice is given).
- 5.9 Once given, an Employee Sale Option Notice cannot be revoked by a B Ordinary Shareholder.

6. Variation of Rights

Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any such class may only be varied or abrogated (either whilst the Company is a going concern or during or in contemplation of a winding-up) with the consent in writing of the holders of more than 75 per cent in nominal value of the issued shares of that class.

7. Allotment of new shares or other securities: pre-emption

- 7.1 Subject to the remaining provisions of this Article 7, the Directors are generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 to exercise any power of the Company to:
- (a) offer, allot or grant rights to subscribe for, or
 - (b) convert securities into, or
 - (c) otherwise deal in, or dispose of,

any Shares or any other relevant securities in the Company to any persons, at any times and subject to any terms and conditions and to such rights and restrictions as the Directors think proper, provided that:

- (1) this authority shall only apply insofar as the Company in general meeting has not waived or revoked it;
- (2) this authority may only be exercised for a period of five years commencing upon 30 October 2015, save that the Directors may make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such authority (and the Directors may allot relevant securities in pursuance of an offer or agreement as if such authority had not expired).

- 7.2 In accordance with section 91(1) of the 1985 Act, sections 89(1) and 90(1) to (6) (inclusive) of the 1985 Act do not apply to an allotment of equity securities made by the Company.
- 7.3 Unless otherwise agreed by special resolution or by written resolution passed in accordance with sections 288(1) of the 2006 Act, if the Company proposes to allot any New Securities those New Securities shall not be allotted to any person unless the Company has in the first instance offered them to all holders of Ordinary Shares on the same terms and at the same price as those New Securities are being offered to other persons on a pari passu and pro rata basis to the number of Shares held by those holders (as nearly as may be without involving fractions). The offer:
- (d) shall be in writing, give details of the number and subscription price of the New Securities; and
 - (e) may stipulate that any Ordinary Shareholder who wishes to subscribe for a number of New Securities in excess of the proportion to which each is entitled shall in their acceptance state the number of excess New Securities ("Excess Securities") for which they wish to subscribe.
- 7.4 Any New Securities not accepted by Ordinary Shareholders pursuant to the offer made to them in accordance with Article 7.3 shall be used for satisfying any requests for Excess Securities made pursuant to Article 7.3 and in the event that there are insufficient Excess Securities to satisfy such requests, the Excess Securities shall be allotted to the applicants on a pro rata basis to the number of Shares held by the applicants immediately prior to the offer made to Ordinary Shareholders in accordance with Article 7.3 (as nearly as may be without involving fractions or increasing the number allotted to any Ordinary Shareholder beyond that applied for by him) and after that allotment, any Excess Securities remaining shall be offered, subject to Article 7.3, to any other person as the Directors may determine at the same price and on the same terms as the offer to the Ordinary Shareholders.
- 7.5 Subject to Articles 7.3, and 7.4 and to the provisions of section 80 of the 1985 Act, any New Securities shall be at the disposal of the Board who may allot, grant options over or otherwise dispose of them to any persons at those times and generally on the terms and conditions they think proper.
- 7.6 The provisions of Articles 7.3 to 7.4 shall not apply to:
- (a) options to subscribe for Shares under the Employee Share Option Plans or under the April 2002 Option Plan;
 - (b) New Securities issued pursuant to an employees' share scheme within the meaning of section 1166 of the Companies Act 2006;
 - (c) New Securities issued in consideration of the acquisition by the Company of any company or business; and
 - (c) New Securities issued as a result of a bonus issue of shares.
- 7.7 No Shares shall be allotted to any Employee, Director, prospective employee or director unless such person has entered into a joint section 431 ITEPA election with the Company.

8. Lien

The Company shall have a first and paramount lien on every Share not fully paid for all and any indebtedness of any holder of it to the Company (whether a sole holder or one of two or

more joint holders), whether or not that indebtedness or liability is in respect of the Shares concerned and whether or not it is presently payable.

9. Transfers of Shares – General

9.1 In Articles 17 to 0 inclusive, reference to the transfer of a Share includes the transfer or assignment of a beneficial or other interest in that Share or the creation of a trust or encumbrance over that Share and reference to a Share includes a beneficial or other interest in a Share.

9.2 No Share may be transferred unless the transfer is made in accordance with these Articles.

9.3 If a Shareholder transfers or purports to transfer a Share otherwise than in accordance with these Articles he will be deemed immediately to have served a Transfer Notice in respect of all Shares held by him.

9.4 Any transfer of a Share by way of sale which is required to be made under Articles 19 to 0 (inclusive) will be deemed to include a warranty that the transferor sells with full title guarantee.

9.5 In addition to the provisions of Regulation 24 of Table A, the Directors may refuse to register a transfer if:

- (a) it is a transfer of a share to a bankrupt, a minor or a person of unsound mind;
- (b) the transfer is to an Employee, Director or prospective employee or director and such person has not entered in a joint section 431 ITEPA election with the Company,

and Regulation 24 of Table A shall be modified accordingly.

9.6 The Directors may, as a condition to the registration of any transfer of Shares in the Company (whether pursuant to a Permitted Transfer or otherwise), require the transferee to execute and deliver to the Company a deed agreeing to be bound by the terms of any shareholders' agreement or similar document in force between some or all of the shareholders and the Company in any form as the Directors may reasonably require (but not so as to oblige the transferee to have any obligations or liabilities greater than those of the proposed transferor under any such agreement or other document) and if any condition is imposed in accordance with this Article 9.6 the transfer may not be registered unless that deed has been executed and delivered to the Company's registered office by the transferee.

9.7 To enable the Directors to determine whether or not there has been any disposal of shares in the capital of the Company (or any interest in shares in the capital of the Company) in breach of these Articles the Directors may require any holder or the legal personal representatives of any deceased holder or any person named as transferee in any transfer lodged for registration or any other person who the Directors may reasonably believe to have information relevant to that purpose, to furnish to the Company that information and evidence the Directors may request regarding any matter which they deem relevant to that purpose, including (but not limited to) the names, addresses and interests of all persons respectively having interests in the shares in the capital of the Company from time to time registered in the holder's name. If the information or evidence is not provided to enable the Directors to determine to their reasonable satisfaction that no breach has occurred, or where as a result of the information and evidence the Directors are reasonably satisfied that a breach has occurred, the Directors shall immediately

notify the holder of such shares in the capital of the Company in writing of that fact and the following shall occur:

- (a) the relevant shares shall cease to confer upon the holder of them (or any proxy) any rights:
 - (I) to vote whether on a show of hands or on a poll and whether exercisable at a general meeting of the Company or at any separate meeting of the class in question); or
 - (II) to receive dividends or other distributions otherwise attaching to those shares or to any further shares issued in respect of those shares; and
- (ii) the holder may be required at any time following receipt of the notice to transfer some or all of its Shares to any person(s) at the price that the Directors may require by notice in writing to that holder.

The rights referred to in (a) above may at its discretion be reinstated by the Board and shall in any event be reinstated upon the completion of any transfer referred to in (ii) above.

9.8 In any case where the Board may require a Transfer Notice to be given in respect of any Shares, if a Transfer Notice is not duly given within a period of 10 Business Days of demand being made, a Transfer Notice shall be deemed to have been given at the expiration of that period. If a Transfer Notice is required to be given or is deemed to have been given under these Articles, the Transfer Notice will be treated as having specified that:

- (i) the Transfer Price for the Sale Shares will be as agreed between the Board (any director with whom the Seller is connected (within the meaning of section 252 of the 2006 Act) not voting) and the Seller, or, failing agreement within five Business Days after the date on which the Board becomes aware that a Transfer Notice has been deemed to have been given, will be the Fair Value of the Sale Shares;
- (ii) it does not include a Minimum Transfer Condition (as defined in Article 11.2(d) and
- (iii) the Seller wishes to transfer all of the Shares held by it.

9.9 The provisions Articles 11 (Pre-emption) and 14 (compulsory transfer for Employees) shall not apply to any Shares issued pursuant to a person exercising their rights under Rule 8 the April 2002 Option Plan (Cessation of Employment) in the circumstances that the provisions of Articles 11 and/or 14 would be triggered due to the person leaving the employment of the Group.

10. Permitted Transfers

10.1

- (a) A Shareholder (the "Original Shareholder") may transfer all or any of his or its Shares to a Permitted Transferee without restriction as to price or otherwise.
- (b) A Shareholder may create at any time an encumbrance over any Share held by him where such encumbrance is created in connection with a loan made to that Shareholder by an Employee Trust; and

- (c) Any Shares held by the trustees of any Employee Trust may at any time be transferred:

to the new or remaining trustees for the time being of that Employee Trust;
or

to any person who is so entitled as beneficiary of any such employee trust in accordance with the terms of that employee trust.

- 10.2 Where under the provision of a deceased Shareholder's will or laws as to intestacy, the persons legally or beneficially entitled to any Shares, whether immediately or contingently, are Permitted Transferees of the deceased Shareholder, the legal representative of the deceased Shareholder may transfer any Share to those Permitted Transferees, in each case without restriction as to price or otherwise. Shares previously transferred as permitted by this Article 10.2 may be transferred by the transferee to any other Permitted Transferee of the Original Shareholder without restriction as to price or otherwise.
- 10.3 If a Permitted Transferee who was a Member of the same Group as the Original Shareholder ceases to be a Member of the same Group as the Original Shareholder, the Permitted Transferee must not later than 5 Business Days after the date on which the Permitted Transferee so ceases, transfer the Shares held by it to the Original Shareholder or a Member of the same Group as the Original Shareholder (which in either case is not in liquidation) without restriction as to price or otherwise failing which it will be deemed to have given a Transfer Notice in respect of those Shares.
- 10.4 Trustees may (i) transfer Shares to a company in which they hold the whole of the share capital and which they control (a "Qualifying Company") or (ii) transfer Shares to the Original Shareholder or to another Permitted Transferee of the Original Shareholder or (iii) transfer Shares to the new or remaining trustees upon a change of Trustees without restrictions as to price or otherwise.
- 10.5 No transfer of Shares may be made to Trustees unless the Board is satisfied:
- (i) with the terms of the trust instrument and in particular with the powers of the trustees;
 - (ii) with the identity of the proposed trustees;
 - (iii) that no costs incurred in connection with the setting up or administration of the Family Trust in question are to be paid by the Company.
- 10.6 If a company to which a Share has been transferred under Article 10.4, ceases to be a Qualifying Company it must within 5 Business Days of so ceasing, transfer the Shares held by it to the Trustees or to a Qualifying Company (any may do so without restriction as to price or otherwise) failing which it will be deemed to have given a Transfer Notice in respect of such Shares.
- 10.7 If a Permitted Transferee who is a spouse or Civil Partner of the Original Shareholder ceases to be a spouse or Civil Partner of the Original Shareholder whether by reason of divorce or otherwise he must, within 15 Business Days of so ceasing either:
- (a) execute and deliver to the Company a transfer of the Shares held by him to the Original Shareholder (or, to any Permitted Transferee of the Original Shareholder) for such consideration as may be agreed between them; or
 - (b) give a Transfer Notice to the Company in accordance with Article 11.2;

failing which he shall be deemed to have given a Transfer Notice.

- 10.8 On the death (subject to Article 10.2), bankruptcy, liquidation, administrator or administrative receivership of a Permitted Transferee (other than a joint holder) his personal representatives or trustee in bankruptcy, or its liquidator, administrator or administrative receiver must within 15 Business Days after the date of the grant of probate, the making of the bankruptcy order or the appointment of the liquidator, administrator or the administrative receiver execute and deliver to the Company a transfer of the Shares held by the Permitted Transferee without restriction as to price or otherwise. The transfer shall be to the Original Shareholder if still living (and not bankrupt or in liquidation) or, if so directed by the Original Shareholder, to any Permitted Transferee of the Original Shareholder. If the transfer is not executed and delivered within 15 Business Days of such period or if the Original Shareholder has died or is bankrupt or is in liquidation, the personal representative or trustee in bankruptcy or liquidator will be deemed to have given a Transfer Notice.

11. Transfers of Shares subject to pre-emption rights

- 11.1 Save where the provisions of Articles 9.9, 10, 15, and 16 apply, any transfer of Shares by a Shareholder shall be subject to the pre-emption rights contained in this Article 11.
- 11.2 A Shareholder who wishes to transfer Shares (a "Seller") shall, except as otherwise provided in these Articles, before transferring or agreeing to transfer any Shares give notice in writing (a "Transfer Notice") to the Company specifying:
- (a) the number of Shares which he wishes to transfer (the "Sale Shares");
 - (b) if he wishes to sell the Sale Shares to a third party, the name of the proposed transferee;
 - (c) the price (in cash) at which he wishes to transfer the Sale Shares (which will subject to Article 14 be the Fair Value of the Sale Shares if no cash price is agreed between the Seller and the Board) (the "Transfer Price"); and
 - (d) whether the Transfer Notice is conditional on all or a specific number of the Sale Shares being sold to Shareholders (a "Minimum Transfer Condition").
- 11.3 Except with the written consent of all the Directors other than any Director who is an Associate of the Seller, no Transfer Notice once given or deemed to have been given under these Articles may be withdrawn.
- 11.4 A Transfer Notice constitutes the Company the agent of the Seller for the sale of the Sale Shares at the Transfer Price.
- 11.5 As soon as practicable following the later of:
- (a) receipt of a Transfer Notice; and
 - (b) in the case where the Transfer Price has not been specified or the Transfer Notice is deemed to have been served, the determination of the Transfer Price under Article 12,

the Board shall offer the Sale Shares for sale to the Shareholders in the manner set out in Articles 11.6 to 11.8. Each offer must be in writing and give details of the number and Transfer Price of the Sale Shares offered.

11.6 *Priority for offer of Sale Shares*

- (a) If the Sale Shares are Ordinary Shares other than Shares issued under an Employee Share Option Plan, the Company shall offer them in the following priority:

(i) only to the Ordinary Shareholders,;

on the basis as set out in Article 11.7.

- (b) If the Sale Shares are Ordinary Shares which were issued under an Employee Share Option Plan, the Sale Shares shall be offered in the following priority:

(i) first, to any Employee Trust that the Board may nominate for this purpose; and

(ii) second, to the Ordinary Shareholders;

in each case on the basis set out in Article 11.7.

- (c) If the Sale Shares are B Ordinary Shares, the Sale Shares shall be offered to any one or more of the Company and/or any Member and/or any Employee(s) and/or any Employee Trust (and, if more than one, in such proportions as the Board may determine) in each case on the basis set out in Article 11.7.

11.7 *Transfers: First Offer*

- (a) The Board shall offer the Sale Shares pursuant to the Priority Rights to all shareholders specified in the offer other than the Seller (the "Continuing Shareholders") inviting them to apply in writing within the period from the date of the offer to the date 15 Business Days after the offer (inclusive) (the "First Offer Period") for the maximum number of Sale Shares they wish to buy.

- (b) If the Sale Shares are subject to a Minimum Transfer Condition then any allocation made under Articles 11.7 and 11.8 will be conditional on the fulfilment of the Minimum Transfer Condition.

- (c) If, at the end of the First Offer Period, the number of Sale Shares applied for is equal to or exceeds the number of Sale Shares, the Board shall allocate the Sale Shares to each Continuing Shareholder in the proportion (fractional entitlements being rounded to the nearest whole number) which his existing holding of Shares bears to the total number of Shares held by those Continuing Shareholders who have applied for Sale Shares but no allocation shall be made to a Shareholder of more than the maximum number of Sale Shares which he has stated he is willing to buy.

- (d) If not all Sale Shares are allocated in accordance with Article 11.7(c) but there are applications for Sale Shares that have not been satisfied those Sale Shares shall be allocated to the relevant applicant(s) in accordance with the procedure set out in Article 11.7(c).

- (e) If, at the end of the First Offer Period, the number of Sale Shares applied for is less than the number of Sale Shares, the Board shall allocate the Sale Shares to the Continuing Shareholders in accordance with their applications and the balance (the "Initial Surplus Shares") will be dealt with in accordance with Article 11.8.

11.8 *Transfers: Second Offer*

- (a) At the end of the First Offer Period, the Board shall offer the Initial Surplus Shares to all the Continuing Shareholders inviting them to apply in writing within the period from the date of the offer to the date 15 Business Days after the date of the offer (inclusive) (the "Second Offer Period") for the maximum number of the Initial Surplus Shares they wish to buy.
- (b) If, at the end of the Second Offer Period, the number of Initial Surplus Shares applied for exceeds the number of Initial Surplus Shares, the Board shall allocate the remaining Initial Surplus Shares to each Continuing Shareholder in the proportion (fractional entitlements being rounded to the nearest whole number) which his existing holding of Shares bears to the total number of Shares (including Sale Shares) held by those Continuing Shareholders who have applied during the Second Offer Period for Initial Surplus Shares but no allocation shall be made to a Shareholder of more than the maximum number of Initial Surplus Shares which he has stated he is willing to buy.
- (c) If, at the end of the Second Offer Period, the number of Initial Surplus Shares applied for is less than the number of Initial Surplus Shares, the Board shall allocate the Initial Surplus Shares to the Continuing Shareholders in accordance with their applications and the balance (the "Second Surplus Shares") will be offered to any other person in accordance with 11.9(a) subject to Article 11.9(g).

11.9 *Completion of transfer of Sale Shares*

- (a) If the Transfer Notice includes a Minimum Transfer Condition and the total number of Shares applied for is less than the number of Sale Shares the Board shall notify the Seller and all those to whom Sale Shares have been conditionally allocated under Articles 11.7 and 11.8 stating the condition has not been met and that the relevant Transfer Notice has lapsed with immediate effect.
- (b) If:
 - (i) the Transfer Notice does not include a Minimum Transfer Condition; and
 - (ii) allocations have been made in respect of all the Sale Shares,

the Board shall, when no further offers are required to be made under Articles 11.7 and 11.8, give written notice of allocation (an "Allocation Notice") to the Seller and each Shareholder to whom Sale Shares have been allocated (an "Applicant") specifying the number of Sale Shares allocated to each Applicant and the place and time (being not less than 10 Business Days nor more than 20 Business Days after the date of the Allocation Notice) for completion of the transfer of the Sale Shares.

- (c) Upon service of an Allocation Notice, the Seller must, against payment of the Transfer Price, transfer the Sale Shares in accordance with the requirements specified in it.
- (d) If the Seller fails to comply with the provisions of Article 11.9(c)
 - (i) the Chairman of the company or, failing him, one of the directors, or some other person nominated by a resolution of the Board, may on behalf of the Seller:

- (I) complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicants;
 - (II) receive the Transfer Price and give a good discharge for it; and
 - (III) (subject to the transfer being duly stamped) enter the Applicants in the register of Shareholders as the holders of the Shares purchased by them; and
- (ii) the Company shall pay the Transfer Price into a separate bank account in the Company's name on trust (but without interest) for the Seller until he has delivered to the Company his certificate or certificates for the relevant Shares (or an indemnity, in a form reasonably satisfactory to the Board, in respect of any lost certificate).
- (e) If, subject to Articles 11.9(f) and 11.9(g), an Allocation Notice does not relate to all the Sale Shares then, subject to Article 11.9(f), the Seller may, within eight weeks after service of the Allocation Notice, transfer the Second Surplus Shares to any person at a price at least equal to the Transfer Price provided that the sale of the Second Surplus Shares shall continue to be subject to any Minimum Transfer Conditions.
- (f) The right of the Seller to transfer Shares under Article 11.9(e) does not apply if the Board is of the opinion on reasonable grounds that:
 - (i) the transferee is a person (or a nominee for a person) who the Board determine in their absolute discretion is a competitor with (or an Associate of a competitor with) the business of the Company or with a Subsidiary Undertaking of the Company;
 - (ii) the sale of the Sale Shares is not bona fide or the price is subject to a deduction, rebate or allowance to the transferee; or
 - (iii) the Seller has failed or refused to provide promptly information available to it or him and reasonably requested by the Board for the purpose of enabling it to form the opinion mentioned above.
- (g) If the Sale Shares are B Ordinary Shares:
 - (i) the Board may on behalf of the B Ordinary Shareholder offer such Shares for sale at the Transfer Price to any such other person as the Board may determine (provided always that, if any such person is not already a member of the Company, the admission of such person or persons as a member of the Company is, in the opinion of the Board, in the best interests of the Company);
 - (ii) but if the Board makes no such determination, or if no willing purchaser is found for the Sale Shares from among the persons specified in Article 11.611.6(c)), the balance remaining of the Sale Shares shall, subject to Article 14, remain registered in the name of the Seller but the Board shall have the right, exercisable at any time (and on more than one occasion) by giving notice in writing or by email to the Seller (or, if different, the registered holder of such Shares) expressed to be pursuant to this Article 11.9(b)(ii)) ("**a Deferred Share Purchase Notice**"), to require the Seller (or such other registered holder of the Shares) to sell and transfer such B Ordinary Shares to a willing purchaser at the Transfer Price determined in accordance with

Articles 11.2 and 13 and in this event the provisions of this Article 11 shall once again apply.

11.10 Waiver of restrictions

The restrictions imposed by this Article 11 may be waived in relation to any proposed transfer of Shares of not more than 2 per cent of the issued share capital of the Company with the written consent of the holders of 75 per cent of the issued share capital of the Company.

12. Valuation of Shares

12.1 If a Transfer Notice does not specify a Transfer Price or if a Transfer Notice is deemed to have been served then, upon service of the Transfer Notice or, in the case of the deemed service of a Transfer Notice, on the date on which the Board first has actual knowledge of the facts giving rise to such deemed service, the Board shall either:

- (a) if the Fair Value of shares of the relevant class has been certified by Expert Valuers within the preceding 12 weeks, specify that the Fair Value of the Sale Shares will be calculated by dividing any Fair Value so certified by the number of shares to which it related and multiplying such Fair Value by the number of Sale Shares the subject of the Transfer Notice; or
- (b) specify a price which the Board has determined in its reasonable opinion to be the Fair Value of the Sale Shares; or
- (c) if requested by the holder of the Sale Shares, appoint Expert Valuers in accordance with Article 12.2 to certify the Fair Value of the Sale Shares.

12.2 The Expert Valuers will be either:

- (a) the Auditors, or if the Auditors are unable to act;
- (b) an independent firm of Chartered Accountants to be agreed between the Board and the Seller or failing agreement not later than the date 10 Business Days after the date of service of the Transfer Notice to be appointed by the then President of the Institute of Chartered Accountants in England and Wales on the application of either party.

12.3 The "Fair Value" of the Sale Shares shall be determined by the Expert Valuer on the following assumptions and bases:

- (a) valuing the Sale Shares as on an arm's-length sale between a willing seller and a willing buyer;
- (b) if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;
- (c) that the Sale Shares are capable of being transferred without restriction;
- (d) valuing the Sale Shares as a rateable proportion of the total value of all the issued Shares without any premium or discount being attributable to the percentage of the issued share capital of the Company which they represent; and
- (e) reflect any other factors which the Expert Valuers reasonably believe should be taken into account.

- 12.4 If any difficulty arises in applying any of these assumptions or bases then the Expert Valuers shall resolve that difficulty in whatever manner they shall in their absolute discretion think fit.
- 12.5 The Expert Valuers shall be requested to determine the Fair Value within 20 Business Days of their appointment and to notify the Board of their determination.
- 12.6 The Expert Valuers shall act as experts and not as arbitrators and their determination shall be final and binding on the parties (in the absence of fraud or manifest error).
- 12.7 The Board will give the Expert Valuers access to all accounting records or other relevant documents of the Company subject to them agreeing such confidentiality provisions as the Board may reasonably impose.
- 12.8 The Expert Valuers shall deliver their certificate to the Company. As soon as the Company receives the certificate it shall deliver a copy of it to the Seller. Unless the shares are to be sold under a Transfer Notice, which is deemed to have been served, the Seller may by notice in writing to the Company within 5 Business Days of the service on him of the copy certificate, cancel the Company's authority to sell the Sale Shares.
- 12.9 The cost of obtaining the certificate shall be paid by the Company unless:
- (a) the Seller cancels the Company's authority to sell; or
 - (b) the sale is pursuant to a Transfer Notice which is deemed to have been served, and the Sale Price certified by the Expert Valuers is less than the price (if any) offered by the directors to the Seller for the Sale Share before Expert Valuer was instructed,

in which case the Seller shall bear the cost.

13. Compulsory transfers – general

- 13.1 A person entitled to a Share in consequence of the bankruptcy of a Shareholder shall be deemed to have given a Transfer Notice in respect of that Share at a time determined by the Directors.
- 13.2 If a Share remains registered in the name of a deceased Shareholder for longer than one year after the date of his death the Directors may require the legal personal representatives of that deceased Shareholder either:
- (a) to effect a Permitted Transfer of such Shares (including for this purpose an election to be registered in respect of the Permitted Transfer); or
 - (b) to show to the satisfaction of the Directors that a Permitted Transfer will be effected before or promptly upon the completion of the administration of the estate of the deceased Shareholder.

If either requirement in this Article 13.2 shall not be fulfilled to the satisfaction of the Directors a Transfer Notice shall be deemed to have been given in respect of each such Share save to the extent that, the Directors may otherwise determine.

- 13.3 If a Shareholder which is a company or a Permitted Transferee of that Shareholder, either suffers or resolves for the appointment of a liquidator, administrator or administrative receiver over it or any material part of its assets, the relevant Shareholder or Permitted Transferee shall be deemed to have given a Transfer Notice in respect of all the shares held by the relevant Shareholder

and/or such Permitted Transferee save to the extent that, and at a time, the Directors may determine.

- 13.4 If there is a change in control (as control is defined in section 840 of ICTA) of any Shareholder which is a company, it shall be bound at any time, if and when required in writing by the Directors to do so, to give (or procure the giving in the case of a nominee) a Transfer Notice in respect of all the Shares registered in its and their names and their respective nominees' names save that, in the case of the Permitted Transferee, it shall first be permitted to transfer those Shares back to the original Shareholder from whom it received its Shares or to any other Permitted Transferee before being required to serve a Transfer Notice. This clause shall not apply to a member that is an Investor.

14. Compulsory transfer – employees

- 14.1 Subject to Articles 9.9 and 14.3, if any Employee ceases for any reason to be an Employee the relevant Employee shall be deemed to have given a Transfer Notice in respect of all the Employee Shares on the Effective Termination Date. In such circumstances the Transfer Price shall be as follows:

- (a) in respect of any Ordinary Shares beneficially owned by the Employee, where the relevant Employee ceases to be an Employee by reason of being a Bad Leaver, the lower of Fair Value and the price paid by the Employee for the Employee Shares;
- (b) in respect of any Ordinary Shares beneficially owned by the Employee, where the relevant Employee ceases to be an Employee by reason of being a Good Leaver, the Fair Value; or
- (c) in respect of any B Ordinary Shares beneficially owned by the Employee, where the relevant Employee ceases to be an Employee for any reason other than his or her death in service, the lesser of the nominal value of each B Ordinary Share or such value as shall result in the Employee receiving consideration of £2,000 for his or her entire holding of B Ordinary Shares (unless the Board determines in its sole discretion and so notifies the Employee in writing within 28 days of the date on which such Employee ceases to be an Employee that the circumstances are such as to warrant the Transfer Price being the Fair Value); or, if the Employee ceases to be an Employee by reason of his or her death in service, the Fair Value of a B Ordinary Share.

- 14.2 For the purposes of this Article, the Priority Rights shall be such that the Employee Shares are offered in the following order of priority:

- (a) to any Employee Trust that the Board may nominate for this purpose; and/or
- (b) to other participants or potential participants in, or trustees of the Employee Share Option Plan (other than the departing Employee) as the Board may nominate; and/or
- (c) to any other person or persons approved by the Board (other than the departing Employee); and/or
- (d) to the Company (subject always to the provisions of the Acts).

- 14.3 If any Employee who holds a beneficial interest in B Ordinary Shares ceases to be an Employee by reason of his or her death in service, the relevant Employee shall be deemed to have given a Transfer Notice in respect of all of such B Ordinary Shares on the Termination Date unless, within the Board determines

otherwise and notifies the Employee's personal representatives in writing of its determination within six months of the Termination Date.

If a Transfer Notice is deemed to have been given pursuant to this Article 14.3, the Transfer Price shall be the Fair Value.

15. Mandatory Offer on a Change of Control (Tag Along)

- 15.1 Except in the case of Permitted Transfers and transfers pursuant to Articles 13 and 14, after going through the pre-emption procedure in Article 11, the provisions of Article 15.2 will apply if one or more Proposed Sellers propose to transfer in one or a series of related transactions any Shares (the "Proposed Transfer") which would, if put into effect, result in any Proposed Purchaser (and Associates of his or persons Acting in Concert with him) acquiring a Controlling Interest in the Company.
- 15.2 A Proposed Seller must, before making a Proposed Transfer procure the making by the Proposed Purchaser of an offer (the "Offer") to the other Shareholders to acquire all of the Company's Shares for a consideration per share the value of which is at least equal to the Specified Price (as defined in Article 15.7).
- 15.3 The Offer must be given by written notice (a "Proposed Sale Notice") at least 10 Business Days (the "Offer Period") prior to the proposed sale date ("Proposed Sale Date"). The Proposed Sale Notice must set out, to the extent not described in any accompanying documents, the identity of the Proposed Purchaser, the purchase price and other terms and conditions of payment, the Proposed Sale Date and the number of Shares proposed to be purchased by the Proposed Purchaser (the "Proposed Sale Shares").
- 15.4 If any other holder of Shares is not given the rights accorded him by this Article, the Proposed Sellers will not be entitled to complete their sale and the Company will not register any transfer intended to carry that sale into effect.
- 15.5 If the Offer is accepted by any Shareholder (an "Accepting Shareholder") within the Offer Period, the completion of the Proposed Transfer will be conditional upon the completion of the purchase of all the Shares held by Accepting Shareholders.
- 15.6 The Proposed Transfer is subject to the pre-emption provisions of Article 11 but the purchase of the Accepting Shareholders' shares shall not be subject to Article 11.
- 15.7 For the purpose of this Article:
- (a) the expression "transfer" and "purchaser" shall include the renunciation of a renounceable letter of allotment and the renounee under any such letter of allotment respectively;
 - (b) the expression "Specified Price" shall mean in respect of each Share a sum in cash equal to the highest price per Share offered or paid by the Proposed Purchaser:
 - (i) in the Proposed Transfer; or
 - (ii) in any related or previous transaction by the Proposed Purchaser or any person Acting in Concert with the Proposed Purchaser in the 12 months preceding the date of the Proposed Transfer,

plus an amount equal to the Relevant Percentage of any other consideration (in cash or otherwise) paid or payable by the Proposed Purchaser or any other person Acting in Concert with the Proposed Purchaser, which having regard to the

substance of the transaction as a whole, can reasonably be regarded as an addition to the price paid or payable for the Shares,;

(c) Relevant Percentage = $A/B \times 100$

where: A = number of Shares being sold by the Proposed Seller;

B = number of Shares held by the Proposed Seller immediately before the Proposed Transfer.

16. Drag-Along

- 16.1 If the holders of at least 50.01% of the Ordinary Shares (the "Selling Shareholders") wish to transfer all their interest in Shares (the "Sellers' Shares") to a Proposed Purchaser, the Selling Shareholders shall have the option (the "Drag Along Option") to require all the other holders of Shares (the "Called Shareholders") to sell and transfer all their Shares to the Proposed Purchaser or as the Proposed Purchaser shall direct in accordance with the provisions of this Article.
- 16.2 The Selling Shareholders may exercise the Drag Along Option by giving a written notice to that effect (a "Drag Along Notice") to the Called Shareholders at any time before the transfer of the Sellers' Shares to the Proposed Purchaser. A Drag Along Notice shall specify that the Called Shareholders are required to transfer all their Shares (the "Called Shares") under this Article, the person to whom they are to be transferred, the consideration for which the Called Shares are to be transferred (calculated in accordance with this Article) and the proposed date of transfer.
- 16.3 Drag Along Notices shall be irrevocable but will lapse if for any reason there is not a sale of the Sellers' Shares by the Selling Shareholders to the Proposed Purchaser within 40 Business Days after the date of service of the Drag Along Notice. The Selling Shareholders shall be entitled to serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 16.4 The consideration (in cash or otherwise) for which the Called Shareholders shall be obliged to sell each of the Called Shares shall be that to which they would be entitled if the total consideration proposed to be paid by the Proposed Purchaser were distributed to the holders of the Called Shares and the Sellers' Shares pro rata the number of shares held by each Shareholder as a percentage of the total issued share capital.
- 16.5 No Drag Along Notice may require a Called Shareholder to agree to any terms except those specifically provided for in this Article.
- 16.6 Within five Business Days of the Proposed Purchaser serving a Drag Along Notice on the Called Shareholders, the Called Shareholders shall deliver stock transfer forms for their Shares in favour of the Proposed Purchaser or as the Proposed Purchaser shall direct, together with the relevant share certificate(s) (or a suitable indemnity in lieu thereof) to the Company. On the expiration of that five Business Day period the Company shall pay the Called Shareholders, on behalf of the Proposed Purchaser, the amounts they are due pursuant to Article 16.4 to the extent the Proposed Purchaser has put the Company in the requisite funds. The Company's receipt for the price shall be a good discharge to the Purchaser. The Company shall hold the amounts due to the Called Shareholders pursuant to Article 16.4 in trust for the Called Shareholders without any obligation to pay interest.
- 16.7 To the extent that the Proposed Purchaser has not, on the expiration of such five Business Day period, put the Company in funds to pay the price due pursuant to

Article 16.6, the Called Shareholders shall be entitled to the return of the stock transfer forms and share certificate (or suitable indemnity) for the relevant Shares and the Called Shareholders shall have no further rights or obligations under this Article 16 in respect of their Shares.

- 16.8 If a Called Shareholder fails to deliver stock transfer forms and share certificates (or suitable indemnity) for its Shares to the Company upon the expiration of that five Business Day period, the Directors shall, if requested by the Proposed Purchaser, authorise any Director to transfer the Called Shareholder's Shares on the Called Shareholder's behalf to the Proposed Purchaser (or its nominee(s)) to the extent the Proposed Purchaser has, at the expiration of that five Business Day period, put the Company in funds to pay the price for the Called Shareholder's Shares offered to him. The Board shall then authorise registration of the transfer once appropriate stamp duty has been paid. The defaulting Called Shareholder shall surrender his share certificate for his Shares (or provide a suitable indemnity) to the Company. On surrender, he shall be entitled to the amount due to him under Article 16.4.
- 16.9 Any transfer of Shares to a Proposed Purchaser (or as they may direct) pursuant to a sale in respect of which a Drag Along Notice has been duly served shall not be subject to the provisions of Article 11.
- 16.10 On any person, following the issue of a Drag Along Notice, becoming a Shareholder of the Company pursuant to the exercise of a pre-existing option to acquire shares in the Company or pursuant to the conversion of any convertible security of the Company (a "New Shareholder"), a Drag Along Notice shall be deemed to have been served on the New Shareholder on the same terms as the previous Drag Along Notice who shall then be bound to sell and transfer all Shares so acquired to the Proposed Purchaser or as the Proposed Purchaser may direct and the provisions of this Article shall apply with the necessary changes to the New Shareholder except that completion of the sale of the Shares shall take place immediately on the Drag Along Notice being deemed served on the New Shareholder.

17. General meetings

- 17.1 In Regulation 37 of Table A there shall be substituted for the words "eight weeks" the words "twenty-eight days".
- 17.2 In its application to the Company, Regulation 50 of Table A shall be modified by the insertion after the word "shall" and before the words "be entitled" of the word "not".

18. Proxies

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

- (a) be deposited at the office or at any other place within the United Kingdom as may be specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting at any time before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote;
- (b) be delivered at the meeting or adjourned meeting at which the person named in the instrument proposes to vote to the Chairman or to the Secretary or to any Director; or
- (c) in the case of a poll, be delivered at the meeting at which the poll was demanded to the Chairman or to the Secretary or to any Director, or at the time

and place at which the poll is held to the Chairman or to the Secretary or to any Director or scrutineer,

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

19. Directors' borrowing powers

The Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property and uncalled capital and to issue debentures, debenture stock and other securities as security for any debt, liability or obligation of the Company or of any third party.

20. Alternate directors

Notwithstanding any provision of these Articles to the contrary, any person appointed as a director may appoint any person approved by the Board, to be his, her or its alternate Director, and in its application to the Company Regulation 65 of Table A shall be modified accordingly.

21. Number of Directors

Unless and until the Company in general meeting shall otherwise determine the number of Directors shall be not less than two.

22. Appointment of Directors

22.1 Each Founder for so long as he and his Permitted Transferees holds not less than 15 per cent of the Ordinary Shares in issue shall be entitled to nominate one person to act as a Director of the Company by notice in writing addressed to the Company from time to time and the other holders of Shares shall not vote their Shares so as to remove that Director from office. Each Founder shall be entitled to remove their nominated Director so appointed at any time by notice in writing to the Company served at its registered office and appoint another person to act in his place.

22.2 An appointment or removal of a Director under Article 22.1 will take effect at and from the time when the notice is received at the registered office of the Company or produced to a meeting of the directors of the Company.

22.3 Each Founder Director shall be entitled at his request to be appointed to any committee of the Board established from time to time and to the board of directors of any Subsidiary Undertaking.

22.4 In its application to the Company, Regulation 84 of Table A shall be modified by the deletion of the third and final sentences.

23. Disqualification of Directors

In addition to that provided in Regulation 81 of Table A, the office of a Director shall also be vacated if:

- (a) he is convicted of a criminal offence (other than a minor motoring offence) and the Directors resolve that his, her or its office be vacated;
- (b) in the case of Directors, other than a Founder Director, if a majority of his co-Directors serve notice on him in writing, removing him from office.

24. Proceedings of Directors

- 24.1 To be quorate, any meeting of the Board must include at least two directors, one of whom must be a Founder Director (unless the prior written consent of a majority of the Founder Directors is obtained to the meeting proceeding without a Founder Director being present). If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting such quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place or at such time and place as determined by the directors present at such meeting. (If a quorum is not present at any such adjourned meeting within half an hour from the time appointed, then the meeting shall proceed.
- 24.2 In its application to the Company Regulation 89 of Table A shall be modified:
- (a) by the deletion of the words "may be fixed by the Directors and unless so fixed at any other number" in the first sentence; and
 - (b) by the addition of the following as the final sentence:

"In the event that a meeting of the Directors is attended by a Director who is acting as alternate for one or more other Directors, the Director or Directors for whom he is the alternate shall be counted in the quorum despite their absence, and if on that basis there is a quorum the meeting may be held despite the fact (if it is the case) that only one Director is physically present".
- 24.3 Any Director who participates in the proceedings of a meeting by means of a communication device (including a telephone) which allows all the other Directors present at that meeting (whether in person or by alternate or by means of that type of communication device) to hear at all times that Director and that Director to hear at all times all other Directors present at the meeting (whether in person or by alternate or by means of that type of communication device) shall be deemed to be present at the meeting and shall be counted when reckoning a quorum. A meeting held by these means shall be deemed to take place where the largest group of participators in number is assembled. In the absence of a majority the location of the chairman shall be deemed to be the place of the meeting.
- 24.4 A Director may vote at a meeting of the Directors, and form part of a quorum present at that meeting, in relation to any matter in which he has, directly or indirectly, an interest or duty which conflicts or which may conflict with the interests of the Company, provided that he has previously disclosed the nature of such duty or interest to the Directors. The provisions of Regulation 86 of Table A shall be taken to apply equally to any disclosure to be made under the provisions of this Article.
- 24.5 Questions arising at any meeting of the Directors shall be decided by a majority of votes. In the case of any equality of votes, the chairman shall [have]/[not have] a second or casting vote.

25. Execution of documents

In its application to the Company Regulation 101 of Table A shall be modified by the addition of the following sentence:

"Any instrument expressed to be executed by the Company and signed by two Directors, or by one Director and the Secretary, or by one Director in the presence of an independent witness, by the authority of the Directors or of a committee authorised by the Directors shall (to the extent permitted by the Acts) have effect as if executed under seal".

26. Dividends

In Regulation 103 of Table A the words from "If the share capital is divided" to the end of the third sentence of the Regulation shall be deleted.

27. Notices

27.1 Any notice shall be in writing and shall be conclusively deemed to have been duly given:

- (a) when hand delivered to the relevant party;
- (b) when received when sent by facsimile, e-mail or any other form of electronic communication at the relevant address;
- (c) two Business Days after dispatch if sent to an address in the United Kingdom by post;
- (d) five Business Days after dispatch if sent by reputable international overnight courier addressed to the relevant party provided that delivery in at least five (5) Business Days was guaranteed at the time of sending and the sending Party receives a confirmation of delivery from the courier service provider; or
- (e) by airmail (registered or certified) 15 Business Days after sending.

27.2 In proving service of a notice it shall be sufficient to prove that personal delivery was made, or that the relevant notice or other written communication was properly addressed stamped and posted or in the case of a facsimile, e-mail or other form of electronic communication evidence that the relevant communication was properly sent.

27.3 Regulation 115 of Table A shall be deleted.

28. Indemnities and Insurance

28.1 Subject to the provisions of the Acts

- (a) every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his, her or its office or otherwise in relation to his, her or its office, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his, her or its favour or in which he is acquitted or in connection with any application under section 144 or 727 of the 1985 Act in which relief is granted to him by the court, and no Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his, her or its office or otherwise in relation to his, her or its office;
- (b) the Directors may exercise all the powers of the Company to purchase and maintain insurance for any such Director or other officer against any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company.

28.2 The Company shall (at the cost of the Company) effect and maintain for each Director policies of insurance insuring each Director against risks in relation to his office as each director may reasonably specify including without limitation, any

liability which by virtue of any rule of law may attach to him in respect of any negligence, default of duty or breach of trust of which he may be guilty in relation to the Company.

29. **Data Protection**

Each of the shareholders and directors of the Company (from time to time) consent to the processing of their personal data by the Company, its shareholders and directors (each a "Recipient") for the purpose of due diligence exercises, compliance with applicable laws, regulations and procedures and the exchange of information among themselves. A Recipient may process the personal data either electronically or manually. The personal data which may be processed under this Article shall include any information which may have a bearing on the prudence or commercial merits of investing, or disposing of any shares (or other investment or security) in the Company. Other than as required by law, court order or other regulatory authority, that personal data may not be disclosed by a Recipient or any other person except to a Member of the same Group ("Recipient Group Companies") and to employees, directors and professional advisers of that Recipient or the Recipient Group Companies and funds managed by any of the Recipient Group Companies. Each of the Company's shareholders and directors (from time to time) consent to the transfer of relevant personal data to persons acting on behalf of the Recipient and to the offices of any Recipient both within and outside the European Economic Area for the purposes stated above, where it is necessary or desirable to do so.